

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 28, 2000.

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

TEXAS INSTRUMENTS INCORPORATED  
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE  
(State or Other Jurisdiction  
of Incorporation or Organization)

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

12500 TI BOULEVARD  
P.O. BOX 660199  
DALLAS, TEXAS 75266-0199  
(Address, Including Zip Code, of Registrant's Principal Executive Offices)

TEXAS INSTRUMENTS 2000 LONG-TERM INCENTIVE PLAN  
BURR-BROWN CORPORATION 1993 STOCK INCENTIVE PLAN  
(Full Title of the Plans)

JOSEPH F. HUBACH  
SENIOR VICE PRESIDENT, SECRETARY AND GENERAL COUNSEL  
12500 TI BOULEVARD  
P.O. BOX 660199  
DALLAS, TEXAS 75266-0199  
(972) 995-3773  
(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)

A copy of all communications, including all communications sent to agent for service, should be sent to:

R. SCOTT COHEN  
WEIL, GOTSHAL & MANGES LLP  
100 CRESCENT COURT, SUITE 1300  
DALLAS, TEXAS 75201

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)(3)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE(3)
Common Stock, \$1.00 par value.....	125,891,685	\$76.92	\$7,891,799,196.49	\$2,083,434.99

- (1) Of the shares of common stock being registered hereby, 117,010,970 shares relate to the shares issuable upon exercise of stock options, restricted stock awards, performance units, or other stock-based awards granted under the Texas Instruments 2000 Long-Term Incentive Plan and 8,880,715 shares relate to the shares issuable upon exercise of stock options granted under Burr-Brown 1993 Stock Incentive Plan.
- (2) For purposes of computing the registration fee only. Pursuant to Rule 457(c) and (h) under the Securities Act of 1933, as amended, the Proposed Maximum Aggregate Offering Price Per Share is based upon
  - the average of the bid and asked price of the common stock on August 22, 2000 (\$66.25) with respect to 117,010,970 shares, and
  - the actual price at which 8,880,715 options may be exercised (prices ranging from \$1.03 per share to \$76.92 per share).
- (3) This registration statement is also deemed, pursuant to Instruction E of Form S-8, to relate to 40,166,647 shares previously registered on Form S-8

(File No. 333-07127) in connection with a predecessor plan, with respect to which a registration fee of \$92,302 has been paid.

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## PART II

## INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

## ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents are incorporated herein by reference:

- Our Annual Report on Form 10-K for the year ended December 31, 1999, as amended.
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2000 and June 30, 2000.
- Our Current Reports on Form 8-K filed on July 6, 2000.
- The description of our common stock contained in our registration statements on Forms 8-A and 10 filed with the Commission pursuant to Section 12 of the Exchange Act, together with any amendment or report filed with the Commission for the purpose of updating such descriptions.

All documents that we subsequently file pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment to this Registration Statement that indicates that all of the shares of common stock offered have been sold or which deregisters all of such shares then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be part hereof from the date of filing of such documents. Any statement incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Registration Statement.

## ITEM 4. DESCRIPTION OF SECURITIES.

Not required to be filed with this Registration Statement.

## ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not applicable.

## ITEM 6. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

The General Corporation Law of the State of Delaware, at Section 145, provides, in pertinent part, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as the director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. In addition, the indemnification of expenses, including attorneys' fees, is allowed in derivative actions, except no indemnification is allowed

in respect to any claim, issue or matter as to which any such person has been adjudged to be liable to the corporation, unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought decides that indemnification is proper. To the extent that any such person succeeds on the merits or otherwise, he shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith. The determination that the person to be indemnified met the applicable standard of conduct, if not made by a court, is made by the directors of the corporation by a majority vote of the directors not party to such an action, suit or proceeding even though less than a quorum, by a committee of such directors designated by majority vote of such directors even though less than a quorum, or, if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or by the stockholders. Expenses may be paid in advance upon the receipt, in the case of officers and directors, of undertakings to repay such amount if it shall ultimately be determined that the person is not entitled to be indemnified by the corporation as authorized in this section. A corporation may purchase indemnity insurance.

The above described indemnification and advancement of expenses, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and inure to the benefit of such person's heirs, executors and administrators. Article VI, Section 2 of the Texas Instruments Bylaws provides that Texas Instruments shall indemnify its officers and directors for such expenses, judgments, fines and amounts paid in settlement to the full extent permitted by the laws of the State of Delaware. Section 102(b)(7) of the General Corporation Law of the State of Delaware, as amended, permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability

- for any breach of the director's duty of loyalty to the corporation or its stockholders,
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,
- under Section 174 of the General Corporation Law of the State of Delaware, or
- for any transaction from which the director derived an improper personal benefit.

Article Seventh of Texas Instruments' Restated Certificate of Incorporation contains such a provision.

Under insurance policies of Texas Instruments, directors and officers of Texas Instruments may be indemnified against certain losses arising from certain claims, including claims under the Securities Act of 1933, which may be made against such persons by reason of their being such directors or officers.

#### ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

#### ITEM 8. EXHIBITS.

- |      |   |
|------|---|
| 4.1  | -- Texas Instruments 2000 Long-Term Incentive Plan(1).              |
| 4.2  | -- Burr-Brown Corporation 1993 Stock Incentive Plan.*               |
| 5.1  | -- Opinion of Weil, Gotshal & Manges LLP.*                          |
| 23.1 | -- Consent of Ernst & Young LLP.*                                   |
| 23.5 | -- Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1). |
| 24.1 | -- Power of Attorney (included on signature pages).                 |

\* Filed herewith

(1) Incorporated by reference to our Registration Statement on Form S-4 (File No. 333-41030) filed with the Commission on July 7, 2000.

## ITEM 9. UNDERTAKINGS.

We hereby undertake:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 414(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

We hereby undertake that, for purposes of determining any liability under the Securities Act, each filing of our annual report pursuant to Section 13(a) or 15(d) of the Exchange Act that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of our company pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our directors, officers or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such directors, officers or controlling persons in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by our company is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on August 28, 2000.

