

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 March 31, 1998

Commission File Number 1-3761

TEXAS INSTRUMENTS INCORPORATED

(Exact name of Registrant as specified in its charter)

Delaware

75-0289970

(State of Incorporation)

(I.R.S. Employer Identification No.)

8505 Forest Lane P.O. Box 660199, Dallas, Texas

75266-0199

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 972-995-3773

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 No

390,511,568

Number of shares of Registrant's common stock outstanding as of
March 31, 1998

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

Balance Sheet	Mar 31 1998	Dec 31 1997
-----	-----	-----
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 830	\$ 1,015
Short-term investments.....	1,536	2,005
Accounts receivable, less allowance for losses of \$68 million in 1998 and \$73 million in 1997.....	1,666	1,705
Inventories:		
Raw materials.....	113	105
Work in process.....	360	364

Finished goods.....	303	273
Inventories.....	776	742
Prepaid expenses.....	66	59
Deferred income taxes.....	576	577
Total current assets.....	5,450	6,103
Property, plant and equipment at cost.....	7,672	7,414
Less accumulated depreciation.....	(3,389)	(3,234)
Property, plant and equipment (net).....	4,283	4,180
Deferred income taxes.....	134	134
Other assets.....	503	432
Total assets.....	\$10,370	\$10,849
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Loans payable and current portion long-term debt.....	\$ 67	\$ 71
Accounts payable.....	670	698
Accrued and other current liabilities.....	1,248	1,727
Total current liabilities.....	1,985	2,496
Long-term debt.....	1,246	1,286
Accrued retirement costs.....	743	731
Deferred credits and other liabilities.....	419	422
Stockholders' equity:		
Preferred stock, \$25 par value. Authorized - 10,000,000 shares. Participating cumulative preferred. None issued.....	--	--
Common stock, \$1 par value. Authorized - 500,000,000 shares. Shares issued: 1998 - 391,172,005; 1997 - 390,359,317.....	391	390
Paid-in capital.....	1,203	1,183
Retained earnings.....	4,499	4,488
Less treasury common stock at cost. Shares: 1998 - 660,437; 1997 - 860,765.....	(56)	(94)
Other.....	(60)	(53)
Total stockholders' equity.....	5,977	5,914
Total liabilities and stockholders' equity.....	\$10,370	\$10,849
	=====	=====

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

	For Three Months Ended	
	Mar. 31 1998	Mar. 31 1997
Income	-----	-----
Net revenues.....	\$ 2,187	\$ 2,263
Operating costs and expenses:		
Cost of revenues.....	1,517	1,472
Research and development.....	328	239
Marketing, general and administrative.....	364	381
Total.....	2,209	2,092
Profit (loss) from operations.....	(22)	171
Other income (expense) net.....	57	10
Interest on loans.....	18	24
Income before provision for income taxes.....	17	157
Provision for income taxes.....	6	55
Income from continuing operations.....	11	102
Income from discontinued operations.....	--	27

Net income.....	\$ 11	\$ 129
	=====	=====
Diluted earnings per common share:		
Continuing operations.....	\$ 0.03	\$ 0.26
Discontinued operations.....	--	0.07
	-----	-----
Net income.....	\$ 0.03	\$ 0.33
	=====	=====
Basic earnings per common share:		
Continuing operations.....	\$ 0.03	\$ 0.27
Discontinued operations.....	--	0.07
	-----	-----
Net income.....	\$ 0.03	\$ 0.34
	=====	=====
Cash dividends declared per share of common stock.....	--	\$.085
Cash Flows		
- - - - -		
Continuing Operations:		
Net cash provided by (used in) operating activities.....	\$ (45)	\$ 278
Cash flows from investing activities:		
Additions to property, plant and equipment.....	(384)	(225)
Purchases of short-term investments.....	(287)	(60)
Sales and maturities of short-term investments.....	749	11
Acquisition of businesses, net of cash acquired.....	(152)	--
	-----	-----
Net cash used in investing activities.....	(74)	(274)
Cash flows from financing activities:		
Payments on long-term debt.....	(35)	--
Dividends paid on common stock.....	(33)	(32)
Sales and other common stock transactions.....	18	41
Common stock repurchase program.....	(9)	--
Other.....	(3)	20
	-----	-----
Net cash provided by (used in) financing activities.....	(62)	29
Effect of exchange rate changes on cash.....	(4)	(11)
	-----	-----
Cash provided by (used in) continuing operations.....	(185)	22
	-----	-----
Discontinued Operations:		
Operating activities.....	--	13
Investing activities.....	--	(10)
	-----	-----
Cash provided by discontinued operations.....	--	3
	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(185)	25
Cash and cash equivalents, January 1.....	1,015	964
	-----	-----
Cash and cash equivalents, March 31.....	\$ 830	\$ 989
	=====	=====

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
Notes to Financial Statements

Diluted earnings per common share are based on average common and dilutive potential common shares outstanding (400.0 and 394.4 million shares for the first quarters of 1998 and 1997).

In the first quarter of 1998, the company's U.S. DRAM manufacturing joint venture with Hitachi, Ltd. was discontinued. In this connection, TI incurred a first quarter pretax charge of \$219 million, which is included in cost of revenues. Also in this quarter, research and development expense included a charge of \$25 million for the value of acquired in-process research and development from two business acquisitions. There is no tax offset for \$10 million of this R&D charge.

The company adopted SFAS No. 130 in the first quarter of 1998. This standard requires disclosure of total nonowner changes in stockholders' equity, which is defined as net income plus direct adjustments to stockholders' equity such as equity and cash investment adjustments and pension liability adjustments. On this basis, these nonowner changes in stockholders' equity, including net

income, for the first quarter of 1998 and 1997, totaled \$4 million and \$128 million.

A new accounting standard, SOP 98-1, was issued in first quarter, 1998, and is effective in 1999. It requires capitalization of the development costs of software to be used internally, e.g., for manufacturing or administrative processes. The company, which currently expenses such amounts as incurred, expects to adopt the standard in the first quarter of 1999 for developmental costs incurred in that quarter and thereafter. The effect has not yet been determined.

In the first quarter of 1997, the company sold its mobile computing business and terminated its digital imaging printing development program. As a result, the company took a pretax charge of \$56 million in the first quarter, of which \$27 million was for severance for involuntary employment reductions worldwide. These severance actions were essentially completed by the end of the quarter and affected approximately 1,045 employees. The balance, \$29 million, was for other costs associated with the business sale and program termination, including vendor cancellation and lease charges.

The statements of income, statements of cash flows and balance sheet at March 31, 1998, 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.

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Business Segment Net Revenues (millions of dollars)	For Three Months Ended				
	Mar. 31 1998	Mar. 31 1997	June 30 1997	Sept 30 1997	Dec. 31 1997
Semiconductor					
Trade.....	\$ 1,816	\$ 1,860	\$ 2,053	\$ 2,081	\$ 2,069
Intersegment.....	5	8	6	6	4
	1,821	1,868	2,059	2,087	2,073
Materials & Controls					
Trade.....	242		231	250	238
Intersegment.....	--	1	1	1	1
	242	232	251	239	232
Educational & Productivity Solutions					
Trade.....	76	69	157	138	83
Corporate activities					
Corporate activities.....	48	41	39	34	40
Divested activities.....	--	53	53	2	--
Total.....	\$ 2,187	\$ 2,263	\$ 2,559	\$ 2,500	\$ 2,428
Business Segment Profit (Loss) (millions of dollars)					
Semiconductor.....					
Semiconductor.....	\$ 229	\$ 279	\$ 354	\$ 367	\$ 354
Materials & Controls.....					
Materials & Controls.....	36	26	33	29	35
Educational & Productivity Solutions.....					
Educational & Productivity Solutions.....	1	1	32	24	2
Corporate activities.....					
Corporate activities.....	(44)	(54)	(59)	(64)	(96)
Special charges and gains, net of applicable profit sharing.....					
Special charges and gains, net of applicable profit sharing.....	(244)	(56)	17	--	(493)
Interest on loans/other income (expense)...					
Interest on loans/other income (expense)...	39	(14)	(9)	11	44
Divested activities.....					
Divested activities.....	--	(25)	(24)	1	(2)

Income (loss) from continuing operations					
before provision for income taxes.....	\$ 17	\$ 157	\$ 344	\$ 368	\$ (156)
	=====	=====	=====	=====	=====

Note: In addition to the 1998 and 1997 first quarter segment data, the other quarters of 1997 are provided on the new segment reporting basis for informational purposes.

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

The Registrant (the "company" or "TI") announced that revenues and orders for digital signal processing solutions (DSPS) increased in the first quarter from the same period a year ago, driven by record orders for wireless communications. However, total TI first quarter revenues and orders were down from first quarter 1997, primarily because of severe price declines of dynamic random access memory (DRAM) chips.

Average unit prices for DRAMs dropped 60 percent from the first quarter of 1997 to the first quarter of 1998, resulting in a loss in TI's memory operations that was more than double that of the year-ago quarter. The memory operating loss was \$129 million, an increase of \$0.08 per share from the memory loss in the fourth quarter of 1997.

The turmoil in Asia and customer inventory reductions during the first quarter of 1998 affected semiconductor product areas in varying degrees. However, TI benefited from its diverse product portfolio as gross profit margins improved both year-to-year and from the fourth quarter of 1997, excluding special charges.

TI's orders were \$2137 million, down from \$2500 million in the first quarter of 1997. Net revenues for the first quarter of 1998 were \$2187 million, compared with \$2263 million in the first quarter of 1997. Revenues in the first quarter of 1997 included revenues from TI businesses that have since been sold, primarily software. Excluding sold businesses, TI's revenues were down 1 percent from a year ago.

Results for first quarter include special charges of \$244 million, primarily for discontinuing the DRAM manufacturing joint venture with Hitachi, Ltd. As previously announced, TI purchased the operating assets of the joint venture. Last year's first quarter results included a special charge of \$56 million, primarily related to severance actions and other costs associated with the sale of TI's mobile computing business.

Excluding the special charges: Profit from operations (PFO) for the quarter was \$222 million, about flat with \$227 million in the year-ago quarter. TI's operating margin was up slightly to 10.2 percent, versus 10.0 percent in the year-ago quarter. Income for the quarter was \$176 million, up from the \$138 million in the first quarter of 1997, primarily because of improved net interest. Diluted earnings per share (EPS) were \$0.44, compared with \$0.35 in the first quarter of 1997.

Including the effect of the special charges, the loss from operations for the quarter was \$22 million, compared with a profit from operations of \$171 million a year ago. Income was \$11 million, compared with \$102 million; EPS was \$0.03, compared with \$0.26.

Over the quarter, TI announced a number of strategic actions and developments to further its leadership in digital signal processing solutions. Acquisitions during the quarter included Spectron Microsystems, which brings TI additional expertise in DSP software tools, and Oasis and Arisix corporations, which provide integrated design for hard disk drive products.

New product developments in the quarter included three ADSL chipsets that use digital signal processors to speed Internet access. Most recently, TI announced a new DSP architecture that combines digital signal processing with microcontroller functions, primarily targeting mass storage applications such as hard disk drives and digital video disks. The ramp-up of TI's 'C6x DSP chip continues to meet strong market acceptance, with a design-in rate five times faster than any previous generation of TI DSP.

