TEXAS INSTRUMENTS

THE MARKET

Texas Instruments virtually invented the semiconductor industry. When a TI engineer named Jack Kilby demonstrated the first integrated circuit to his colleagues in September 1958, he helped launch an industry that has now topped $235 billion in annual revenue worldwide.

Today semiconductors literally surround us. They're not only in our computers and cell phones and automobiles, but also in our washers and dryers and airplanes and MP3 players and televisions. Digital signal processing and analog technologies are the semiconductor engines of modern electronics and TI has clearly established itself as the world leader in both.

TI designs and manufactures semiconductors for wireless telephones, digital cameras, digital audio products, medical devices and many other products. In fact TI envisions a world in which every phone call and every Internet connection, every digital photograph, song and TV broadcast are touched by the power of TI's digital signal processing and analog technologies.

That dream is coming true. TI is making it happen right now.

ACHIEVEMENTS

Since its earliest days using technology to locate hidden reservoirs of oil in Depression-era Texas, TI has rung up a distinguished and impressive history of achievements, including the first commercial silicon transistors, the first integrated circuit and the first electronic handheld calculator.

TI innovation has empowered countless inventions that touch the lives of just about everyone, from an executive wirelessly checking e-mail at Toronto Pearson Airport to a teenager jamming to an MP3 song on a Tokyo subway to a photographer capturing digital pictures of a Brazilian sunrise.

Today's TI engineers and technicians produce semiconductors in clean rooms that protect chips from even the tiniest motes of dust. Those semiconductors can then perform real-time processing of incredibly complex data — like the ultrasound image of a child in its mother's womb or the subtleties of the slow movement of a Mozart symphony.

And TI's technology is everywhere — in homes and offices and pockets and purses. In cell phones, cable modems, home theaters, digital cameras, cars and much more. TI calculators are a staple in classrooms, the company's award-winning DLP® technology is revolutionizing high-definition TV and engineers are using TI technology to develop everything from the latest satellites bound for Mars to a vision system that will allow blind people to see.

With 35,000 employees worldwide and $12.3 billion in revenue in 2005, TI is known worldwide for combining real-world know-how with high-tech savvy.

HISTORY

TI began in 1930 as a company called Geophysical Service Inc. pioneering a type of oil exploration that applied revolutionary signal processing technology. The young company's seismic field crews led a nomadic life, traveling the flooded jungles of Sumatra, the swamps of Louisiana, the waterways bordering the North Pole and the windblown, sun blistered plains of West Texas. The entrepreneurial spirit, vision and innovation that served the company so well in exploration built a solid foundation for today's Texas Instruments.

THE PRODUCT

TI is a world leader in designing and manufacturing semiconductor chips. Among the most complex products human beings have ever produced, these tiny chips typically contain electrical pathways connecting millions of transistors and other electronic components.

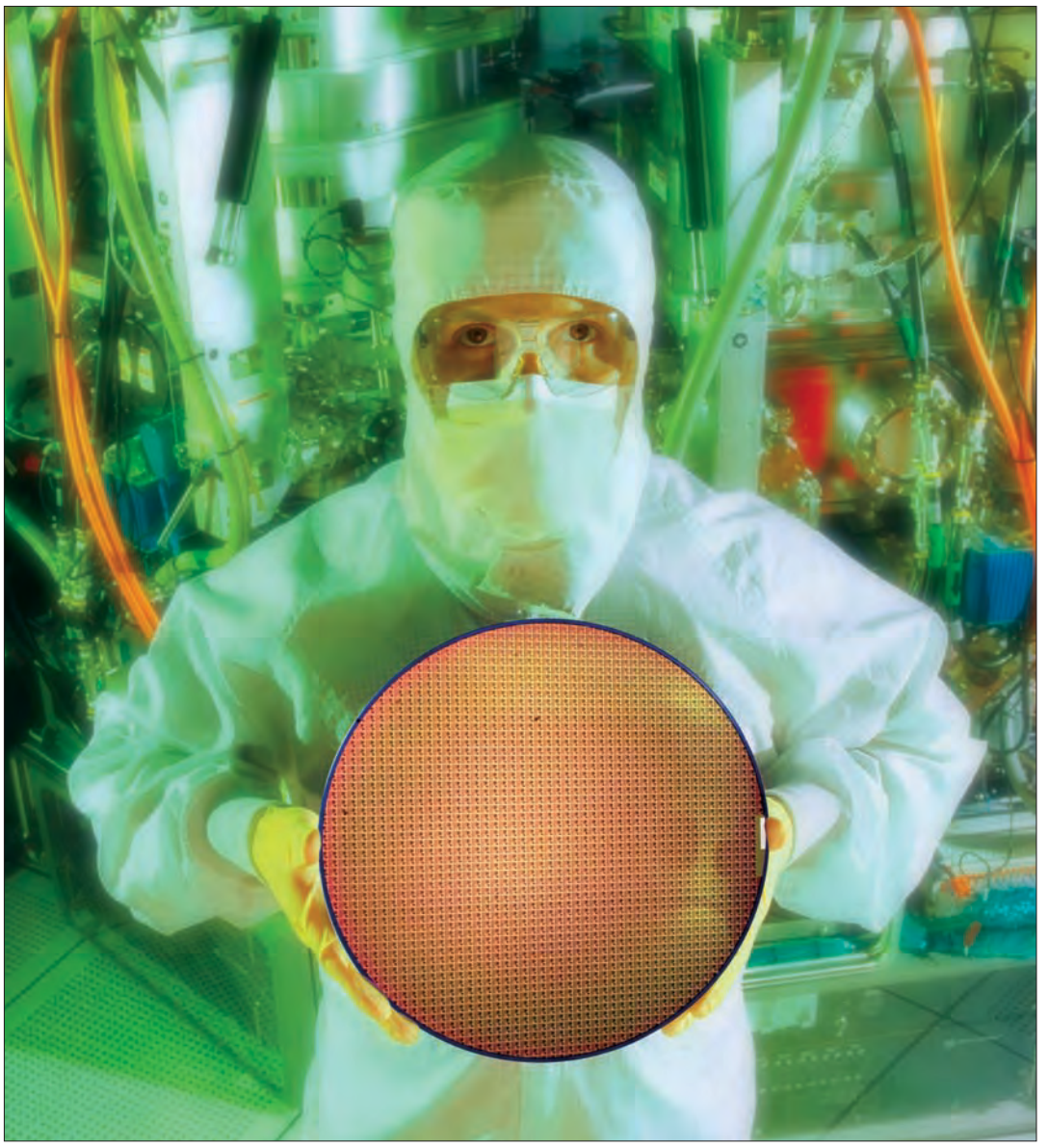
Working around the clock, TI employees use exacting processes to create layer upon layer of circuit patterns on thin, round wafers of silicon. Then those employees establish microscopic metal interconnections that run both along and between the chips' layers, resulting in three-dimensional circuitry that can perform up to 8 billion instructions per second.