## TEXAS INSTRUMENTS INCORPORATED

By: /s/ WILLIAM A. AYLESWORTH

-----  
 William A. Aylesworth  
 Senior Vice President  
 Treasurer and Chief Financial  
 Officer

## POWER OF ATTORNEY

Know all those by these presents, that each person whose signature appears below constitutes and appoints each of Thomas J. Engibous, William A. Aylesworth, Joseph F. Hubach and M. Samuel Self, or any of them, each acting alone, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his name, place and stead, in any and all capacities, in connection with the Registration Statement on Form S-8 of Texas Instruments Incorporated under the Securities Act of 1933, as amended, including, without limitation of the generality of the foregoing, to sign the Registration Statement in the name and on behalf of Texas Instruments Incorporated, or on behalf of the undersigned as a director or officer of Texas Instruments Incorporated, and any and all amendments or supplements to the Registration Statement, including any and all stickers and post-effective amendments to the Registration Statement, and to sign any and all additional Registration Statements relating to the same offering of Securities as the Registration Statement that are filed pursuant to Rule 462 under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ JAMES R. ADAMS ----- James R. Adams	Director	August 28, 2000
----- David L. Boren	Director	August 28, 2000
/s/ JAMES B. BUSEY IV ----- James B. Busey IV	Director	August 28, 2000
/s/ DANIEL A. CARP ----- Daniel A. Carp	Director	August 28, 2000

## SIGNATURE

## TITLE

## DATE

/s/ THOMAS J. ENGIBOUS

-----  
Thomas J. EngibousChairman of the Board;  
President; Chief Executive  
Officer; Director

August 28, 2000

/s/ GERALD W. FRONTERHOUSE

-----  
Gerald W. Fronterhouse

Director

August 28, 2000

/s/ DAVID R. GOODE

-----  
David R. Goode

Director

August 28, 2000

/s/ WAYNE R. SANDERS

-----  
Wayne R. Sanders

Director

August 28, 2000

/s/ RUTH J. SIMMONS

-----  
Ruth J. Simmons

Director

August 28, 2000

/s/ CLAYTON K. YEUTTER

-----  
Clayton K. Yeutter

Director

August 28, 2000

/s/ WILLIAM A. AYLESWORTH

-----  
William A. AylesworthSenior Vice President;  
Treasurer; Chief Financial  
Officer

August 28, 2000

/s/ M. SAMUEL SELF

-----  
M. Samuel SelfSenior Vice President;  
Controller; Chief Accounting  
Officer

August 28, 2000

## EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
4.1	-- Texas Instruments 2000 Long-Term Incentive Plan(1).
4.2	-- Burr-Brown Corporation 1993 Stock Incentive Plan.*
5.1	-- Opinion of Weil, Gotshal & Manges LLP.*
23.1	-- Consent of Ernst & Young LLP.*
23.5	-- Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1).
24.1	-- Power of Attorney (included on signature pages).

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\* Filed herewith

(1) Incorporated by reference to our Registration Statement on Form S-4 (File No. 333-41030) filed with the Commission on July 7, 2000.



BURR-BROWN CORPORATION  
1993 STOCK INCENTIVE PLAN

(As Amended and Restated as of August 24, 2000)

PREAMBLE

The BURR-BROWN CORPORATION previously adopted the Burr-Brown Research Corporation Incentive Stock Plan of 1981("Original Plan"), which was amended and restated on several dates (most recently March 4, 1997) as the Burr-Brown Corporation 1993 Stock Incentive Plan ("1993 Plan"). This amendment and restatement of the 1993 Plan is effective as of August 24, 2000 ("Effective Date") in connection with the acquisition of the Burr-Brown Corporation by Texas Instruments Incorporated ("Parent") and shall apply to all outstanding Option Grants and Stock Issuances subject to the 1993 Plan.

ARTICLE ONE  
GENERAL

1. Definitions. As used herein, the following terms have the meanings hereinafter set forth unless the context clearly indicates to the contrary:

1.1 "Board" shall mean the Board of Directors of Parent.

1.2 "Change in Control" shall mean a change in ownership or control of the Company effected through either of the following transactions:

1.2.1 any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, as amended) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders; or

1.2.2 there is a change in the composition of the Board over a period of twenty-four (24) consecutive months or less such that a majority of the Board members (rounded up to the next whole number) ceases, by reason of one or more proxy contests for the election of Board members, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time such election or nomination was approved by the Board.

1.3 "Code" shall mean the Internal Revenue Code of 1986.

1.4 "Committee" shall mean a Committee of the Board designated by the Board to administer the Plan. Unless otherwise determined by the Board, the Committee shall be the Compensation Committee of the Board.

1.5 "Company" shall mean Texas Instruments Tucson Corporation (formerly known as Burr-Brown Corporation).

1.6 "Corporate Transaction" shall mean any of the following stockholder-approved transactions to which the Company is a party:

1.6.1 a merger, consolidation or other reorganization in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state in which the Company is incorporated,

1.6.2 the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company, or

1.6.3 any reverse merger in which the Company is the surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such merger.

1.7 "Fair Market Value" shall mean, with respect to Stock, the closing price per share of Stock on the last preceding date to the date in question or, if there is no such price, then the Fair Market Value shall be the closing price on the last preceding date for which such price exists. With respect to property other than Stock, the fair market value of such property shall be determined by such methods or procedures as shall be established from time to time by the Committee.

1.8 "Hostile Take-Over" shall mean a change in ownership of the Company in which any person or related group of persons (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 of the Securities Exchange Act of 1934, as amended) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's stockholders which the Board does not recommend such stockholders to accept.

1.9 "Option" shall mean an option to purchase Stock granted pursuant to the provisions of the Discretionary Option Grant or Automatic Option Grant Program.

1.10 "Optionee" shall mean any person to whom an Option is granted pursuant to the Discretionary Option Grant or Automatic Option Grant Program.

1.11 "Original Plan" shall mean the Burr-Brown Research Corporation Incentive Stock Plan of 1981, as amended and restated in 1983.

1.12 "Participant" shall mean an employee or consultant to whom Stock is issued pursuant to the provisions of the Stock Issuance Program.

1.13 "Plan" shall mean the Burr-Brown Corporation 1993 Stock Incentive Plan, as amended and restated as of the Effective Date, and thereafter as amended from time to time.

1.14 "Service" shall mean the performance of services on a periodic basis to the Company (or any Subsidiary corporation or Parent) in the capacity of an employee, a non-employee member of the board of directors or an independent consultant or advisor, except to the extent otherwise specifically provided in the applicable Option or Stock issuance agreement executed pursuant to the provisions of the Plan.

1.15 "Stock" shall mean the Common Stock of the Parent.

1.16 "Subsidiary" or "Subsidiaries" shall mean any corporation, the majority of the outstanding capital stock of which is owned, directly or indirectly, by the Company.

1.17 "Take-Over Price" shall mean the greater of (a) the Fair Market Value per share of Stock subject to an outstanding Option on the date that Option is surrendered to the Company in connection with a Hostile Take-Over or (b) the highest reported price per share of such Stock paid by the tender offeror in effecting such Hostile Take-Over. However, if the surrendered Option is an incentive stock option under Federal tax laws, the Take-Over Price shall not exceed the clause (a) price per share.

2. Purpose. This Plan is intended to benefit the Company by (i) providing an incentive to and encouraging Stock ownership by key employees (including officers), non-employee members of the Board and consultants of the Company and its Subsidiaries; (ii) providing such key employees, non-employee Board members and consultants the opportunity to acquire a proprietary interest or to increase their proprietary interest in the Company's success; and (iii) encouraging such individuals to remain in the Service of the Company or its Subsidiaries.

3. Structure of the Plan.

3.1 Stock Programs. The Plan shall be divided into three (3) separate components:

- The Discretionary Option Grant Program, under which eligible individuals may, at the discretion of the

Committee, be granted Options to purchase shares of Stock in accordance with the provisions of Article Two.