In addition to the joint venture with Hitachi referenced earlier, TI also announced a definitive agreement for the Acer Group to purchase TI's shares in the TI-Acer semiconductor memory chip joint venture, located in Taiwan. The TI-Acer transaction is expected to close in the second quarter and TI expects to recover its original investment. TI and other joint-venture shareholders continue to explore further measures with respect to the joint-venture structures.

OUTLOOK

TI now believes the world semiconductor market is likely to grow 5 percent or less in 1998, in view of ongoing inventory reductions by electronic end-equipment manufacturers, sharply lower DRAM prices, weakness in Asia and depreciation of the yen. As a result, TI expects to see continued pressure on its semiconductor revenues and margins in the second quarter of 1998.

While the semiconductor market in the near term will continue to be affected by pressure on DRAM prices and weakness in Asia, end-equipment demand in the U.S. is relatively healthy and Europe remains strong. These strengths, combined with possible stabilization in the Asia Pacific region, could set the stage for stronger semiconductor growth in 1999 and beyond.

In the market sectors most important to TI, the company expects about 30 percent growth in DSP and about 20 percent in mixed-signal for 1998, fueled by wireless and networking applications. Over the next few years, these end-equipment markets are expected to grow in excess of 20 percent annually. Based on the projected strong growth of end-equipment markets and the major role that communications will play in such growth, TI remains positive about the longer-term prospects of the semiconductor industry.

TI will continue to take actions to align costs with demand. The company now plans to hold capital spending for 1998 at \$1.2 billion, essentially flat with 1997.

FIRST QUARTER 1998 SEGMENT REVIEW

NOTE: UNLESS STATED OTHERWISE, THE FINANCIAL RESULTS IN THIS REPORT ARE FROM CONTINUING OPERATIONS AND EXCLUDE SPECIAL CHARGES DETAILED EARLIER IN THIS REPORT.

SEMICONDUCTOR

Semiconductor orders declined by 17 percent in the first quarter versus the year-ago quarter primarily due to weakness in memory, and declined by 3 percent from the fourth quarter of 1997, with about half the decline due to memory and the balance from softness in modem and hard disk drive orders.

Semiconductor revenues were down 3 percent from the first quarter of 1997. From the fourth quarter, revenues were down 12 percent, with about half of the decrease related to weakness in memory and most of the balance reflecting customer inventory corrections in electronic end equipment. Excluding memory, semiconductor revenues were up 7 percent from a year ago, primarily because of an increase in digital signal processing solutions.

Profit from operations for the quarter was \$229 million, down 18 percent from the year-ago quarter, primarily because of lower DRAM prices. Compared with the fourth quarter of 1997, profit from operations declined by \$125 million, with about \$50 million related to the weakness in memory, and most of the balance from lower revenues in other semiconductor areas, primarily due to softness in demand from OEMs. Operating margins were down from the year-ago quarter by about 2 percentage points, primarily because of lower DRAM prices.

Orders for digital signal processing solutions were up from both the year-ago quarter and the fourth quarter, driven by wireless. Revenues for DSPS were up 18 percent from a year ago, though down 8 percent from the fourth quarter, primarily due to softness in demand from OEMs. DSPS accounted for almost 50 percent of semiconductor revenues in the quarter.

Memory continued to be affected by declining DRAM prices, which caused revenue to decline by \$157 million from the year-ago quarter. From the fourth quarter, revenues declined by \$126 million, with about one-third of the decrease due to price declines and the balance due to lower shipments. As a result, memory revenues were 12 percent of total semiconductor revenues.

MATERIALS & CONTROLS

TI's Materials & Controls (M&C) business reported first quarter results of \$242 million in revenues, up 4 percent from the first quarter of 1997. Progress from continued emphasis on the "best cost producer" strategy was seen in profit from operations of \$36 million, up 40 percent from a year ago. Operating margins were 14.8 percent in the first quarter, a gain of 3.7 percentage points from the year-ago quarter.

M&C's automotive sensor market continues to participate in high growth segments, particularly in Europe where the growth of air-conditioning and automatic transmissions is accelerating for local markets. TIRIS (TM) also continued to broaden its served markets in automatic customer recognition systems, with pilot programs with Shell International in Europe and the next phase of U.S. market fanout of the Mobil Speedpass (TM) program.

EDUCATIONAL & PRODUCTIVITY SOLUTIONS

Revenues and orders were up for the Educational & Productivity Solutions (E&PS) business from a year ago, primarily because of increased shipments of graphing calculators. Revenues increased to \$76 million, compared to \$69 million in the year-ago quarter, while profit from operations remained flat at \$1 million, reflecting seasonal patterns.

The E&PS business continues to make advances in its calculator line. During the quarter, the business introduced the TI-73, an electronically upgradable

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calculator designed for middle grades, and the TI-89, a powerful calculator for advanced mathematics for high school and college students. Response among educators has been enthusiastic.

DIGITAL IMAGING

Shipments increased in TI's digital imaging business to set an all-time high. The increase in revenues helped to reduce the loss in this emerging business.

ADDITIONAL FINANCIAL INFORMATION

The income tax rate for the first quarter of 1998 was 34 percent, which is the estimated rate for the full year.

During the first quarter of 1998, cash and cash equivalents plus short-term investments decreased by \$654 million to \$2366 million. The discontinuance of the joint venture with Hitachi and the acquisition of those operating assets required \$281 million of cash, and \$91 million of cash was used to purchase the remaining outstanding shares of Amati Communications Corporation's common stock.

First quarter 1998 cash flow from operating activities, net of additions to property, plant, and equipment, was negative \$429 million; and first quarter capital expenditures totaled \$384 million, compared to \$225 million in the first quarter of 1997.

At the end of the first quarter, the debt-to-total-capital ratio was .18, down from the year-end value of .19.

Depreciation for the first quarter of 1998 was \$275 million, compared to \$246 million in the year-ago period. Depreciation for 1998 is projected at \$1.2 billion.

PART II - OTHER INFORMATION

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

(a) Exhibits

Designation of Exhibits in this Report -----	Description of Exhibit -----
3	By-Laws of the Registrant
10(e)	Texas Instruments Restricted Stock Unit Plan for Directors
10(f)	Texas Instruments Deferred Compensation Plan
10(i)	Texas Instruments Stock Option Plan for Non-Employee Directors
11	Computation of Basic and Diluted Earnings Per Common and Dilutive Potential Common Share
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends
27	Financial Data Schedule as of March 31, 1998 and for the 3 months then ended
27.1	Restated Financial Data Schedule as of March 31, 1997 and for the 3 months then ended
27.2	Restated Financial Data Schedule as of June 30, 1997 and for the 6 months then ended
27.3	Restated Financial Data Schedule as of September 30, 1997 and for the 9 months then ended
27.4	Restated Financial Data Schedule as of December 31, 1996 and for the year then ended
27.5	Restated Financial Data Schedule as of March 31, 1996 and for the 3 months then ended

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(a) Exhibits (continued)

Designation of Exhibits in this Report -----	Description of Exhibit -----
---	---------------------------------

- 27.6 Restated Financial Data Schedule as of June 30, 1996 and for the 6 months then ended
- 27.7 Restated Financial Data Schedule as of September 30, 1996 and for the 9 months then ended
- 27.8 Restated Financial Data Schedule as of December 31, 1995 and for the the year then ended

(b) Reports on Form 8-K

The Registrant filed the following reports on Form 8-K with the Securities and Exchange Commission during the quarter ended March 31, 1998: Form 8-K dated January 2, 1998, regarding the acquisition of Amati Communications Corporation; Form 8-K dated January 9, 1998, regarding an amendment to the By-Laws of the Registrant; Form 8-K dated February 9, 1998, which included a news release regarding the end of a joint venture arrangement between Hitachi, Ltd. and the Registrant; Form 8-K dated March 4, 1998, which included a news release regarding the purchase by Acer Group of the Registrant's shares in the TI-Acer joint venture; and Form 8-K/A dated March 9, 1998, which included pro forma financial statements relating to the Registrant's acquisition of Amati Communications Corporation.

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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

With the exception of historical information, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties including, but not limited to, global economic conditions, fluctuation in exchange rates, product demand and industry capacity, timing of customer inventory corrections, competitive products and pricing, manufacturing efficiencies, new product development, ability to enforce patents, availability of raw materials and critical manufacturing equipment, new plant startups and continuity of DRAM joint venture manufacturing operations, timely completion of announced acquisitions, the regulatory and trade environment, timely completion of Year 2000 software modifications, and other risks indicated in filings with the Securities and Exchange Commission.

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.

BY: /s/ WILLIAM A. AYLESWORTH
 William A. Aylesworth
 Senior Vice President, Treasurer
 and Chief Financial Officer

Date: April 17, 1998

Exhibit Index

Designation of Exhibits in this Report -----	Description of Exhibit -----	Paper (P) or Electronic (E) -----
3	By-Laws of the Registrant	E
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11	Computation of Basic and Diluted Earnings Per Common and Dilutive Potential Common Share	E
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.	E
27	Financial Data Schedule as of March 31, 1998 and for the 3 months then ended	E
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Exhibit Index (continued)

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27.8	Restated Financial Data Schedule as of December 31, 1995 and for the year then ended	E

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TEXAS INSTRUMENTS INCORPORATED
BY-LAWS

(As Amended Through March 19, 1998)

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*This Index is not part of the official text of the By-Laws.

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B Y - L A W S

of

TEXAS INSTRUMENTS INCORPORATED

ARTICLE I

Offices

Section 1. Registered Office. The registered office of the Corporation in the State of Delaware shall be at 100 West Tenth Street, in the City of Wilmington, County of New Castle, and the name of the registered agent in charge thereof is The Corporation Trust Company.

Section 2. Other Offices. The Corporation may also have a general office in the City of Dallas, State of Texas, and may also have such other office or offices, either within or without the State of Delaware, as the Board of Directors may from time to time appoint or as the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

Section 1. Annual Meetings. An annual meeting of the stockholders of the Corporation shall be held on the third Thursday in April in each year or on such other date as may be fixed from time to time by the Board of Directors, at such hour as may be specified in the notice thereof, for the purpose of electing directors and for the transaction of such other business as may properly be brought before such meeting. If any annual meeting shall not be held on the day designated or as provided herein, the Board of Directors shall cause the meeting of the stockholders to be held as soon thereafter as

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convenient for the election of such directors. A failure to hold the annual meeting of the stockholders at the designated time or to elect a sufficient number of directors to conduct the business of the Corporation shall not affect otherwise valid corporate acts and shall not work any forfeiture or dissolution of the Corporation.

Section 2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may be called at any time by the Chairman of the Board, President or the Board of Directors, and shall be called by the Chairman of the Board, President or the Secretary at the request in writing of a majority of the Board of Directors, except as otherwise provided by law or in the Certificate of Incorporation or any amendment thereto.