Perhaps best of all, economies of scale enable TI to sell many of its chips at a price that puts advanced technology — in the form of cell phones, electronic toys and smart appliances — within the reach of nearly everyone.

RECENT DEVELOPMENTS

TI's nonstop innovations and advances in technology and business strategies keep the company at the forefront of its industry, providing its customers with leading-edge technology. Among TI's most recent developments:

- In June 2006, TI unveiled details of a 45 nanometer semiconductor manufacturing process that will double the number of chips produced on each silicon wafer, increase processing performance and reduce power consumption.
- In May 2006, TI completed construction of its next major semiconductor manufacturing plant. Located just north of Dallas, the facility will house some of the world's most advanced 300 mm semiconductor manufacturing capabilities.
- In January 2006, TI completed its acquisition of Chipcon, a leading company in the design of short-range, low-power wireless radio-frequency transceiver devices. The move expanded TI's high-performance analog portfolio and enables TI to provide customers with industry-leading ZigBee™ compliant solutions and a broad range of proprietary radio frequency integrated circuits that make innovative low-power wireless applications possible.
- TI is regularly introducing additions to its new DaVinci™ technology family of devices. Optimized for digital video systems, DaVinci technology enables breakthrough innovation in digital media devices for the hand, home and car.



PROMOTION

TI's semiconductor devices generally perform their technological prowess without calling attention to themselves or to TI. They're key components of products bearing the names of Nokia, Apple and many other leading companies.

TI's DLP technology is one case in which the company has implemented a consumer communications campaign. Makers of HDTVs and projectors emblazon the DLP logo on their products as proof of those products' excellence and TI has supported the branding of DLP technology through a two year old campaign designed to reach consumers via TV, radio and the Web. The TV ads have focused on reaching sports enthusiasts and other key consumer audiences. Meantime, online education has appeared on a variety of sites, including home entertainment blogs.

TI's DLP Products group is also sponsoring Hall of Fame Racing in the NASCAR Nextel Cup Series. NASCAR is America's fastest growing sport and racing fans have good reason to embrace HDTV, since all races are broadcast in high definition.

In addition, TI takes a targeted approach to promoting many of its products through an array of technology publications and Web sites that cater to electronics design engineers, who are crucial decision makers in designing TI technology into a wide variety of electronic products.

BRAND VALUES

Texas Instruments has been making a positive impact on technology and the world for more than 75 years. The company's ingenuity takes the ideas of TI customers further, continually helping to create products that make lives better.

In the face of growing pressure to get to market faster and cheaper, companies regularly turn to TI to solve the challenges that stand between their ideas and reality. Only TI has the breadth and depth — with the manufacturing capabilities, worldwide local presence and proven track record — to turn great concepts into remarkable things time and time again.

TI is inventive. TI is essential to the people it supports. But what's truly amazing is the positive impact that TI makes on technology and on the lives of people all around the world every day.

THINGS YOU DIDN'T KNOW ABOUT TEXAS INSTRUMENTS

TI's record of creativity and risk-taking has been sprinkled with industry firsts and far-reaching inventions:

- ❍ TI has earned more than 15,000 patents over the years — testimony to the innovative, bright minds that keep the company at the technological vanguard.
- ❍ More than half of all cell phones sold worldwide use TI semiconductor technology.
- ❍ TI invented the commercial transistor radio in 1954 and the handheld calculator in 1967.
- ❍ TI's Jack Kilby won the Nobel Prize in physics in 2000 for his part in inventing the integrated circuit.
- ❍ TI's DLP technology has earned the company two Emmy Awards for its television applications, and DLP Cinema® technology produces 35 trillion colors on movie theater screens.