- The Stock Issuance Program, under which eligible individuals may be issued shares of Stock directly, either through the immediate purchase of such shares at a price not less than their Fair Market Value at the time of issuance or as a bonus tied to the performance of services or the Company's attainment of financial objectives, without any cash payment required of the recipient.

- The Automatic Option Grant Program, under which each non-employee Board member shall automatically receive special Option grants at periodic intervals in accordance with the provisions of Article Four.

3.2 General Provisions. Unless the context clearly indicates otherwise, the provisions of Articles One and Five shall apply to the Discretionary Option Grant, Stock Issuance and Automatic Option Grant Programs and shall accordingly govern the interests of all individuals under the Plan.

#### 4. Administration.

(a) The Plan shall be administered by the Committee. The Committee shall be appointed by the Board and shall consist of not less than three directors. The Board may designate one or more directors as alternate members of the Committee who may replace any absent or disqualified member at any meeting of the Committee. No member or alternate member of the Committee shall be eligible, while a member or alternate member, for participation in the Plan. A director may serve as a member or alternate member of the Committee only during periods in which a director is an "outside director" as described in Section 162(m) of the Code. The Committee may issue rules and regulations for administration of the Plan. It shall meet at such times and places as it may determine. A majority of the members of the Committee shall constitute a quorum. Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to: (i) determine whether, to what extent, and under what circumstances Options may be settled or exercised in cash, Shares, other securities, other options, or other property, or canceled, forfeited or suspended, and the method or methods by which Options may be settled, exercised, canceled, forfeited or suspended; (ii) determine whether, to what extent, and under what circumstances cash, stock, other securities, other options, other property, and other amounts payable with respect to an award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee; (iii) interpret and administer the Plan and any instrument or agreement relating to, or Option or Stock issuance made under, the Plan; (vi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (v) determine whether and to what extent Options or Stock Issuances should comply or continue to comply with any requirement of statute or regulation; and (vi) make any other determination and take any

other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) No member of the Board and no member of the Committee shall be liable for any action or determination made in good faith with respect to the Discretionary Option Grant or Stock Issuance Program under its jurisdiction or any Option grant or Stock issuance under it.

(c) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Company, the stockholders and the Participants.

#### 5. Option Grants and Stock Issuances.

5.1 Notwithstanding any other provision in the Plan to the contrary, no further Option Grants or Stock Issuances shall be made after the Effective Date.

#### 6. Stock.

6.1 Stock Available. The Stock to be issued under this Plan may be either authorized but unissued shares or shares issued and thereafter reacquired by the Company. The aggregate number of shares of Stock which may be issued pursuant to this Plan shall not exceed at any time 3,402,048 shares,\* subject to adjustment from time to time as provided in paragraph 6.3 below.

6.2 In no event may the aggregate number of shares of Stock for which any one individual participating in the Plan may be granted Options and direct Stock issuances exceed 1,170,000 shares in the aggregate over the term of the Plan. For purposes of such limitation, no Option grants or direct Stock issuances made prior to January 1, 1994 shall be taken into account.

6.3 If any change is made to the securities issuable under the Plan (whether by reason of merger, consolidation, reorganization, recapitalization, Stock dividend, Stock split, combination of shares, exchange of shares or other change in capitalization) then, subject to the provisions of Section 2 of Article Two, Section 2 of Article Three and Section 3 of Article Four, the Committee may make appropriate adjustments in the maximum number and/or kind of securities issuable under the Plan, the maximum number and/or kind of securities for which Option grants and direct Stock issuances may be made to any one participant in the aggregate after December 31, 1993 and the number and/or kind of securities for which automatic Option grants are to be subsequently made to newly-elected and continuing non-employee Board members under the Automatic Option Grant Program in order to reflect the effect of such change upon the Company's capital structure, and may make appropriate adjustments to the number and/or kind of securities and Option price of the securities subject to each outstanding Option to prevent the dilution of benefits thereunder. The adjustments determined by the Committee shall be final, binding and conclusive.

6.4 Restrictions. Shares issued under the Discretionary Option Grant or Stock Issuance Program may be subject to such restrictions on transfer, repurchase rights or other restrictions as shall be determined by the Committee.

#### 7. Term of Plan.

7.1 The Discretionary Option Grant and Stock Issuance Programs under the Plan were adopted by the Board on February 11, 1994, and the date of such adoption accordingly constitutes the effective date for those two programs and the Plan. The Automatic Option Grant Program under the Plan was adopted by the Board on February 11, 1994 and became effective upon approval by the stockholders at the 1994 Annual Meeting held on April 22, 1994. The date of such stockholder approval accordingly constitutes the effective date of the Automatic Option Grant Program. No further Option Grants or Stock Issuances shall be made under the Discretionary Option Grant, Stock Issuance and Automatic Option Grant Programs from and after the Effective Date.

7.2 Amendment. The Plan is amended and restated by the Board of Directors of the Company as of the Effective Date and shall apply to all outstanding Option Grants and Stock Issuances under the March 4, 1997 restatement of the Plan and to the fullest extent permitted to all other Option Grants and Stock Issuances.

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an agreement pertaining to the applicable Option Grant or Stock Issuance or in the Plan, the Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided, however, that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) stockholder approval if such approval is necessary to comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to qualify or comply or (ii) the consent of the affected Participant, if such action would adversely affect the rights of such Participant under any outstanding Option Grant or Stock Issuance. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary to enable the Plan to achieve its stated purposes in any jurisdiction outside the United States in a tax-efficient manner and in compliance with local rules and regulations.

The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Options theretofore granted, prospectively or retroactively, without the consent of any relevant Participant or holder or beneficiary of any Options; provided, however, that no such action shall impair the rights of any affected Participant or holder or beneficiary under any Options theretofore granted under the Plan; and provided further that, except as provided in Section 6.3, no such action shall reduce the exercise price of any Option established at the time of grant thereof.

The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Option or Stock Issuances in recognition of unusual or non-recurring events (including, without limitation, the events described in Section 6.3 affecting the Company, or the financial statements of the Company) or of changes in applicable laws, regulations or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Option or Stock Issuances in the manner and to the extent it shall deem desirable to carry the Plan into effect.

7.3 Term of Plan. Unless sooner terminated in accordance with Section 2 of Article Two, Section 2 of Article Three, Section 3 of Article Four or by the Board, the Plan shall terminate on the earlier of:

(i) February 10, 2004; or

(ii) the date on which all shares available for issuance under the Plan shall have been issued or their availability cancelled pursuant to the surrender of Options granted hereunder.

If the date of termination is determined under (i) above, then Options and unvested Stock issuances outstanding on such date shall continue to have force and effect in accordance with the provisions of the instruments evidencing such Options and Stock issuances.