Section 3. Place of Meeting. All meetings of the stockholders for the election of directors shall be held in the City of Dallas, State of Texas, at such place within such City as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. All other meetings of the stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 4. Notice of Meetings. Except as otherwise expressly required by law or by these By-Laws, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder of record of the Corporation entitled to vote at such meeting by

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delivering a written or printed notice thereof to him personally or by depositing such notice in the United States mail postage prepaid, directed to the stockholder at his address as it appears upon the records of the Corporation. Every such notice shall state the place, date and hour of the meeting and, if the meeting be special, briefly, the purpose or purposes thereof. Except when expressly required by law, no publication of any notice of a meeting of the stockholders shall be required; and except when expressly required by law, no notice of any adjourned meeting of the stockholders of the Corporation need be given.

Section 5. Quorum. At all meetings of the stockholders (except where otherwise provided by law, by the Certificate of Incorporation or by these By-Laws) stockholders holding of record a majority of the shares of stock of the Corporation issued and outstanding and entitled to vote thereat, present in person or by proxy, shall constitute a quorum for the transaction of business. Except as otherwise expressly provided by law, in the absence of a quorum at any such meeting or any adjournment or adjournments thereof, a majority in voting interest of those present in person or by proxy and voting

thereon may adjourn such meeting from time to time, until a quorum shall be present, without notice other than announcement at the meeting, except that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting. At any adjourned meeting at which a quorum may be present any business may be transacted which might have been transacted at the meeting as originally called. The absence from any meeting of stockholders holding the number of

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shares of stock of the Corporation having voting powers required by the laws of the State of Delaware or by the Certificate of Incorporation or by these By-Laws for action upon any given matter shall not prevent action at such meeting upon any other matter or matters which may properly come before the meeting, if there shall be present thereat in person or by proxy stockholders entitled to vote thereat holding the number of shares of stock of the Corporation having voting power required in respect of such other matter or matters.

Section 6. Voting. Except as otherwise expressly provided by law or by the Certificate of Incorporation or by these By-Laws, each stockholder of the Corporation shall, at each meeting of the stockholders, be entitled to one vote in person or by proxy for each share of the stock of the Corporation having voting powers held by him and registered in his name on the books of the Corporation on the date fixed pursuant to the provisions of Section 5 of Article IX of these By-Laws as the record date for the determination of stockholders who shall be entitled to notice of and to vote at such meeting. Shares of its own stock belonging to the Corporation, or to another corporation if a majority of the shares entitled to vote in the election of directors of such other corporation is held by the Corporation, shall not be voted nor counted for quorum purposes. At all meetings of the stockholders all matters except those the manner of deciding upon which shall otherwise be expressly regulated by law or by the Certificate of Incorporation or by these By-Laws, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. The vote for directors, and upon the demand of any stockholder, the vote upon any question before the meeting shall be by written ballot.

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Section 7. List of Stockholders. It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of its stock ledger, either directly or through a transfer agent or transfer clerk appointed by the Board of Directors, to prepare and make, at least ten (10) days before every meeting of the stockholders a complete alphabetically arranged list of the stockholders showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this section or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 8. Inspectors. Prior to each meeting of the stockholders, two Inspectors shall be appointed by the Board of Directors, or, if no such appointment shall have been made, such Inspectors shall be appointed by the Chairman of the meeting, to act thereat. Each Inspector so appointed shall first subscribe an oath or affirmation faithfully to execute the duties of an inspector at such meeting with strict impartiality and according to the best of his ability.

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Such Inspectors shall take charge of the ballots at such meeting and after the balloting thereat on any question shall count the ballots cast thereon and shall make a report in writing to the secretary of such meeting of the results thereof. The Inspectors need not be stockholders of the Corporation, and any officer of the Corporation may be an Inspector on any question other than a vote for or against his election to any position with the Corporation or on any other question in which he may be directly interested other than as a stockholder.

Section 9. Nomination of Directors; Notice of Stockholder Nominees. Except as provided in Section 6 of Article III of these By-Laws, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Company may be made at an annual meeting of stockholders (a) by or at the direction of the Board of Directors or (b) by any stockholder

of the Company entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 9 of Article II. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Company. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Company not less than 70 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than twenty days, or delayed by more than seventy days, from such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later

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of the seventieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made.

Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of stock of the Company which are beneficially owned by the person, (iv) the person's written consent to serve as a director if elected, and (v) any other information relating to the person that would be required to be disclosed in solicitations for proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice, (i) the name and address of the stockholder and the beneficial owner, if any, on whose behalf the nomination is made, (ii) the class and number of shares of stock of the Company which are beneficially owned by the stockholder and such beneficial owner, and (iii) whether the proponent intends or is part of a group which intends to solicit proxies from other stockholders in support of such nomination. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a director of the Company.

The Chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the provisions of this Section 9 of Article II, and the defective nomination shall be disregarded.

Section 10. Business at Annual Meeting; Notice of Stockholder Business. To be properly brought before an annual meeting of stockholders,

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business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, or (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors or by a stockholder. In addition to any other applicable requirements, for business to be properly brought before the meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 70 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than twenty days, or delayed by more than seventy days, from such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the seventieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made.

A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the meeting (i) a brief description of the business desired to be brought before the meeting and the reason for conducting such business at the meeting, (ii) the name and address of the stockholder and the beneficial owner, if any, proposing such business, (iii) the class and number of shares of stock of the Company which are beneficially owned by the stockholder and such beneficial owner, (iv) any material interest in such business of the stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and (v) whether the proponent intends or is part of a group which intends to solicit proxies from other stockholders in support of such proposal.

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Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section 10 of Article II; provided, however, that nothing in this Section 10 of Article II shall be deemed to preclude discussion by any stockholder of any business properly brought before the meeting.

The Chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 10 of Article II, and any such business shall not be transacted.

Board of Directors

Section 1. General Powers. The property, business and affairs of the Corporation shall be managed under the direction of the Board of Directors, who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 2. Number, Term of Office and Qualifications. The number of directors which shall constitute the whole Board shall be fifteen (15) until changed by further resolution of the Board of Directors of the Company. Directors need not be stockholders.

Except as provided by Section 6 of Article III of these By-Laws, the directors shall be elected annually, and each director shall continue in office

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until his successor shall have been elected and shall qualify or until his death or other termination of his services. No person shall be eligible for election or re-election as a director of the Corporation after attaining age seventy.

Section 3. Election of Directors. Except as provided in Section 6 of Article III of these By-Laws, the directors shall be elected by plurality vote of the stockholders present in person or by proxy and entitled to vote at the annual meeting of the stockholders, a quorum being present.

Section 4. Organization and Order of Business. At all meetings of the Board of Directors, the Chairman of the Board of Directors shall preside. In his absence, the President, or, in the absence of both of these officers, a member of the Board of Directors chosen by a majority of the directors present thereat, shall act as Chairman of such meeting and preside thereat. The Secretary, or, in his absence, an Assistant Secretary, or, in the absence of all of them, any person appointed by the Chairman of the meeting, shall act as secretary of such meeting.

Section 5. Resignations. Any director of the Corporation may resign at any time by giving notice of his resignation to the Chairman of the Board, the President or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt by such Chairman of the Board, President or Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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Section 6. Vacancies and Increases. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office although less than a quorum, or by a sole remaining director. Any vacancy not filled in such manner may be filled by the stockholders at any special meeting of the stockholders called for that purpose.

Section 7. Emergency By-Laws and Other Powers in Emergency. During any emergency resulting from an attack on the United States, or during any nuclear or atomic disaster, or during the existence of any catastrophe, or other similar emergency conditions, as a result of which a quorum of the Board of Directors or a standing committee thereof cannot readily be convened for action, the following provisions shall be applicable:

(a) Emergency Management Committee. If a quorum of one or more committees created pursuant to Article IV of these By-Laws cannot readily be convened for action within their respective jurisdictions and a quorum of the Board of Directors cannot readily be convened to act, then all the powers and duties vested in the committee or committees or the Board of Directors so lacking a quorum shall vest, automatically, in the Emergency Management Committee, which shall consist of all readily available members of the Board of Directors. Two members shall constitute a quorum unless there is only one, in which case one shall constitute a quorum. Other provisions of these By-Laws notwithstanding, the Emergency Management Committee (1) shall call a meeting of the Board of Directors as soon as circumstances permit for the purpose of filling vacancies on the Board of Directors and its Committees and to take such other action as may be appropriate and (2) if the Emergency Management

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Committee determines that less than a majority of the members of the Board of Directors are available for service, shall issue a call for a special meeting of stockholders to be held at the earliest date practicable for the election of directors.

(b) If there are no remaining directors, the officers (not exceeding the number of directors then authorized) who have at that time the longest period of employment continuous to such date uninterrupted by leave of absence

in the office or offices (in the following order) of (1) Executive Vice President, (2) Group Vice President, (3) Senior Vice President, (4) Vice President, and (5) Assistant Vice President, shall be deemed directors for any meeting of the Board of Directors until the termination of the emergency, or until a meeting of the stockholders can conveniently and safely be convened, whichever shall first occur. If two or more persons shall have been elected to the same office on the same day the person or persons to be deemed a director or directors shall be the person or persons with the longest continuous period of service uninterrupted by leave of absence with the Corporation.

(c) The Board of Directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such emergency any or all officers or agents of the Corporation shall for any reason be rendered incapable of discharging their duties.

Section 8. Place of Meeting. The Board of Directors may hold its meetings at such place or places within or without the State of Delaware as the Board of Directors may from time to time by resolution determine, or as shall be specified or fixed in these By-Laws, or in the respective notices or waivers of notice thereof.

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Section 9. Annual Meetings. After each annual election of directors the Board of Directors shall meet for the purpose of organization, the election of officers of the Corporation and the transaction of other business, as soon thereafter as practicable, at the place where the meeting of stockholders for the election of directors was held. Notice of such meeting or of any adjournment thereof need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a waiver of notice thereof in accordance with these By-Laws.

Section 10. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times as the Board of Directors shall, from time to time, by resolution, determine. If no other place be fixed by resolution for such regular meetings they shall be held at the general office of the Corporation in the City of Dallas, State of Texas. Except as otherwise provided by law or by these By-Laws, notices of regular meetings need not be given. The time and place of any regular meeting may be changed on three days' notice to each director, as in the manner provided for notice of special meetings of the Board of Directors, from the Chairman of the Board of Directors, the President, or the Secretary or an Assistant Secretary.

Section 11. Special Meetings; Notice. Special meetings of the Board of Directors, for any purpose or purposes, shall be held whenever called by the Chairman of the Board or the President. A special meeting shall be called by the Chairman of the Board, President or Secretary upon the written request of four directors, or such lesser number constituting one-half of the total number

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of directors at the time in office. A notice shall be given as hereinafter in this Section provided of each such special meeting, in which shall be stated the time and place of such meeting, but except as otherwise expressly provided by law or by these By-Laws, the purposes thereof need not be stated in such notice. Except as otherwise provided by law, notice of each such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least three days before the day on which such meeting is to be held, or shall be sent addressed to him at such place by telegraph, cable or wireless or be delivered personally or by telephone not later than the day before the day on which such meeting is to be held. Notice of any meeting of the Board need not, however, be given to any director, if waived by him at any time, whether before or after the meeting, in writing or by telegraph, cable or wireless, or if he shall be present at such meeting; and any special meeting of the Board shall be a legal meeting without any notice thereof having been given if all the directors of the Corporation then in office shall be present thereat.