#### ARTICLE TWO DISCRETIONARY OPTION GRANT PROGRAM

1. Terms and Conditions of Options. Options granted pursuant to this Discretionary Option Grant Program shall be authorized by the Committee and may be either Incentive Options or Nonstatutory Options. The granted Options shall be evidenced by instruments in such form and including such terms and conditions as the Committee shall from time to time approve; provided, however, that each such instrument shall comply with the following terms and conditions:

##### 1.1 Option Price.

1.1.1 The Option price per share shall be fixed by the Committee, but in no event shall the Option price per share be less than the Fair Market Value of a share of the option Stock on the date of the Option grant.

1.1.2 Subject to the provisions of Section 1 of Article Five, the Option price shall become immediately due and payable upon exercise of the Option and shall be payable in one of the alternative forms specified below:

1.1.2.1 Full payment in United States dollars in cash or cash equivalents;

1.1.2.2 Full payment in shares of Stock valued at Fair Market Value on the date the Option is exercised and held for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes;

1.1.2.3 A combination of shares of Stock valued at Fair Market Value on the date the Option is exercised and held for the requisite period necessary to avoid a charge to the Company's earnings for financial reporting purposes, and cash or cash equivalents, equal in the aggregate to the Option price;

1.1.2.4 Full payment through a broker-dealer sale and remittance procedure pursuant to which the Optionee (i) shall provide irrevocable instructions to a designated brokerage firm to effect the immediate sale of the purchased shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Option price payable for the purchased shares plus all applicable Federal, state and local income and employment taxes required to be withheld by the Company in connection with such purchase and (ii) shall provide directives to the Company to deliver the certificates for the purchased shares directly to such brokerage firm in order to complete the sale transaction; or

1.1.2.5 Such other lawful consideration as the Committee shall determine.

1.2 Manner of Exercise of Options. Each Option granted under the Discretionary Option Grant Program shall be exercisable at such time or times and during such period as shall be determined by the Committee and set forth in the instrument evidencing such Option. However, no Option may be exercised after the expiration of ten (10) years from the date such Option is granted. During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable by the Optionee other than a transfer of the Option by will or by the laws of descent and distribution following the Optionee's death. However, Nonstatutory Options may, in connection with the Optionee's estate plan, be assigned in whole or in part during the Optionee's lifetime to one or more members of the Optionee's immediate family or to a trust established exclusively for one or more such family members. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Committee may deem appropriate. Options may be exercised by written notice to the Company in such terms as the Committee shall specify.



1.3 Stockholder Rights. An Option holder shall have none of the rights of a stockholder with respect to any shares issuable under the Plan until such individual shall have been issued a stock certificate for the shares.

1.4 Dollar Limitation. The aggregate Fair Market Value (determined as of the respective date or dates of grant) of the Stock for which one or more Options granted to any employee under this Plan (or any other option plan of the Company or its parent or Subsidiary corporations) may for the first time become exercisable as incentive stock options under the Federal tax laws during any one calendar year shall not exceed the sum of One Hundred Thousand Dollars (\$100,000). To the extent the employee holds two (2) or more such Options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such Options as incentive stock options under the Federal tax laws shall be applied on the basis of the order in which such Options are granted. Should the number of shares of Stock for which any Incentive Option first becomes exercisable in any calendar year exceed the applicable One Hundred Thousand Dollar (\$100,000) limitation, then the Option may nevertheless be exercised in that calendar year for the excess number of shares as a nonstatutory option under the Federal tax laws.

#### 1.5 Termination of Service.

1.5.1 Except to the extent otherwise provided in paragraph 1.5.4 below, the following provisions shall govern the exercise period applicable to any outstanding Options under this Discretionary Option Grant Program held by the Optionee at the time of cessation of Service or death.

- Should the Optionee cease to remain in Service for any reason other than death or permanent disability, then the period during which each outstanding Option held by such Optionee is to remain exercisable shall be limited to the three-month period following the date of such cessation of Service. However, the Committee shall have the discretion to provide for a longer post-Service exercise period (not to exceed the expiration date of the maximum Option term) in the event the Optionee ceases Service by reason of retirement at or after attainments of age sixty-five (65).

- In the event such Service terminates by reason of permanent disability (as defined in Code Section 22 (e) (3)) or should the Optionee die while holding one or more outstanding Options, then the period during which each such Option is to remain exercisable shall be limited to the twelve (12)-month period following the date of the Optionee's cessation of Service or death unless the Committee determines in writing otherwise. During the limited exercise period following the Optionee's death, the Option may be exercised by the personal

representative of the Optionee's estate or by the person or persons to whom the Option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution.

- Under no circumstances, however, shall any such Option be exercisable after the specified expiration date of the Option term.

1.5.2 During the post-Service exercise period, the Option may not be exercised for more than the number of shares of Stock in which the Optionee is vested at the time of cessation of Service. Upon the expiration of such post-Service exercise period or (if earlier) upon the expiration of the Option term, the Option shall terminate and cease to be outstanding for any vested shares for which the Option has not been exercised. However, each Option shall immediately terminate and cease to be outstanding, at the time of the Optionee's cessation of Service, with respect to any option shares for which such Option is not otherwise at that time exercisable or in which the Optionee is not otherwise at that time vested.

1.5.3 Should (i) the Optionee's Service be terminated for misconduct (including, but not limited to, any act of dishonesty, willful misconduct, fraud or embezzlement) or (ii) the Optionee make any unauthorized use or disclosure of confidential information or trade secrets of the Company or its Subsidiaries, then in any such event all outstanding Options held by the Optionee under this Discretionary Option Grant Program shall terminate immediately and cease to be outstanding.

1.5.4 The Committee shall have full power and authority to extend the period of time for which the Option is to remain exercisable following the Optionee's cessation of Service or death from the limited post-Service exercise period specified in the instrument evidencing such grant to such greater period of time as the Committee shall deem appropriate under the circumstances. In no event, however, shall such Option be exercisable after the specified expiration date of the Option term.

1.5.5 The Committee shall have complete discretion, exercisable either at the time the Option is granted or at any time the Option remains outstanding, to permit one or more Options granted under this Discretionary Option Grant Program to be exercised not only for the number of shares for which each such Option is exercisable at the time of the Optionee's cessation of Service but also for one or more subsequent installments of purchasable shares for which the Option would otherwise have become exercisable had such cessation of Service not occurred.

## 2. Corporate Transactions/Changes in Control.

2.1 Option Acceleration. Each Option which is outstanding under this Discretionary Option Grant Program at the time of a Corporate Transaction shall automatically accelerate so that each such Option shall, immediately prior to the specified effective date for such Corporate Transaction, become fully exercisable with respect to the total number of shares of Stock at the time subject to such Option and may be exercised for all or any portion of such shares. However, an outstanding Option under this Discretionary Option Grant Program shall not so accelerate if and to the extent: (i) such Option is, in connection with the Corporate Transaction, either to be assumed by the successor corporation or parent thereof or to be replaced with a comparable option to purchase shares of the capital stock of the successor corporation or parent thereof, (ii) such Option is to be replaced with a cash incentive program of the successor corporation which preserves the option spread existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Option, or (iii) the acceleration of such Option is subject to other limitations imposed by the Committee at the time of the Option grant. The determination of option comparability under clause (i) above shall be made by the Committee and its determination shall be final, binding and conclusive. The Committee shall also have full power and authority to grant Options under the Plan which are to automatically accelerate in whole or in part upon the termination of the Optionee's Service following a Corporate Transaction in which those Options are assumed or replaced.

2.2 Termination of Options. Immediately following the consummation of the Corporate Transaction, all outstanding Options under this Discretionary Option Grant Program shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation or its parent company.

2.3 Option Adjustments. Each outstanding Option under this Discretionary Option Grant Program which is assumed in connection with the Corporate Transaction or is otherwise to continue in effect shall be appropriately adjusted, immediately after such Corporate Transaction, to apply and pertain to the number and kind of securities which would have been issued to the Option holder, in consummation of such Corporate Transaction, had such person exercised the Option immediately prior to such Corporate Transaction. Appropriate adjustments shall also be made to the Option price payable per share, provided the aggregate Option price payable for such securities shall remain the same. In addition, the class and kind of securities available for issuance under the Plan on both an aggregate and per participant basis following the consummation of the Corporate Transaction shall be appropriately adjusted.

2.4 Change in Control. The Committee shall have the discretionary authority, exercisable either at the time the Option is granted or at any time while the Option remains outstanding, to provide for the automatic acceleration of one or more outstanding Options under this Discretionary Option Grant Program upon the occurrence of a Change in Control. The Committee shall also have full power and authority to condition any such Option acceleration upon the subsequent termination of the Optionee's Service within a specified period following the Change in Control.

2.5 Option Continuation. Any Options accelerated in connection with the Change in Control shall remain fully exercisable until the expiration or sooner termination of the Option term or the surrender of such Option in accordance with Section 4 of this Article Two.

2.6 ISO Limitation. The exercisability as incentive stock options under the Federal tax laws of any Options accelerated under this Section 2 in connection with a Corporate Transaction or Change in Control shall remain subject to the dollar limitation of paragraph 1.4 of this Article Two.

2.7 Right to Modify Corporate Structure. The grant of Options under this Plan shall in no way effect the right of the Company to adjust, reclassify, reorganize, or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

3. Cancellation and New Grant of Options. The Committee shall have the authority to effect, at any time and from time to time, with the consent of the affected Option holders, the cancellation of any or all outstanding Options under this Discretionary Option Grant Program and to grant in substitution therefor new Options under the Plan covering the same or different number and kind of shares of Stock but having an Option price per share not less than the Fair Market Value of the option Stock on the new grant date.

#### 4. Surrender of Options for Cash or Stock.

4.1 Surrender Right. One or more Optionees may be granted the right, exercisable upon such terms and conditions as the Committee may establish, to surrender all or part of an unexercised Option under this Discretionary Option Grant Program in exchange for a distribution from the Company in an amount equal to the excess of (i) the Fair Market Value (on the Option surrender date) of the number of shares in which the Optionee is at the time vested under the surrendered Option (or surrendered portion thereof) over (ii) the aggregate Option price payable for such vested shares.

4.2 Approval. No such Option surrender shall be effective unless it is approved by the Committee. If the surrender is so approved, then the distribution to which the Optionee shall accordingly become entitled under this Section 4 may be made in shares of Stock valued at Fair Market Value on the Option surrender date, in cash or partly in shares and partly in cash, as the Committee shall in its sole discretion deem appropriate.

4.3 Limited Rights. One or more officers of the Company subject to the short-swing profit restrictions of the Federal securities laws may, in the Committee's sole discretion, be granted limited stock appreciation rights in tandem with their outstanding Options under this Discretionary Option Grant Program. Upon the occurrence of a Hostile Take-Over, each such officer holding one or more Options with such a limited stock appreciation right shall have the unconditional right (exercisable for a thirty (30)-day period following such Hostile Take-Over) to surrender each such Option

to the Company, to the extent the Option is at the time exercisable for vested shares of Stock. In return for the surrendered Option, the officer shall be entitled to a cash distribution from the Company in an amount equal to the excess of (i) the Take-Over Price of the shares of Stock which are at the time vested under each surrendered Option (or surrendered portion) over (ii) the aggregate Option price payable for such vested shares. Such cash distribution shall be paid within five (5) days following the Option surrender date. The Committee shall pre-approve, at the time the limited right is granted, the subsequent exercise of that right in accordance with the terms of the grant and provisions of this paragraph 4.3 of Article Two. No additional approval of the Committee or the Board shall be required at the time of the actual Option surrender and cash distribution. The balance of the Option (if any) shall continue in full force and effect in accordance with the instrument evidencing such grant.

ARTICLE THREE  
STOCK ISSUANCE PROGRAM

1. Terms and Conditions of Direct Stock Issuances. Notwithstanding any other provision in the Plan to the contrary, no further Stock Issuances shall be made after the Effective Date. Stock may be issued under this Stock Issuance Program, either through direct and immediate purchases without any intervening Option grants or as unvested shares issued upon the exercise of immediately exercisable Options granted under Article Two. The issued shares shall be evidenced by a Stock Issuance Agreement ("Issuance Agreement") that complies with the following terms and conditions:

1.1 Consideration.

1.1.1 Stock drawn from the Company's authorized but unissued shares of Stock ("Newly Issued Shares") shall be issued for one or more of the following items of consideration which the Committee may deem appropriate in each individual instance:

(i) cash or cash equivalents (such as a personal check or bank draft) paid the Company;

(ii) a promissory note payable to the Company's order in one or more installments, which may be subject to cancellation in whole or in part upon terms and conditions established by the Committee; or

(iii) past services rendered to the Company or any Subsidiary.

1.1.2 Newly Issued Shares must be issued for consideration with a value not less than one-hundred percent (100%) of the Fair Market Value of such shares at the time of issuance.

1.1.3 Shares of Stock reacquired by the Company and held as treasury shares ("Treasury Shares") may be issued for such

consideration (including one or more of the items of consideration specified in paragraph 1.1.1. of this Article Three) as the Committee may deem appropriate. Treasury Shares may, in lieu of any cash consideration, be issued subject to such vesting requirements tied to the Participant's period of future Service or the Company's attainment of specified performance objectives as the Committee may establish at the time of issuance.

#### 1.2 Vesting Provisions.

1.2.1 The issued Stock may, in the absolute discretion of the Committee, be fully and immediately vested upon issuance or may vest in one or more installments over the Participant's period of Service. The elements of the vesting schedule applicable to any unvested shares of Stock, namely:

(i) the Service period to be completed by the Participant or the performance objectives to be achieved by the Company,

(ii) the number of installments in which the shares are to vest,

(iii) the interval or intervals (if any) which are to lapse between installments, and

(iv) the effect which death, disability or other event designated by the Committee is to have upon the vesting schedule,

shall be determined by the Committee and incorporated into the Issuance Agreement executed by the Company and the Participant at the time such unvested shares are issued.