Section 12. Quorum and Manner of Acting. At all meetings of the Board of Directors, one-third of the total number of directors shall constitute a quorum for the transaction of business; and, except as otherwise specified in Section 1 of Article IV, Section 4 of Article V, and Article XIV of these By-Laws, and except as may otherwise be expressly provided by law or by the Certificate of Incorporation, the act of a majority of the directors present shall be the act of the Board of Directors. Members of the Board of Directors may participate in any meeting of such Board by means of conference telephone or similar communications equipment by means of which all persons participating

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in the meeting can hear each other, and such participation in the meeting shall constitute presence in person at such meeting. In the absence of a quorum at any meeting, it may be adjourned, from time to time, until a quorum shall be present thereat. Notice of any adjourned meeting need not be given. The

directors shall act only as a Board and the individual directors shall have no power as such.

Section 13. Compensation. The Board of Directors may at any time and from time to time by resolution provide that a specified sum shall be paid to any director of the Corporation or to any director member of any Committee who shall not otherwise be in the employ of the Corporation or of any subsidiary of the Corporation, either as his annual compensation as such director, member of such committee or as compensation for his attendance at any annual, regular, or special meeting of the Board or of such committee or other activities as a director; and the Board of Directors may also likewise provide that the Corporation shall reimburse each such director or member of such committee for any expenses paid by him on account of his attendance at any such meeting or his engaging in other activities as a director. Unless otherwise expressly provided by resolution adopted by the Board of Directors, none of the directors and none of the members of any committee of directors of the Corporation contemplated by these By-Laws or otherwise provided for by resolution of the Board of Directors shall, as such, receive any stated compensation for his services. Nothing in this Section shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

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ARTICLE IV Committees of Directors

Section 1. Appointment of Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more "Board Committees," each Committee to consist of one or more of the directors of the Corporation which, to the extent provided in the resolution or in the By-Laws of the Corporation, shall have and may exercise, as authorized by the Board, the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. The Board of Directors may designate one or more directors as an alternative member of any committee, who may replace any absent or disqualified member at any meeting of the Committee. Such Board Committee or Committees shall serve during the pleasure of the Board of Directors, and shall have such name or names as may be stated in the By-Laws of the Corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

In addition, the Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more "Board Appointed Committees" consisting of one or more of the directors of the Corporation and such other members as it may designate to have such powers and duties as the Board of Directors may determine. No additional compensation shall be paid to such other members who are company executives in connection with their attendance at meetings of Board Appointed Committees. The term and names of such Board Appointed Committees shall be determined from time to time by resolution adopted by the Board of Directors.

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Section 2. Procedure. A majority of all the members of any committee appointed pursuant to this Article IV may fix its rules of procedure, determine its action, and fix the time and place, within or without the State of Delaware, of its meetings, and specify what notice thereof, if any, shall be given, unless the Board of Directors shall otherwise by resolution provide. Unless the Board of Directors shall otherwise by resolution provide, the members of any committee appointed pursuant to this Article IV may participate in any meeting of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in the meeting shall constitute presence in person at such meeting. The Board of Directors shall have power at any time to change the members of any such committee, to fill vacancies therein, and to discharge any such committee, either with or without cause.

Section 3. Minutes of Committee Proceedings. The Board Committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

ARTICLE V Officers

Section 1. Officers. The officers of the Corporation shall include a Chairman of the Board of Directors and a President, who may be the same person, and there may be one or more Vice Chairmen of the Board of Directors, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Secretary, and a Treasurer, all of whom shall be

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subject to the control of the Board of Directors. The Board of Directors may

designate a Chief Executive Officer and a Chief Operating Officer.

The Board of Directors may from time to time elect such other officers and agents as the Board may deem necessary or advisable, including one or more Assistant Vice Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, a Controller and an Assistant Controller, each of which officers and agents shall be subject to the control of the Board of Directors and shall hold office for such period, have such authority and perform such duties as are provided in these By-Laws or as the Board of Directors or the President may from time to time determine.

Section 2. Election and Term of Office. Unless elected pursuant to Section 3 of this Article V, the officers of the Corporation shall be elected annually by the Board of Directors at the first meeting thereof held after the annual meeting of stockholders for the election of officers. Each officer shall hold office until his successor shall have been duly chosen and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3. Election by Board Committee or Officer. The Board of Directors may delegate to any officer or committee established by the Board of Directors the power to elect any officers and agents of the Corporation.

Section 4. Removal. Except where otherwise expressly provided in a contract duly authorized by the Board of Directors, all officers and agents of the Corporation, elected by the Board of Directors, may be removed, either with or without cause, at any time, by resolution adopted by a majority of the whole Board of Directors at any regular meeting, or at any special meeting called for

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the purpose, if notice of the regular or special meeting gave notice of the proposed removal. Also, except where otherwise expressly provided in a contract duly authorized by the Board of Directors, all other officers shall hold their office, agency or employment at the discretion of, and may be removed or discharged, with or without cause, by the Board of Directors, by the committee or officer that elected them or by any superior officer upon whom such power of removal may be conferred by the Board of Directors.

Section 5. Resignations. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors or to the Chairman of the Board or to the President or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt by the Board of Directors or such Chairman of the Board or President or Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office due to death, resignation, removal, disqualification or any other cause may be filled for the unexpired portion of the term in the manner prescribed in these By-Laws for regular elections to such office.

Section 7. Chairman of the Board of Directors. The Chairman of the Board of Directors shall be under the direction of the Board of Directors and shall have the primary responsibility for the effective operation of the Board. The Chairman shall preside at all meetings of the Board of Directors and of the stockholders. In any prolonged absence or incapacity of the President, he

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shall perform all the duties and functions and exercise all the powers of the President.

Section 8. President. Unless otherwise determined by the Board of Directors, the President shall be the Chief Executive Officer of the Corporation under the supervision and direction of the Board and shall have the primary responsibility for carrying out the policies of the Board. When the President is absent temporarily in the ordinary course of business, he is authorized to designate another senior officer to act in his behalf during his absence. In the absence of the Chairman of the Board, he shall preside at all meetings of the stockholders and the Board of Directors. He shall see that all orders and resolutions of the Board of Directors are carried into effect. He may sign, execute and deliver in the name of the Corporation all deeds, mortgages, bonds, contracts or other instruments authorized by the Board of Directors, and checks, notes and orders for the payment of money, except in cases where the signing, execution or delivery thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation or where any of them shall be required by law otherwise to be signed, executed or delivered.

Section 9. Inability of Chairman of the Board and President to Act. If the President and the Chairman of the Board are unable to act, the Board shall determine by resolution who shall perform the duties of the President and Chairman of the Board.

Section 10. Executive Vice Presidents, Senior Vice Presidents and Vice Presidents. Each Executive Vice President, Senior Vice President and Vice President shall have such powers and perform such duties as the Board of

Directors, the Chairman of the Board or the President may from time to time prescribe and shall perform such other duties as may be prescribed by these By-Laws.

Section 11. The Secretary. The Secretary shall attend and keep the minutes of meetings of the stockholders, of the Board of Directors and (unless the Board designates a secretary or secretaries for a committee or committees) of all committees, in one or more books provided for that purpose; give notice of all meetings in accordance with these By-Laws and as required by law; have charge of the seal of the Corporation; he may sign with the Chairman of the Board, President, Executive Vice President, Senior Vice President, Vice President, or Assistant Vice President, in the name of the Corporation, all contracts and instruments of conveyance authorized by the Board of Directors, or by any committee thereunto duly authorized, and, when so ordered or authorized he shall affix the seal of the Corporation thereto; he shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall, at all reasonable times, be open to the examination of any Director, upon application at the office of the Corporation during business hours; prepare and submit to the Board of Directors or the President such reports and data as may be requested of him; and in general perform all the duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him by the Board of Directors or the President. The Board of Directors may from time to time delegate to another officer or person any of the duties usually performed by the Secretary to the extent permitted by law.

Section 12. The Assistant Secretary. At the request of the Secretary or in the event of his absence or inability to act, the Assistant Secretary or, if there be more than one, any of the Assistant Secretaries, shall (unless the Board directs otherwise) perform the duties of the Secretary, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary. Each Assistant Secretary shall perform such other duties as from time to time may be assigned to him by the President, the Secretary, or the Board of Directors.

Section 13. The Treasurer. The Treasurer shall be under the direction of the officer who has been designated by the Board of Directors. The principal financial officer of the Corporation may also hold the position of Treasurer if so approved by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine (and in the event such bond be required, a new bond shall be taken at least every six years). The Treasurer shall have charge and custody of, and be responsible for, all funds, securities, notes, valuable effects and financial records of the Corporation, receive and give receipt for moneys due and payable to the Corporation from any sources whatsoever; when necessary or proper he shall endorse on behalf of the Corporation for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depository or depositories as the Board of Directors may designate; he shall cause such funds of the Corporation to be disbursed by checks or drafts on the authorized banks or depositories of the Corporation signed as provided in these By-Laws or by

resolution of the Board of Directors; he shall be responsible for the accuracy of the amounts of, and cause to be preserved, proper vouchers for all moneys so disbursed; he shall enter or cause to be entered regularly in the books of the Corporation, to be kept by him or under his supervision for that purpose, a full and accurate account of all the moneys received and paid by him on account of the Corporation; he shall render to the Board of Directors, the Chairman of the Board, or the President, whenever they shall require him so to do, a statement of the cash account and such other financial statements as may be prepared from the financial records, and as soon as may be practicable after the close of each fiscal year make and submit to the Board of Directors like report or reports for such fiscal year; and in general perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him by the Board of Directors or the President. The Board of Directors may from time to time delegate to another officer or person any of the duties usually performed by the Treasurer to the extent permitted by law.

Section 14. The Assistant Treasurer. If required by the Board of Directors, the Assistant Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine (and in the event such bond be required, a new bond shall be taken at least every six years). At the request of the Treasurer or in the event of his absence or inability to act, the Assistant Treasurer or, if there be more than one, any of the Assistant Treasurers, shall (unless the Board directs otherwise) perform the duties of the Treasurer and, when so

acting, shall have all the powers of, and be subject to all the restrictions upon, the Treasurer. Each Assistant Treasurer shall perform such other duties

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as from time to time may be assigned to him by the President, the Treasurer, or the Board of Directors.

Section 15. Salaries. The salaries of all officers of the Corporation shall be determined or provided for from time to time by the Board of Directors. No officer shall be prevented from receiving any such salary because he is also a member of the Board of Directors.