1.3 Stockholder Rights. The Participant shall have full stockholder rights with respect to any shares of Stock issued to him or her under this Stock Issuance Program, whether or not his or her interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any regular cash dividends paid on such shares. Any new, additional or different shares of Stock or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to his or her unvested shares by reason of any Stock dividend, Stock split, reclassification of Stock or other similar change in the Company's capital structure or by reason of any Corporate Transaction shall be issued, subject to (i) the same vesting requirements applicable to his or her unvested shares and (ii) such escrow arrangements as the Committee shall deem appropriate.

#### 1.4 Termination of Service.

1.4.1 Should the Participant cease to remain in Service while holding one or more unvested shares of Stock, then those shares

shall be immediately surrendered to the Company for cancellation, and the Participant shall have no further stockholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent (including the Participant's purchase-money promissory note), the Company shall repay to the Participant the cash consideration paid for the surrendered shares and shall cancel the unpaid principal balance of any outstanding purchase-money note of the Participant attributable to such surrendered shares. The surrendered shares may, at the Committee's discretion, be retained by the Company as Treasury Shares or may be retired to authorized but unissued share status.

1.4.2 The Committee may in its discretion elect to waive the surrender and cancellation of one or more unvested shares of Stock (or other assets attributable thereto) which would otherwise occur upon the non-completion of the vesting schedule applicable to such shares. Such waiver shall result in the immediate vesting of the Participant's interest in the shares of Stock as to which the waiver applies. Such waiver may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives.

## 2. Corporate Transactions/Changes in Control.

2.1 All unvested shares of Stock outstanding under this Stock Issuance Program shall immediately vest in full upon the occurrence of a Corporate Transaction, except to the extent the Committee imposes limitations in the Issuance Agreement which preclude such accelerated vesting in whole or in part.

2.2 The Committee shall have the discretionary authority, exercisable either at the time the unvested shares are issued or at any time while those shares remain outstanding, to provide for the immediate and automatic vesting of one or more unvested shares of Stock outstanding under this Stock Issuance Program at the time of a Change in Control. The Committee shall also have full power and authority to condition any such accelerated vesting upon the subsequent termination of the Participant's Service within a specified period following the Change in Control.

## 3. Transfer Restrictions/Share Escrow.

3.1 Unvested shares may, in the Committee's discretion, be held in escrow by the Company until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing such unvested shares.

3.2 The Participant shall have no right to transfer any unvested shares of Stock issued to him or her under this Stock Issuance Program. For purposes of this restriction, the term "transfer" shall include (without limitation) any sale, pledge,

assignment, encumbrance, gift or other disposition of such shares, whether voluntary or involuntary. Upon any such attempted transfer, the unvested shares shall immediately be cancelled, and neither the Participant nor the proposed transferee shall have any rights with respect to those shares. However, the Participant shall have the right to make a gift of unvested shares acquired under this Stock Issuance Program to his or her spouse or issue, including adopted children, or to a trust established for such spouse or issue, provided the donee of such shares delivers to the Company a written agreement to be bound by all the provisions of the Plan and the Issuance Agreement applicable to the gifted shares.

ARTICLE FOUR  
AUTOMATIC OPTION GRANT PROGRAM

1. Eligibility.

As of the Effective Date, the Automatic Option Grant Program is terminated and no further option grants shall be made after such date.

2. Terms and Conditions of Automatic Option Grants.

2.1 Grant Dates. Prior to the Effective Date, option grants were made under this Article Four on the dates specified below:

2.1.1 Each individual who was serving as an Eligible Director on the date of the 1994 Annual Stockholders Meeting was automatically granted, on such date, a Nonstatutory Option to purchase 15,000 shares of Stock upon the terms and conditions of this Article Four.

2.1.2 Each individual who first became an Eligible Director on or after the date of the 1994 Annual Meeting and before March 4, 1997, whether through election by the Company's stockholders or appointment by the Board, was automatically granted, at the time of such initial election or appointment, a Nonstatutory Option to purchase 15,000 shares of Stock upon the terms and conditions of this Article Four.

2.1.3 Each individual who first becomes an Eligible Director on or after March 4, 1997, whether through election by the Company's stockholders or appointment by the Board, shall automatically be granted, at the time of such initial election or appointment, a Nonstatutory Option to purchase 8,000 shares of Stock\* upon the terms and conditions of this Article Four.

2.1.4 An Eligible Director serving as a non-employee Board member on March 4, 1997 shall, at each Annual Stockholders Meeting at which he or she is to continue to serve as a non-employee Board member, beginning with the Annual Stockholders Meeting held in the calendar year in which the last installment of the shares of Stock



subject to his or her initial 15,000-share automatic Option grant under paragraph 2.1.1 or 2.1.2 vests, automatically be granted a Non-Statutory Option to purchase an additional 2,667 shares of Stock.

2.1.5 An Eligible Director who first joins the Board as a non-employee Board member at any time after March 4, 1997 shall, at each Annual Stockholders Meeting at which he or she is to continue to serve as a non-employee Board member, beginning with the Annual Stockholders Meeting held in the calendar year in which the third installment of the shares of Stock subject to his or her initial 8,000-share automatic Option grant under paragraph 2.1.3 vests, automatically be granted a Non-Statutory Option to purchase an additional 2,667 shares of Stock.

2.1.6 There shall be no limit on the number of such 2,667-share\*\* Option grants which any one Eligible Director may receive over his or her period of continued Board service.

2.2 Adjustments. The number of shares for which the automatic Option grants are to be made to Eligible Directors shall be subject to periodic adjustment pursuant to the applicable provisions of paragraph 6.3 of Article One.

2.3 Option Price. The Option price per share of Stock of each automatic Option grant made under this Article Four shall be equal to one hundred percent (100%) of the Fair Market Value per share of Stock on the automatic grant date.

2.4 Option Term. Each automatic Option grant under this Article Four shall have a maximum term of ten (10) years measured from the automatic grant date.

2.5 Exercisability/Vesting. Each automatic Option grant shall be immediately exercisable for any or all of the option shares. However, any shares purchased under the Option shall be subject to repurchase by the Company, at the Option price paid per share, upon the Optionee's cessation of Board service prior to vesting in those shares in accordance with the schedule below:

2.5.1 Each initial automatic Option grant made pursuant to paragraph 2.1.1, 2.1.2 or 2.1.3 of this Article Four in effect prior to the Effective Date shall vest, and the Company's repurchase right shall lapse, in a series of five (5) successive equal annual installments over the Optionee's period of continued Service as a Board member, with the first such installment to vest upon Optionee's completion of one (1) year of Board service measured from the automatic grant date.

2.5.2 Each annual Automatic Option grant made pursuant to paragraph 2.1.4 or 2.1.5 of Article Four in effect prior to the Effective Date shall vest, and the Company's repurchase right shall lapse, in a series of five (5) successive equal annual installments over the Optionee's period

of continued Service as a Board member, with the first such installment to vest upon Optionee's completion of one (1) year of Board service measured from the automatic grant date.

2.5.3 Vesting of the option shares granted under this Article Four shall be subject to the acceleration provisions of Section 3 of this Article Four. No Option grant made under this Automatic Option Grant Program on or after March 4, 1997 shall vest on an accelerated basis upon the Optionee's cessation of Board service by reason of death or permanent disability. Accordingly, no additional option shares shall vest after the Optionee's cessation of Board service.

2.6 Payment. The Option price shall be payable in one of the alternative forms specified in paragraph 1.1.2 of Article Two. To the extent the Option is exercised for any unvested shares, the Optionee must execute and deliver to the Company a Stock issuance agreement for those unvested shares which provides the Company with the right to repurchase, at the Option price paid per share, any unvested shares held by the Optionee at the time of cessation of Board service and which precludes the sale, transfer or other disposition of any shares purchased under the Option, to the extent those shares are subject to the Company's repurchase right.

2.7 Limited Transferability. An automatic Option grant may, in connection with the Optionee's estate plan, be assigned in whole or in part during the Optionee's lifetime to one or more members of the Optionee's immediate family or to a trust established exclusively for one or more such family members. The assigned portion may only be exercised by the persons or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Committee may deem appropriate.

#### 2.8 Termination of Board Service.

2.8.1 Should the Optionee cease service as a Board member for any reason other than death or permanent disability, while holding any automatic Option grant under this Article Four, then such individual shall have a six (6)-month period following the date of such cessation of Board service in which to exercise that Option for any or all of the option shares in which the Optionee is vested at the time of such cessation of Board service.

2.8.2 Should the Optionee die while in Board service or within six (6) months after cessation of Board service, then any automatic Option grant held by the Optionee at the time of death may subsequently be exercised, for any or all of the option shares in which the Optionee is vested at the time of his or her cessation of Board service (less any option shares subsequently purchased by the Optionee prior to death), by the

personal representative of the Optionee's estate or by the person or persons to whom the Option is transferred pursuant to the Optionee's will or in accordance with the laws of descent and distribution. The right to exercise each such Option shall lapse upon the expiration of the twelve (12)-month period measured from the date of the Optionee's death.

2.8.3 Should the Optionee become permanently disabled (as defined in Code Section 22(e)(3)) and cease to serve as a Board member by reason of such disability, then the Optionee shall have a twelve (12)-month period following such cessation of Board service in which to exercise his or her outstanding automatic Option grants for any or all of the option shares in which the Optionee is vested at the time of his or her cessation of Board service.

2.8.4 Upon the Optionee's cessation of Board service for any reason, his or her outstanding automatic Option grants shall immediately terminate and cease to remain outstanding with respect to any option shares in which the Optionee is not otherwise at that time vested under those Options.

2.8.5 In no event shall any automatic Option grant under this Article Four remain exercisable after the expiration date of the ten (10)-year Option term. Upon the expiration of the applicable post-Service exercise period under paragraphs 2.8.1 through 2.8.3 above or (if earlier) upon the expiration of the ten (10)-year Option term, the automatic Option grant shall terminate and cease to remain outstanding for any option shares in which the Optionee was vested at the time of his or her cessation of Board Service but for which such Option was not otherwise exercised.

2.9 Stockholder Rights. The holder of an automatic Option grant under this Article Four shall have none of the rights of a stockholder with respect to any shares subject to that Option until such individual shall have exercised the Option and paid the Option price for the purchased shares.

2.10 Remaining Terms. The remaining terms and conditions of each automatic Option grant shall be as set forth in the form Automatic Stock Option Agreement attached as Exhibit A to the Plan.

### 3. Corporate Transactions/Changes in Control/Hostile Take-Overs.

3.1 In the event of any Corporate Transaction, the shares of Stock at the time subject to each outstanding Option under this Article Four but not otherwise vested shall automatically vest in full, and the Company's repurchase right with respect to those shares shall terminate, so that each such Option shall, immediately prior to the specified effective date for the Corporate Transaction, become fully exercisable for all of the shares of Stock at the time subject to that Option and may be exercised for all or any portion of such shares as fully vested shares of Stock. Immediately following the

consummation of the Corporate Transaction, all automatic Option grants under this Article Four shall terminate and cease to remain outstanding.

3.2 In connection with any Change in Control, the shares of Stock at the time subject to each outstanding Option under this Article Four but not otherwise vested shall automatically vest in full, and the Company's repurchase right with respect to those shares shall terminate, so that each such Option shall, immediately prior to the occurrence of such Change in Control, become fully exercisable for all of the shares of Stock at the time subject to that Option and may be exercised for all or any portion of such shares as fully vested shares of Stock. Each such Option shall remain so exercisable until the expiration or sooner termination of the Option term.

3.3 Upon the occurrence of a Hostile Take-Over, the Optionee shall have a thirty (30)-day period in which to surrender to the Company any Option granted to him or her under this Article Four. The Optionee shall in return be entitled to a cash distribution from the Company in an amount equal to the excess of (i) the Take-Over Price of the shares of Stock at the time subject to the surrendered Option (whether or not the Optionee is otherwise at the time vested in those shares) over (ii) the aggregate Option price payable for such shares. Such cash distribution shall be paid within five (5) days following the surrender of the Option to the Company. Stockholder approval of the March 4, 1997 restatement of the Plan shall constitute preapproval of each option surrender right subsequently granted under the Automatic Option Grant Program and the subsequent exercise of that right in accordance with the terms and provisions of this paragraph 3.3 of Article Three. No additional approval of the Committee or the Board shall be required in connection with such Option surrender and cash distribution. The shares of Stock subject to each Option surrendered in connection with the Hostile Take-Over shall not be available for subsequent issuance under the Plan.

3.4 The automatic Option grants outstanding under this Article Four shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

#### ARTICLE FIVE MISCELLANEOUS

##### 1. Installment Payments, Loans and Guarantees of Loans.

1.1 The Committee may, in its discretion, assist any Optionee or Participant (other than an Optionee or Participant who is a non-employee member of the Board) in the exercise of one or more Options granted to such Optionee or the purchase of one or more shares of Stock issued to such Participant under the Plan, including the satisfaction of any Federal, state and local income and employment tax obligations arising therefrom, by (i) authorizing the extension of a loan from the Company to such Optionee or Participant, (ii) permitting the Optionee or Participant to pay the Option price or purchase price for the purchased Stock in installments over a period of years or (iii) authorizing a guarantee by the Company of a third-party loan to the Optionee or

Participant. The terms of any loan, installment method of payment or guarantee (including the interest rate and terms of repayment) shall be upon such terms as the Committee specifies in the applicable Option or Issuance Agreement or otherwise deems appropriate under the circumstances. Loans, installment payments and guarantees may be granted with or without security or collateral. However, the maximum credit available to the Optionee or Participant may not exceed the Option or purchase price of the acquired shares (less the par value of such shares) plus any Federal, state and local income and employment tax liability incurred by the Optionee or Participant in connection with the acquisition of such shares.