ARTICLE VI

Limitation of Liability and Indemnification of Directors, Officers and Certain Representatives of the Corporation

Section 1. Limitation of Liability. No person shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken in good faith as a director, member of a directors' committee or officer of the Corporation, if such person exercised or used the same degree of care and skill as a prudent man would have exercised or used under the circumstances in the conduct of his own affairs. Without limitation on the foregoing, any such person shall be deemed to have exercised or used such degree of care and skill if he took or omitted to take such action in reliance in good faith upon advice of counsel for the Corporation, or the books of account or other records of the Corporation, or reports or information made or furnished to the Corporation by any officials, accountants, engineers, agents or employees of the Corporation, or by an independent certified public accountant or auditor, engineer, appraiser or other expert employed by the Corporation and selected with reasonable care by the Board of

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Directors, by any such committee or by an authorized officer of the Corporation.

Section 2. Indemnification of Directors, Officers and Employees. The Corporation shall indemnify, in the manner and to the full extent permitted by the laws of the State of Delaware, any former or present director, officer or employee of the Corporation or of any subsidiary of the Corporation (or the estate of any such person) who was or is a party to, or is threatened to be made a party to, any threatened, pending or completed action, suit or proceeding, whether or not by or in the right of the Corporation, and whether civil, criminal, administrative, investigative or otherwise, by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was serving any other enterprise at the request of the Corporation; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized in advance by the Board of Directors of the Corporation. The Corporation may, to the full extent permitted by the laws of the State of Delaware, purchase and maintain insurance on behalf of any such person against any liability which may be asserted against him. To the full extent permitted by the laws of the State of Delaware, the indemnification provided herein shall include expenses (including attorney's fees), judgments, fines and amounts paid in settlement. In the manner provided by law, any such expenses may be, and any such expenses incurred by any former or present director or officer of the Corporation shall be, paid by the Corporation in advance of the final disposition of such action, suit or proceeding. The indemnification provided

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herein shall not be deemed to limit the right of the Corporation to indemnify any other person for any such expenses to the full extent permitted by law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. No amendment to or repeal of this Section 2 of Article VI shall apply or be effective to limit or reduce the indemnification rights provided under this Section 2 of Article VI with respect to any acts or omissions occurring prior to such amendment or repeal.

ARTICLE VII

Contracts, Checks, Drafts, Bank Accounts, Books and Records, etc.

Section 1. Execution of Contracts. The Board of Directors may authorize any officer or officers or agent or agents of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors, no officer, agent or employee shall have any power or authority to bind the

Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

Section 2. Loans. No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name, unless authorized (i) by the Board of Directors, or (ii) by a Committee of the Board

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if the Board of Directors has delegated to any such Committee the power to make such authorizations. When so authorized any officer or agent of the Corporation may effect loans and advances at any time for the Corporation from any bank, trust company or other institution, or from any firm, corporation or individual, and for such loans and advances may make, execute and deliver promissory notes or other evidences of indebtedness of the Corporation, and, when authorized so to do by the Board of Directors, and, if required by law, by the stockholders, as security for the payment of any and all loans, advances, indebtedness and liabilities of the Corporation, may mortgage, pledge, hypothecate or transfer any real or personal property at any time held by the Corporation and to that end execute deeds of trust, and instruments of mortgage or pledge, or otherwise transfer said property.

Section 3. Checks, Drafts, etc. All checks, drafts, orders for the payment of money, obligations and bills of exchange shall be signed or endorsed (except endorsements for collection for the account of the Corporation or for deposit to its credit) by such officer or officers, employee or employees or agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. Each of such officers and employees shall give such bond, if any, as the Board of Directors shall determine.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in one or more of such banks, trust companies or other depositories as the Board of Directors may select or as may be selected by any officer or officers or agent or agents of the Corporation to whom power in that respect shall have

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been delegated by the Board of Directors. For the purpose of deposit and for the purpose of collection for the account of the Corporation, checks, drafts and other orders for the payment of money which are payable to the order of the Corporation may be endorsed, assigned and delivered by any officer or agent of the Corporation to whom such power is so delegated.

Section 5. General and Special Bank Accounts. The Board of Directors may from time to time authorize the opening and keeping of general and special bank accounts with one or more of such banks, trust companies or other depositories as the Board of Directors may select or as may be selected by any officer or officers, agent or agents of the Corporation to whom power in that respect shall have been delegated by the Board of Directors. The Board of Directors may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these By-Laws, as it may deem expedient.

Section 6. Proxies in Respect of Stock or Other Securities of Other Corporations. Unless otherwise provided by resolutions adopted by the Board of Directors, the Chairman of the Board, the President, any Executive Vice President, any Group Vice President, any Senior Vice President, any Vice President, the Secretary or the Treasurer of the Corporation, or any one or more of them shall have full power and authority to exercise in the name and on behalf of the Corporation all the powers and rights, including the right to vote and consent, which the Corporation may have as the holder of stock or other securities in any other corporation, and from time to time to appoint an attorney or attorneys or an agent or agents, or proxy or proxies with like power and authority in respect of such stock or other securities, and may

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instruct the person or persons so appointed as to the manner of exercising such powers and rights, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he or they may deem necessary or proper in order that the Corporation may exercise its said powers and rights. The Board of Directors from time to time may by resolution confer like powers and authority upon any other person or persons.

ARTICLE VIII

Books and Records

The books and records of the Corporation may be kept outside of the State of Delaware, at the general office of the Corporation in Dallas, Texas, or at such other place or places as may be from time to time designated or selected by the Board of Directors.

ARTICLE IX

Shares and Their Transfer;

Examination of Books

Section 1. Certificates for Stock. Every owner of stock of the Corporation shall be entitled to have a certificate in such form not inconsistent with the Certificate of Incorporation as the Board of Directors shall prescribe, certifying the number and class of shares of stock of the Corporation owned by him. The certificates representing shares of the respective classes of such stock (if there be more than one) shall state the name of the person owning the shares represented thereby, shall be numbered in

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the order in which they shall be issued, and shall be signed in the name of the Corporation by the Chairman of the Board or the President or an Executive Vice President or a Group Vice President or a Senior Vice President or a Vice President or by the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary of the Corporation and its seal shall be affixed thereto; provided, however, that where such certificate is countersigned by (1) a transfer agent other than the Corporation or its employee, or (2) a registrar other than the Corporation or its employee, if the Board of Directors shall by resolution so authorize, any of the signatures of the foregoing officers of the Corporation and the seal of the Corporation may be facsimile. In case any officer of the Corporation, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The name of the person owning the shares represented by each certificate, the number of shares, and the date of issue shall be entered on the stock ledger of the Corporation. Every certificate surrendered to the corporation for exchange or transfer shall be cancelled and a new certificate or certificates shall not be issued in exchange for any existing certificate, until such existing certificate shall have been so cancelled, except in cases provided for in Section 4 of Article IX.

Section 2. Transfers of Stock. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized by power of

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attorney duly executed and filed with the Secretary of the Corporation, or with a transfer clerk or a transfer agent appointed as provided in Section 3 of Article IX, and on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of stock are registered on the books of the Corporation shall be deemed and treated as the owner thereof for all purposes; and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

Section 3. Regulations. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer and registration of certificates for shares of the stock of the Corporation. It may appoint one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates of stock to bear the signature or signatures of any of them.

Section 4. Lost, Destroyed, Stolen, and Mutilated Certificates. The holder of any stock of the Corporation shall immediately notify the Corporation of any loss, destruction, theft, or mutilation of the certificate therefor, and the Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, destroyed, stolen, or mutilated, upon the surrender of the mutilated certificate, or in the case of loss, destruction, or theft of the certificate, upon satisfactory proof of such loss, destruction, or theft. The Board of Directors may, in its discretion, as a condition precedent to the issuance of a new certificate,

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require the owner of the lost, destroyed, or stolen certificate or his legal representatives to give the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties, as the Board shall in its uncontrolled discretion determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, destruction, or theft of any such certificate, or the issuance of such new certificates.

Section 5. Fixing Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix,

in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE X

Seal

The corporate seal of the Corporation shall be in the form of a circle and shall bear the full name of the Corporation, the state and year of

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incorporation, and the words "Corporate Seal." Said seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced. The seal shall be retained by the Secretary. A duplicate of the seal may be kept and used by the Treasurer, by an Assistant Secretary or Assistant Treasurer, or by any other employee authorized by resolution of the Board of Directors.

ARTICLE XI

Fiscal Year

The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December in each year.

ARTICLE XII

Notices and Waivers Thereof

Whenever under the provisions of the law of the State of Delaware, of the Certificate of Incorporation, or these By-Laws notice of any nature is required to be given to any director, officer or stockholder, unless otherwise provided by law or expressly provided by these By-Laws, such notice may be given personally, or it may be given in writing by depositing the same in the post office or a letter box maintained and kept by the United States Government in a postpaid sealed envelope addressed to such director, officer or stockholder at such address as appears upon the books of the Corporation, or, in default of other address, to such director, officer or stockholder at the general post office in the City of Wilmington, Delaware, and such notice shall be deemed to be given at the time when the same shall be thus mailed; a waiver

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of such notice in writing signed by the person or persons entitled to such notice, or a telegram, cable or wireless sent by such person, whether before or after the time stated therein shall be deemed equivalent to notice. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

ARTICLE XIII

Annual Financial Statement

The Board of Directors shall cause to be published and submitted to the stockholders, at least fifteen days in advance of their annual meeting, the Corporation's annual financial statement covering the previous fiscal year, and containing such other information and data as the Board of Directors may deem appropriate.

ARTICLE XIV

Amendments

These By-Laws, as they shall be at any time and whether or not previously altered, amended or added to, may be made, altered, amended or repealed from time to time by the Board of Directors by the affirmative vote of a majority of the authorized number of directors at any regular or special meeting of directors if notice of the proposed change was contained in the

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notice of such meeting. The stockholders also, by the affirmative vote of a majority of the stock issued, outstanding and entitled to vote may from time to time make, alter, amend or repeal the By-Laws at any regular or special meeting if notice of the proposed change was contained in the notice of the meeting; and any addition, alteration, amendment or repeal effected by the Board of Directors may be altered, amended or repealed by the stockholders in the manner hereinabove set forth.

TEXAS INSTRUMENTS RESTRICTED STOCK UNIT PLAN
FOR DIRECTORS

As Amended April 16, 1998

The Texas Instruments Restricted Stock Unit Plan for Directors is designed to enhance the ability of the Company to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of the Company.

For purposes of this Plan, unless otherwise indicated, the term "Company" shall mean Texas Instruments Incorporated.

Eligibility

All directors of the Company who are not during the term of this Plan and who have not previously been officers or employees of the Company shall participate in this Plan.

Definitions

As used in this Plan, the following terms shall have the meanings set forth:

- (a) "Fair Market Value" shall mean, with respect to any Shares, the simple average of the high and low prices of such Shares on the date of grant of Restricted Stock Units (or, if there is no trading on the New York Stock Exchange on such date, then on the first previous date on which there is such trading) as reported in "New York Stock Exchange Composite Transactions" in "The Wall Street Journal";
- (b) "Restricted Stock Units" shall mean any Units granted under paragraphs (a) or (b) under the heading "Grants of Restricted Stock Units" set forth below; and
- (c) "Shares" shall mean shares of the common stock of the Company, \$1.00 par value.

Administration of Plan

This Plan shall be administered by the Secretary of the Company (the "Secretary"). The Secretary shall have full power and authority to construe, interpret and administer the Plan. The Secretary may issue rules and regulations for administration of the Plan. All decisions of the Secretary shall be final, conclusive and binding upon all parties, including the Company, the stockholders and the directors. In the event of the absence or inability of the Corporate Secretary, any Assistant Secretary shall have the authority to act in his place.

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Subject to the terms of the Plan and applicable law, the Secretary shall have full power and authority to: (i) interpret and administer the Plan and any instrument or agreement relating to, or Restricted Stock Units granted under, the Plan; (ii) establish, amend, suspend or waive such rules and regulations and appoint such agents as the Secretary shall deem appropriate for the proper administration of the Plan; and (iii) make any other determination and take any other action that the Secretary deems necessary or desirable for the administration of this Plan.

Restricted Stock Units Available for Grant

Subject to adjustment as provided below:

- (a) Sources of Shares Deliverable Under Restricted Stock Units. Any Shares delivered pursuant to the settlement of Restricted Stock Units shall consist of treasury Shares.
- (b) Adjustments. In the event that the Secretary shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Secretary to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Secretary shall, in such

manner as he or she may deem equitable, adjust the number of outstanding Restricted Stock Units; provided, however, that no fractional Restricted Stock Units shall be issued or outstanding hereunder. Notwithstanding any such corporate transaction or event, no adjustment shall be made in the number of Restricted Stock Units to be granted to new directors who are elected after the occurrence of any such corporate transaction or event.

Grants of Restricted Stock Units

(a) Initial Grants of Restricted Stock Units. The Company, as of the effective date of this Plan, shall grant to each then current director of the Company 1000 Restricted Stock Units. Each Restricted Stock Unit shall be paid or settled by the issuance of one Share upon the termination of such recipient's service as a director of the Company, provided that such termination of service shall have occurred (i) after the age at which a director is ineligible under the Company's by-laws to stand for reelection to the Board, (ii) after the completion of at least eight years of service as a director of the Company or (iii) as a result of the death or disability of the director. In the event such recipient's membership on the Board of Directors of the Company shall terminate prior to the attainment of the age for ineligibility for reelection and prior to the completion of eight years of service as a director for reasons other than death or disability, such Restricted Stock Units shall terminate and all of the rights, title and interest of the recipient thereunder shall be forfeited in their entirety. Following the effective date of this Plan, each new director shall, effective as of the date of such individual's initial election or

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appointment to the Board of Directors, be granted 2000 Restricted Stock Units which shall be subject to the same terms and restrictions as are described in this paragraph (a). Notwithstanding the foregoing, in no event shall Shares be issued pursuant to a Restricted Stock Unit granted under this paragraph (a) if a director's service on the board shall terminate within less than six months after the date of grant for any reason other than death or disability.

(b) Grants of Restricted Stock Units for Portion of Annual Retainer. As of the date of the annual meeting of stockholders each year following the effective date of this Plan, fifty percent (50%) of the annual retainer (not including retainers for committee membership or committee chair) payable to each director during the twelve-month period beginning May 1 of such year and ending April 30 of the following year shall be paid to the director in the form of Restricted Stock Units. Also, fifty percent (50%) of each director's annual retainer for the period beginning May 1, 1995 and ending April 30, 1996 remaining payable after June 30 shall be paid to the director in the form of Restricted Stock Units, which shall be granted as of the effective date of this Plan. The number of Restricted Stock Units to be granted under this paragraph (b) in each case shall be determined by dividing (i) the amount of annual retainer to be paid in the form of Restricted Stock Units by (ii) the Fair Market Value of the Shares and shall be rounded up to the next whole Restricted Stock Unit in the event such determination results in a fraction of a Restricted Stock Unit. Each such Restricted Stock Unit shall provide for the issuance of one Share upon the termination of the recipient's membership on the Board of Directors. In the event a director's service on the Board shall terminate for any reason during a year, the number of Restricted Stock Units granted for such year shall be reduced proportionately, and the excess shall be forfeited. Notwithstanding the foregoing, this paragraph (b) shall no longer be applicable after April 15, 1998.

(c) Right to Dividend Equivalents. Each recipient of Restricted Stock Units under this Plan shall have the right, during the period when such Restricted Stock Units are outstanding and prior to the termination, forfeiture or payment or settlement thereof, to receive dividend equivalents equal to the amount or value of any cash or other distributions or dividends payable on the same number of Shares. The Company shall accumulate dividend equivalents on each dividend payment date and pay such accumulated amounts without interest annually.

(d) Issuance of Shares Upon Lapse of Restrictions. A stock certificate or certificates shall be registered and issued in the name of the holder of Restricted Stock Units and delivered to such holder as soon as practicable after such Restricted Stock Units have become payable or settleable in accordance with the terms of the Plan.

(e) Limits on Transfer of Restricted Stock Units. No Restricted Stock Units and no right under any Restricted Stock Units shall be assignable, alienable, salable or transferable by a participant

otherwise than by will or by the laws of descent and distribution. All rights under any Restricted Stock Unit shall be exercisable during the participant's lifetime only by the participant or, if permissible under applicable law, by the participant's guardian or legal representative.

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No Restricted Stock Unit and no right under any such Restricted Stock Unit may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Company.

- (f) Share Certificates. All certificates for Shares delivered under the Plan pursuant to any Restricted Stock Units shall be subject to such stop transfer orders and other restrictions as the Secretary may deem advisable under the Plan and the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Secretary may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

Amendment and Termination

Except to the extent prohibited by applicable law and unless expressly provided in this Plan:

- (a) Amendments to the Plan. The Board of Directors of the Company may amend, alter, suspend, discontinue or terminate the Plan, without the consent of any stockholder, participant, other holder or beneficiary of Restricted Stock Units, or other person; provided, however, that, no such action shall impair the rights under any Restricted Stock Units theretofore granted under the Plan.
- (b) Correction of Defects, Omissions and Inconsistencies. The Secretary may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Restricted Stock Units in the manner and to the extent he or she shall deem desirable to carry the Plan into effect.

General Provisions

- (a) Withholding. The Company shall be authorized to withhold from any Restricted Stock Units granted or any transfer made under any Restricted Stock Units or under the Plan or from any dividend equivalents to be paid on Restricted Stock Units the amount (in cash, Shares, other securities, or other property) of any taxes required to be withheld in respect of a grant, payment or settlement of Restricted Stock Units or any payment of dividend equivalents under such Restricted Stock Units or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of any such taxes.
- (b) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.
- (c) No Right to Continued Board Membership. The grant of Restricted Stock Units shall not be construed as giving a participant the right to be retained as a director of the Company. The Board of Directors may at

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any time fail or refuse to nominate a participant for election to the Board, and the stockholders of the Company may at any election fail or refuse to elect any participant to the Board free from any liability or claim under this Plan or any Restricted Stock Units.

- (d) Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable Federal law.
- (e) Severability. If any provision of the Plan or any Restricted Stock Unit is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or any Restricted Stock Unit, or would disqualify the Plan or any Restricted Stock Unit under any law deemed applicable by the Secretary, such provisions shall be construed or deemed amended to conform to applicable

laws, or if it cannot be so construed or deemed amended without, in the determination of the Secretary, materially altering the intent of the Plan or the Restricted Stock Unit, such provision shall be stricken as to such jurisdiction, person or Restricted Stock Unit, and the remainder of the Plan and any such Restricted Stock Unit shall remain in full force and effect.

- (f) No Trust or Fund Created. Neither the Plan nor any Restricted Stock Units shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a participant or any other person. To the extent that any person acquires a right to receive Restricted Stock Units, or Shares pursuant to Restricted Stock Units, from the Company pursuant to this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.
- (g) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan.

Effective Date of the Plan

The Plan shall be effective as of June 15, 1995.

Term of the Plan

No Restricted Stock Units shall be granted under the Plan after April 18, 2006. However, unless otherwise expressly provided in the Plan or in the restrictions applying to Restricted Stock Units previously issued, any Restricted Stock Units theretofore granted may extend beyond such date, and the authority of the Secretary to interpret, construe, administer and make determinations under this Plan, and the authority of the Board of Directors of the Company to amend the Plan, shall extend beyond such date.

TEXAS INSTRUMENTS DIRECTORS
DEFERRED COMPENSATION PLAN
As Amended April 16, 1998

The purpose of this plan (the "Plan") is to provide Directors (as herein defined) of Texas Instruments Incorporated ("TI" or the "Company") with the opportunity to defer certain portions of the compensation paid to them as Directors and to select from among investment alternatives with respect to such deferred compensation.

Section 1. Definitions.

(a) "Board" means the Board of Directors of the Company, as constituted from time to time.

(b) "Cash Account" means the bookkeeping account established pursuant to Section 4 on behalf of each Director who elects pursuant to Section 3 to have any of his or her Deferred Compensation credited to a cash account.

(c) "Deferred Compensation" means that portion of any Director's Eligible Compensation that he or she elects pursuant to Section 2 to be deferred in accordance with this Plan.

(d) "Director" means a member of the Board who is not an employee of the Company or any subsidiary thereof.

(e) "Eligible Compensation" means the cash portion of any compensation payable by the Company to a Director for his or her services as a Director but shall not include any reimbursement by the Company of expenses incurred by a Director incidental to attendance at a meeting of the Company's stockholders, the Board, or any committee of the Board, or of any other expense incurred on behalf of the Company.

(f) "Fair Market Value" means the average of the high and low prices of TI common stock on the date the determination is made (or, if there is no trading on the New York Stock Exchange on such date, then on the first previous date on which there is such trading) as reported in "New York Stock Exchange Composite Transactions" in The Wall Street Journal.

(g) "Secretary" means the Secretary of the Company.

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(h) "Stock Unit Account" means the bookkeeping account established, pursuant to Section 5, on behalf of each Director who elects, pursuant to Section 3, to have any of his or her Deferred Compensation credited to a stock unit account.

(i) "Year" means a calendar year.

Section 2. Deferral Election.

Each Director may elect, with respect to any Year, that all or any portion of his or her Eligible Compensation be deferred in accordance with the terms of this Plan.

Section 3. Investment Alternatives.

Each Director may elect that his or her Deferred Compensation for any Year be credited to a cash account or a stock unit account or to any combination thereof.

Section 4. Cash Accounts.

(a) TI shall establish and maintain a separate unfunded Cash Account for each Director who has elected that any portion of his or her Deferred Compensation be credited to a cash account.

(b) As of the date on which any amount of a Director's Deferred Compensation becomes payable, his or her Cash Account shall be credited with an amount equal to that portion of such Deferred Compensation as such Director has elected be credited to his or her Cash Account.

(c) As of the last day of each month, interest on each Cash Account

shall be credited on the average of the balances on the first and last day of such month. Interest shall be credited at a rate equivalent to the average yield on corporate bonds rated Aaa by Moody's Investors Service on September 30 of the preceding Year (or if there is no such yield reported for such date, then on the next preceding date for which such a yield is reported) as published in Federal Reserve Statistical Release H.15, or at such other rate as may be determined by the Board Organization and Nominating Committee for each Year.