1.2 The Committee may, in its absolute discretion, determine that one or more loans extended under this financial assistance program shall be subject to forgiveness by the Company in whole or in part upon such terms and conditions as the Committee may deem appropriate.

2. Amendment of the Plan. The Board shall have complete and exclusive power and authority to amend or modify the Plan, and the Committee may amend or modify the terms of any outstanding Options or unvested Stock issuances under the Plan in any or all aspects whatsoever not inconsistent with the terms of the Plan. However, no such amendment or modification shall adversely affect rights and obligations with respect to Options at the time outstanding under the Plan, nor adversely affect the rights of any Participant with respect to Stock issued under the Plan prior to such action, unless the Optionee or Participant consents to such amendment. In addition, certain amendments may require stockholder approval pursuant to applicable laws or regulations.

3. Use of Proceeds. Any cash proceeds received by the Company from the sale of shares pursuant to Option grants or direct Stock issuances under the Plan shall be used for general corporate business.

#### 4. Withholding.

4.1 The Company's obligation to deliver shares of Stock upon the exercise of Options for such shares or upon the direct issuance or vesting of such shares under the Plan shall be subject to the satisfaction of all applicable Federal, state and local income and employment tax withholding requirements.

4.2 The Committee may, in its discretion and in accordance with the provisions of this Section 4 and such supplemental rules as the Committee may from time to time adopt (including applicable safe-harbor provisions of SEC Rule 16b-3), provide any or all holders of Nonstatutory Options (other than the automatic Option grants made pursuant to Article Four of the Plan) or unvested shares under the Stock Issuance Program with the right to use shares of Stock in satisfaction of all or part of the Federal, state and local income and employment tax liabilities incurred by such holders in connection with the exercise of their Options or the vesting of their shares (the "Taxes"). Such right may be provided to any such holder in either or both of the following formats:

4.2.1 Stock Withholding. The holder of the Nonstatutory Option or unvested shares may be provided with the election to have the Company withhold, from the shares of Stock otherwise issuable upon the exercise of such Nonstatutory Option or the vesting of such shares, a portion of those shares with an aggregate Fair Market Value equal to the percentage of the applicable Taxes (not to exceed one hundred percent (100%)) designated by the holder.

4.2.2 Stock Delivery. The Committee may, in its discretion, provide the holder of the Nonstatutory Option or the unvested shares with the election to deliver to the Company, at the time the Nonstatutory Option is exercised or the shares vest, one or more shares of Stock already held by such individual with an aggregate Fair Market Value equal to the percentage of the Taxes incurred in connection with such Option exercise or share vesting (not to exceed one hundred percent (100%)) designated by the holder.

5. Regulatory Approvals. The implementation of the Plan, the granting of any Option hereunder and the issuance of Stock upon the exercise or surrender of any such Option or as a direct issuance under the Plan shall be subject to the Company's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the Options granted under it and the Stock issued pursuant to it.

6. No Employment Rights. Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in the Service of the Company (or any Subsidiary employing or retaining such Optionee or Participant) for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any such Subsidiary) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate the Service of the Optionee or Participant at any time for any reason whatsoever, with or without cause.

#### 7. Certain Outstanding Options.

7.1 Each Option granted under the Company's Original Plan or the 1980 Burr-Brown Research Corporation Executive Stock Plan which was outstanding on the Effective Date of this Plan was incorporated into this Plan and treated as an outstanding Option under this Plan, but each such Option continues to be governed solely by the terms and conditions of the instrument evidencing such grant, and nothing in this Plan shall be deemed to affect or otherwise modify the rights or obligations of the holders of such Options with respect to their acquisition of shares of Stock thereunder.

7.2 One or more provisions of this Plan, including the Option/vesting acceleration provisions applicable in the event of a Corporate Transaction or Change in Control or the limited surrender rights exercisable in the event of a Hostile Take-Over, may, in the Committee's discretion, be extended to one or more Options which were outstanding under the Company's Original Plan or the 1980 Burr-Brown Research

Corporation Executive Stock Plan on the Effective Date of this Plan but which do not otherwise provide for such benefits.

IN WITNESS WHEREOF, this Restatement of the BURR-BROWN CORPORATION 1993 STOCK INCENTIVE PLAN is hereby declared effective and is executed as of the Effective Date on behalf of the Company by its hereunto duly authorized officer.

TEXAS INSTRUMENTS  
TUCSON CORPORATION

By: /s/ M. SAMUEL SELF  
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Title: Treasurer  
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August 28, 2000

Texas Instruments Incorporated  
12500 TI Boulevard  
P.O. Box 660199  
Dallas, Texas 75266-0199

Ladies and Gentlemen:

We have acted as counsel to Texas Instruments Incorporated, a Delaware corporation (the "Company"), in connection with the preparation and filing by the Company with the Securities and Exchange Commission of a Registration Statement on Form S-8 (as amended, the "Registration Statement") under the Securities Act of 1933, as amended, relating to the proposed offering of up to 166,058,332 shares of the common stock, \$1.00 par value, of the Company (the "Shares"), pursuant to the exercise of stock options, restricted stock awards, performance units, and other stock-based awards ("Options") granted under the Company's 2000 Long-term Incentive Plan (the "TI Plan") and Burr-Brown Corporation 1993 Stock Incentive Plan (the "Assumed Plan," together with the TI Plan, the "Plans").

In so acting, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Restated Certificate of Incorporation of the Company and such corporate records, agreements, documents and other instruments, and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such inquiries of such officers and representatives as we have deemed relevant and necessary as a basis for the opinions hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. As to all questions of fact material to this opinion that have not been



Texas Instruments Incorporated  
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independently established, we have relied upon certificates or comparable documents of officers and representatives of the Company.

Based on the foregoing, and subject to the qualifications stated herein, we are of the opinion that the Shares are duly authorized and, when issued and delivered upon the exercise of Options in accordance with the terms of the Plans, will be validly issued, fully paid and nonassessable.

We hereby consent to the filing of this letter as an exhibit to the Registration Statement and to the reference to this firm under the caption "Legal Matters" in the prospectus forming a part of the Registration Statement.

Very truly yours,

/s/ WEIL, GOTSHAL & MANGES LLP

## CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-8 pertaining to the Texas Instruments 2000 Long-Term Incentive Plan and the Burr-Brown Corporation 1993 Stock Incentive Plan of our reports dated January 24, 2000, with respect to the consolidated financial statements of Texas Instruments Incorporated included in its proxy statement for the 2000 annual meeting of stockholders and incorporated by reference in its annual report on Form 10-K for the year ended December 31, 1999 and the related financial statement schedule, as amended, included in Form 10-K/A, filed with the Securities and Exchange Commission.

Dallas, Texas  
August 22, 2000