Section 5. Stock Unit Accounts.

(a) TI shall establish and maintain a separate unfunded Stock Unit Account for each Director who has elected that any portion of his Deferred Compensation be credited to a stock unit account.

(b) As of each date on which any amount of a Director's Deferred Compensation becomes payable, his or her Stock Unit Account shall be credited with that number of units as are equal to the number of full or fractional shares of TI common stock as could be purchased at the Fair Market Value with the portion of such Deferred Compensation as such Director has elected be credited to his or her Stock Unit Account.

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(c) As of the payment date for each dividend on TI common stock declared by the Board, there shall be credited to each Stock Unit Account that number of units as are equal to the number of full or fractional shares of TI common stock as could be purchased at the Fair Market Value on the payment date for such dividend with an amount equal to the product of: (i) the dividend per share, and (ii) the number of units in such account immediately prior to the record date for such dividend.

(d) In the event that the Secretary shall determine that any dividend or other distribution (whether in the form of cash, stock or other securities or property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of stock or other securities of the Company, issuance of warrants or other rights to purchase stock or other securities of the Company, or other similar corporate transaction or event affects the Stock Unit Accounts such that an adjustment is determined by the Secretary to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Secretary shall, in such manner as he or she may deem equitable, adjust the number of units in the Stock Unit Accounts.

Section 6. Form and Time of Election.

A Director's election to defer all or any portion of his or her Eligible Compensation for any Year shall be irrevocable. The election shall be made in writing in the form ("Election Form") prescribed by the Secretary. Except as hereinafter provided, to be effective, an Election Form for any Year shall be required to be received by the Secretary on or before December 31 of the preceding Year. In the case of a Director's initial election to the Board, the Election Form for the year of election shall be received not more than 30 days following his or her election and, unless received on the date of election, shall be effective only for Eligible Compensation earned after receipt of the Election Form. With respect to the period May 1, 1998 through December 31, 1998, an Election Form shall be required to be received by the Secretary on or before April 15, 1998, and such Election Form shall be effective only for Eligible Compensation earned during that period and shall be only for the purpose of deferring compensation not deferred pursuant to a previous election.

Section 7. Allocation of Balances in Previously Established Accounts.

At such time (on or before December 31, 1997) as the Secretary shall determine, each Director with a cash account established on his or her behalf under the Company's previous deferred compensation program for directors may elect, in such manner as may be prescribed by the Secretary, to have the balance in such previously established account credited to a cash account or a stock unit account or to any combination thereof. Any such election shall be irrevocable, and any cash account or stock unit account credited pursuant to such election shall for all purposes be deemed to have been established under this Plan.

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Section 8. Form and Time of Distributions.

Distributions of amounts credited to each Director's Cash Account shall be made in cash. Distribution of units credited to each director's Stock Unit Account shall be made by issuing to such Director an equivalent number of shares of TI common stock; provided, however, that no fractional shares will be issued and any fractional unit will be distributed by payment of cash in the amount represented by such fractional unit based on the Fair Market Value on the date preceding the date of payment. Any shares of TI common stock distributed under the Plan shall consist of treasury shares. Except as otherwise hereinafter provided, distributions shall be made (a) on the first day of the month following such Director's termination of service on the Board for any reason other than death, or (b) at such later time as the Director has elected in accordance with the terms of this Plan. Notwithstanding the foregoing, an earlier distribution may be made, at the discretion of the Secretary, upon a finding that a Director is suffering a significant financial hardship caused by a recent event or events not within such Director's control; provided, however, that in such event, the cash or shares distributed shall be limited to those amounts necessary to accommodate the financial hardship, as determined by the Secretary.

Section 9. Death of Director.

Notwithstanding the foregoing, in the event of the death of a Director prior to receipt by such Director of the full amount of cash and number of shares to be distributed to the Director, all such cash and/or shares will be distributed to the beneficiary or beneficiaries designated by the Director, or if no beneficiary has been designated, to the Director's estate as soon as practicable following the month in which the death occurred.

Section 10. Accounts Unsecured.

Until distributed, all amounts credited to any Cash Accounts or represented by units credited to any Stock Unit Account shall be property of TI, available for TI's use, and subject to the claims of TI's general creditors. The rights of any Director or beneficiary to distributions under this Plan are not subject to anticipation, alienation, sale, transfer, assignment, or encumbrance, and shall not be subject to the debts or liabilities of any Director or beneficiary.

Section 11. Certain Rights Reserved by TI.

TI reserves the right to suspend, modify or terminate this Plan at any time, and, in such event, shall have the right to distribute to each Director all amounts in such Director's Cash Account or shares of TI common stock equivalent to units in such Director's Stock Unit Account, including, in the case of Stock Unit Accounts, the right to distribute cash equivalent to the units in such Accounts.

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Section 12. Certain Affiliations.

In the event that any Director terminates his or her membership on the Board and becomes affiliated with a government agency or with any private company or firm that the Board Organization and Nominating Committee believes to be in competition with TI, the Board may, at its discretion, require a distribution of all amounts in any Director's Cash Account or shares equivalent to units in such Director's Stock Unit Account.

Section 13. Administration and Interpretation of Plan.

The Secretary shall have full power and authority to construe, interpret and administer this Plan. The Secretary may issue rules and regulations for administration of the Plan. All decisions of the Secretary shall be final, conclusive and binding upon all parties, including the Company, the stockholders and the directors. In the event of the absence or inability to act of the Secretary, any Assistant Secretary shall have the authority to act in his place.

Subject to the terms of the Plan and applicable law, the Secretary shall have full power and authority to: (i) interpret and administer the Plan and any instrument or agreement relating thereto; (ii) establish, amend, suspend or waive such rules and regulations and appoint such agents as the Secretary shall deem appropriate for the proper administration of the Plan; and (iii) make any other determination and take any other action that the Secretary deems necessary or desirable for the administration of this Plan.

TEXAS INSTRUMENTS
STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS
As Adopted April 16, 1998

The purpose of the Texas Instruments Stock Option Plan for Non-Employee Directors (the "Plan") is to increase the proprietary and vested interest of the non-employee directors of Texas Instruments Incorporated (the "Company") in the growth and performance of the Company by granting such directors options to purchase shares of the common stock of the Company, \$1.00 par value ("Shares").

Section 1. Administration.

The Plan shall be administered by the Secretary of the Company (the "Secretary"). Subject to the provisions of the Plan, the Secretary shall have full power and authority to construe, interpret and administer the Plan. The Secretary may issue rules and regulations for administration of the Plan. All decisions of the Secretary shall be final, conclusive and binding upon all parties, including the Company, the stockholders and the directors. In the event of the absence or inability of the Secretary, any Assistant Secretary shall have the authority to act in his place.

Subject to the terms of the Plan and applicable law, the Secretary shall have full power and authority to: (i) interpret and administer the Plan and any instrument or agreement relating to, or options to purchase common stock of the Company granted under, the Plan; (ii) establish amend, suspend or waive such rules and regulations and appoint such agents as the Secretary shall deem appropriate for the proper administration of the Plan; and (iii) make any other determination and take any other action that the Secretary deems necessary or desirable for the administration of the Plan.

Section 2. Eligibility.

A member of the Board of Directors of the Company (the "Board") who is not an employee of the Company or its subsidiaries shall be eligible for grant of options under the Plan ("Eligible Director"). Any holder of an option granted hereunder shall hereinafter be referred to as a "Participant."

Section 3. Shares Subject to the Plan.

The Shares deliverable upon the exercise of options will be made available from treasury Shares.

Section 4. Option Grants.

Each individual who is an Eligible Director will be granted an option to purchase 5,000 Shares as of the date of each regular January meeting of the Compensation Committee of the Board or any successor committee (the "Compensation Committee") following the effective date of the Plan or, if no such January meeting is held, as of the date of the first meeting of the Compensation Committee during a calendar year. The options granted will be nonstatutory stock options not intended to qualify under Section 422 of the

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Internal Revenue Code of 1986, as amended (the "Code") and shall have the following terms and conditions:

- (a) Price. The Purchase price per share of Shares deliverable upon the exercise of each option shall be 100% of the Fair Market Value per share of the Shares on the date the option is granted. For purposes of this Plan, Fair Market Value shall be determined to be equal to the simple average of the high and low prices of the Shares on the date of grant (or, if there is no trading on the New York Stock Exchange on such date, then on the first previous date on which there is such trading) as reported in "New York Stock Exchange Composite Transactions" in "The Wall Street Journal," rounded upward to the next whole cent if such Fair Market Value should include a fraction of a cent.
- (b) Payment. The Secretary shall determine the method or methods by which, and the form or forms, including, without limitation, cash, Shares, or other property, or any combination thereof, having a Fair Market Value on the

exercise date equal to the relevant exercise price, in which payment of the exercise price with respect to an option may be made or deemed to have been made.

(c) Exercisability and Term of Options. Subject to Section 4(d), options shall become exercisable in four equal annual installments commencing on the first anniversary date of the grant, provided the holder of such option remains an Eligible Director until such anniversary date, and shall be exercisable until ten years from the date of grant.

(d) Termination of Service as Eligible Director. The effect of a Participant's termination of service as a director of the Company shall be as follows:

(i) Termination for cause: All outstanding options held by the Participant shall be canceled immediately upon termination.

(ii) Death: All outstanding options held by the Participant shall continue to full term, becoming exercisable in accordance with Section 4(c), and shall be exercisable by such Participant's heirs.

(iii) Permanent disability: All outstanding options held by the Participant shall continue to full term, becoming exercisable in accordance with Section 4(c).

(iv) Termination after 8 years of service: Any outstanding option held by the Participant for at least six months after the grant of such option shall continue to full term, becoming exercisable in accordance with Section 4(c).

(v) Termination by reason of ineligibility to stand for reelection under the Company's by-laws: Any outstanding option held by the Participant for at least six months after the grant of such option shall continue to full term, becoming exercisable in accordance with Section 4(c).

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(vi) Other: For any termination other than those specified above, all outstanding options held by the Participant shall be exercisable for 30 days after the date of termination, only to the extent that such options were exercisable on the date of termination, except as follows:

(A) If the Participant dies within 30 days after his or her termination, then such Participant's heirs may exercise the options for a period of up to one year after the Participant's death, but only to the extent any unexercised portion was exercisable on the date of termination.

(B) If the Participant's termination occurs within 30 days before the effective date of a Change in Control (as defined in Section 6), then the Change in Control will be deemed to have occurred first and the options shall be exercisable in accordance with Section 4(c).

(e) Non-transferability of Options. No option shall be transferable by a Participant except by will or by the laws of descent and distribution, and during the Participant's lifetime may be exercised only by Participant or, if permissible under applicable law, by the Participant's legal guardian or representative.

(f) Option Agreement. Each option granted hereunder shall be evidenced by an agreement with the Company which shall contain the terms and provisions set forth herein and shall otherwise be consistent with the provisions of the Plan.

Section 5. Adjustment of and Changes in Shares.

In the event that the Secretary shall determine that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split,

reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Secretary to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Secretary shall, in such manner as he or she may deem equitable, adjust any or all of (a) the number and type of Shares subject to outstanding options, and (b) the exercise price with respect to any option or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding option; provided, however, that no fractional Shares shall be issued or outstanding hereunder.

Notwithstanding any such corporate transaction or event, no adjustment shall be made in the number of Shares subject to options to be granted to new directors who are elected after the occurrence of any such corporate transaction or event.

Section 6. Change of Control.

The provisions of Section 4(c) shall not apply and options outstanding under the Plan shall be exercisable in full if a Change in Control occurs. Change in Control means an event when (a) any Person, alone or together with

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its Affiliates and Associates or otherwise, shall become an Acquiring Person otherwise than pursuant to a transaction or agreement approved by the Board of Directors of the Company prior to the time the Acquiring Person became such, or (b) a majority of the Board of Directors of the Company shall change within any 24-month period unless the election or the nomination for election by the Company's stockholders of each new director has been approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period. For the purposes hereof, the terms Person, Affiliates, Associates and Acquiring Person shall have the meanings given to such terms in the Rights Agreement dated as of June 17, 1988 between the Company and Harris Trust and Savings Bank, successor in interest to First Chicago Trust Company of New York, (formerly Morgan Shareholder Services Trust Company), as in effect on the date hereof; provided, however, that if the percentage employed in the definition of Acquiring Person is reduced hereafter from 20% in such Rights Agreement, then such reduction shall also be applicable for the purposes hereof.

Section 7. No Rights of Stockholders.

Neither a Participant nor a Participant's legal representative shall be, or have any of the rights and privileges of, a stockholder of the Company in respect of any shares purchasable upon the exercise of any option, in whole or in part, unless and until certificates for such shares shall have been issued.

Section 8. Plan Amendments.

The Board may amend, alter, suspend, discontinue or terminate the Plan without the consent of any stockholder or Participant or other person: provided, however, that no such action shall impair the rights under any option theretofore granted under the Plan and that, notwithstanding any other provision of the Plan or any option agreement, no such amendment, alteration, suspension, discontinuation or termination shall be made that would permit options to be granted with a per Share exercise price of less than the Fair Market Value of a Share on the date of grant thereof.

Section 9. Effective Date.

The Plan shall become effective on April 16, 1998. The Plan shall terminate April 16, 2003 unless the Plan is extended or terminated at an earlier date.

Section 10. No Limit on Other Compensation Arrangements.

Nothing contained in the Plan shall prevent the Company from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

Section 11. Governing Law.

The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable Federal law.

Section 12. Severability.

If any provision of the Plan or any option is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or option, or would disqualify the Plan or any option under any law deemed

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applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the option, such provision shall be stricken as to such jurisdiction, person or option, and the remainder of the Plan and any such option shall remain in full force and effect.

Section 13. No Right to Continued Board Membership.

The grant of options shall not be construed as giving a participant the right to be retained as a director of the Company. The Board may at any time fail or refuse to nominate a participant for election to the Board, and the stockholders of the Company may at any election fail or refuse to elect any participant to the Board free from any liability or claim under this Plan or any options.

Section 14. No Trust or Fund Created.

Neither the Plan nor any options shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a participant or any other person. To the extent that any person acquires a right to receive options, or Shares pursuant to options, from the Company pursuant to this Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

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TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
EARNINGS PER COMMON AND DILUTIVE POTENTIAL COMMON SHARE
(In thousands, except per-share amounts.)

	For Three Months Ended	
	Mar 31 1998	Mar 31 1997
Income from continuing operations.....	\$ 11,044	\$ 102,030
Add: Interest, net of tax and profit sharing effect, on convertible debentures assumed converted.....	--	454
Adjusted income from continuing operations.....	11,044	102,484
Income from discontinued operations.....	--	27,315
Adjusted net income.....	\$ 11,044	\$ 129,799
Diluted Earnings per Common and Dilutive Potential Common Share:		
Weighted average common shares outstanding.....	390,019	381,396
Weighted average dilutive potential common shares:		
Stock option and compensation plans.....	9,961	7,992
Convertible debentures.....	--	4,983
Weighted average common and dilutive potential common shares...	399,980	394,371
Diluted Earnings per Common Share:		
Income from continuing operations.....	\$.03	\$.26
Income from discontinued operations.....	--	.07
Net Income.....	\$.03	\$.33
Basic Earnings per Common Share:		
Weighted average common shares outstanding.....	390,019	381,396
Basic Earnings per Common Share:		
Income from continuing operations.....	\$.03	\$.27
Income discontinued from operations.....	--	.07
Net income.....	\$.03	\$.34

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)

	For Three Months Ended March 31						
	1993	1994	1995	1996	1997	1997	1998
	-----	-----	-----	-----	-----	-----	-----
Income before income taxes and fixed charges:							
Income before extraordinary item and cumulative effect of accounting changes, interest expense on loans, capitalized interest amortized, and provision for income taxes.....	\$ 561	\$ 943	\$1,530	\$ 65	\$ 825	\$ 185	\$ 39
Add interest attributable to rental and lease expense.....	38	40	41	44	44	11	10
	-----	-----	-----	-----	-----	-----	-----
	\$ 599	\$ 983	\$1,571	\$ 109	\$ 869	\$ 196	\$ 49
	=====	=====	=====	=====	=====	=====	=====
Fixed charges:							
Total interest on loans (expensed and capitalized).....	\$ 55	\$ 58	\$ 69	\$ 108	\$ 114	\$ 33	\$ 22
Interest attributable to rental and lease expense.....	38	40	41	44	44	11	10
	-----	-----	-----	-----	-----	-----	-----
Fixed charges.....	\$ 93	\$ 98	\$ 110	\$ 152	\$ 158	\$ 44	\$ 32
	=====	=====	=====	=====	=====	=====	=====
Combined fixed charges and preferred stock dividends:							
Fixed charges.....	\$ 93	\$ 98	\$ 110	\$ 152	\$ 158	\$ 44	\$ 32
Preferred stock dividends (adjusted as appropriate to a pretax equivalent basis).....	29	--	--	--	--	--	--
	-----	-----	-----	-----	-----	-----	-----
Combined fixed charges and preferred stock dividends.....	\$ 122	\$ 98	\$ 110	\$ 152	\$ 158	\$ 44	\$ 32
	=====	=====	=====	=====	=====	=====	=====
Ratio of earnings to fixed charges.....	6.4	10.0	14.3	*	5.5	4.5	1.5
	=====	=====	=====	=====	=====	=====	=====
Ratio of earnings to combined fixed charges and preferred stock dividends.....	4.9	10.0	14.3	*	5.5	4.5	1.5
	=====	=====	=====	=====	=====	=====	=====

* Not meaningful. The coverage deficiency was \$43 million in 1996.

This schedule contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of March 31, 1998, and for the three months then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	3-MOS DEC-31-1998	MAR-31-1998
		830
	1,536	
	1,666	
	68	
	776	
	5,450	
		7,672
	3,389	
	10,370	
1,985		
		1,246
0		
		0
		391
		5,586
10,370		
		2,187
	2,187	
		1,517
	1,517	
	328	
	0	
	18	
	17	
		6
11		
	0	
	0	
		0
		11
	.03	
	.03	

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of March 31, 1997, and for the three months then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	3-MOS DEC-31-1997	MAR-31-1997
		989
	63	
	1,699	
	67	
	663	
	4,423	6,816
	2,724	
	9,263	
2,310		1,643
0		0
		191
9,263		4,043
		2,263
2,263		1,472
	1,472	
	239	
	0	
	24	
	157	
		55
102		
	27	
	0	
		0
	129	
	.34	
	.33	

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of June 30, 1997, and for the six months then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	6-MOS	
DEC-31-1997		
JUN-30-1997		657
	534	
	1,769	
	68	
	737	
	4,703	6,994
	2,874	
	9,387	
2,142		1,667
0		0
		192
9,387		4,271
		4,823
	4,823	3,069
	3,069	
	520	
	0	
	51	
	501	
	175	
326		0
	52	
	0	
		0
	378	
	.99	
	.96	

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of September 30, 1997, and for the nine months then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	9-MOS DEC-31-1997	9-MOS SEP-30-1997
		2,727
	1,509	
	1,766	
	66	
	758	
	7,342	
		7,212
	3,054	
	12,074	
3,069		
		1,540
0		
		0
		195
		6,125
12,074		
		7,322
	7,322	
		4,587
	4,587	
	795	
	0	
	73	
	869	
	304	
565		
	1,525	
	0	
		0
	2,090	
	5.45	
	5.26	

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of December 31, 1996, and for the year then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	YEAR	
	DEC-31-1996	DEC-31-1996
		964
	14	
	1,799	
	90	
	703	
	4,454	6,712
	2,550	
	9,360	
2,486		
		1,697
0		0
		190
		3,907
9,360		9,940
	9,940	
		7,146
	7,146	
	1,181	
	0	
	73	
	(23)	23
(46)		
	109	
	0	0
		63
	.17	
	.17	

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of March 31, 1996, and for the three months then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

3-MOS	
DEC-31-1996	MAR-31-1996
	1,279
	52
	2,057
	60
	1,151
	5,068
	6,040
	2,524
	9,122
2,597	
	1,105
0	
	0
	190
	4,041
9,122	
	3,076
	3,076
	2,187
	2,187
	263
	0
	12
	240
	77
163	
	0
	0
	0
	163
	.43
	.42

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas INSTRUMENTS INCORPORATED and subsidiaries as of June 30, 1996, and for the six months then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	6-MOS DEC-31-1996	JUN-30-1996
		978
	39	
	1,976	
	58	
	1,155	
	4,699	6,534
	2,639	
	9,241	
2,530		1,223
0		0
		190
9,241		4,089
		5,921
	5,921	
		4,248
	4,248	
	516	
	0	
	25	
	332	
		93
239		
	0	
	0	
		0
	239	
	.63	
	.62	

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of September 30, 1996, and for the nine months then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	9-MOS DEC-31-1996	SEP-30-1996
		676
	8	
	2,174	
	62	
	1,003	
	4,392	7,214
	2,872	
	9,557	
2,537		
		1,677
0		0
		190
9,557		3,925
		8,761
	8,761	
		6,322
	6,322	
	983	
	0	
	48	
	199	
	108	
91		
	0	
	0	
		0
	91	
	.24	
	.24	

This RESTATED FINANCIAL DATA SCHEDULE, in accordance with SFAS No. 128 (Earnings Per Share), contains summary financial information extracted from the consolidated financial statements of Texas Instruments Incorporated and subsidiaries as of December 31, 1995, and for the year then ended, and is qualified in its entirety by reference to such financial statements.

1,000,000

	YEAR	
	DEC-31-1995	DEC-31-1995
		1,364
	189	
	2,320	
	45	
	1,135	
	5,518	
		5,631
	2,444	
	9,215	
3,188		
		804
0		
		0
		190
		3,905
9,215		
		13,128
	13,128	
		9,318
	9,318	
	509	
	0	
	48	
	1,619	
		531
1,088		
	0	
	0	
		0
	1,088	
	2.90	
	2.81	