TEXAS INSTRUMENTS INC
Form 10-K405
February 28, 2001

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2000
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.) |

| 12500 TI Boulevard, 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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, par value $1.00 | New York Stock Exchange<br>The Swiss Exchange |
| Preferred Stock Purchase Rights | New York Stock Exchange |

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

The aggregate market value of voting stock held by non-affiliates of the Registrant was approximately $77,800,000,000 as of January 31, 2001.

1,734,216,602

(Number of shares of common stock outstanding as of January 31, 2001)

Parts I, II, III and IV hereof incorporate information by reference to the Registrant's proxy statement for the 2001 annual meeting of stockholders.

# PART I

## ITEM 1. Business.

### General Information

Texas Instruments Incorporated ("TI" or the "company," including subsidiaries except where the context indicates otherwise) is headquartered in Dallas, Texas, and has manufacturing, design or sales operations in 28 countries. TI's largest geographic markets are in the United States, Asia, Japan and Europe. TI has been in operation since 1930.

The financial information with respect to TI's business segments and operations outside the United States, which is contained in the note to the financial statements captioned "Business Segment and Geographic Area Data" on pages B-23 through B-25 of TI's proxy statement for the 2001 annual meeting of stockholders, is incorporated herein by reference to such proxy statement.

### Semiconductor

TI is a global semiconductor company and the world's leading designer and supplier of digital signal processors and analog integrated circuits, the engines driving the digitization of electronics. These two types of semiconductor products work together in digital electronic devices such as digital cellular phones. Analog technology converts analog signals like sound, light, temperature and pressure into the digital language of zeros and ones, which can then be processed in real-time by a digital signal processor. Analog integrated circuits also translate digital signals back to analog. Digital signal processors and analog integrated circuits enable a wide range of new products and features for TI's more than 30,000 customers in commercial, industrial and consumer markets.

TI also is a world leader in the design and manufacturing of other semiconductor products. Those products include standard logic devices, application-specific integrated circuits, reduced instruction-set computing microprocessors, microcontrollers and digital imaging devices.

The semiconductor business comprised 87% of TI's 2000 revenues. TI's semiconductor products are used in a diverse range of electronic systems, including cellular telephones, personal computers, servers, communications infrastructure equipment, digital cameras, digital audio players, motor controls and automobiles. Products are sold to original-equipment manufacturers, contract manufacturers and distributors. TI's semiconductor patent portfolio has been established as an ongoing contributor to semiconductor revenues. Revenues generated from sales to TI's top five semiconductor customers accounted for approximately 28% of total semiconductor revenues in 2000.



The semiconductor business is intensely competitive, subject to rapid technological change and pricing pressures, and requires high rates of investment. TI is the leading supplier of digital signal processors and analog integrated circuits, yet faces strong competition in all of its semiconductor product lines. The rapid pace of change and technological breakthroughs constantly create new opportunities for existing competitors and start-ups, which can quickly render existing technologies less valuable. In digital signal processors, TI competes with a growing number of large and small companies, both U.S.-based and international. New product development capabilities, applications support, software knowledge and advanced semiconductor process technology are the primary competitive factors in this business.

The market for analog integrated circuits is highly fragmented. TI competes with many large and small companies, both U.S.-based and international. Primary competitive factors in this business are the availability of innovative designs and designers, a broad range of process technologies and applications support and, particularly in the standard products area, price.

## Other TI Businesses

In addition to semiconductors, TI has two other principal segments. The largest, representing 9% of TI's 2000 revenues, is Sensors & Controls (formerly known as Materials & Controls). This business sells electrical and electronic controls, sensors and radio-frequency identification systems into commercial and industrial markets. Typically the top supplier in targeted product areas, Sensors & Controls faces strong multinational and regional competitors. The primary competitive factors in this business are product reliability, manufacturing costs and engineering expertise. The products of the business are sold to original equipment manufacturers and distributors. Revenues generated from sales to TI's top five Sensors & Controls customers accounted for approximately 28% of total Sensors & Controls revenues in 2000.

Educational & Productivity Solutions (E&PS) represents 4% of TI's 2000 revenues and is a leading supplier of graphing and educational calculators. This business sells primarily through retailers and to schools through instructional dealers. TI's principal competitors in this business are Japan- and U.S.-based companies. Technology expertise, price and infrastructure for education and market understanding are primary competitive factors in this business. Revenues generated from sales to TI's top five E&PS customers accounted for approximately 38% of total E&PS revenues in 2000.

## Acquisitions and Divestitures

From time to time TI considers acquisitions and divestitures that may strengthen its business portfolio. TI may effect one or more of these transactions at such time or times as it determines to be appropriate. In 2000, to support TI's focus on digital signal processors and analog



integrated circuits, it acquired technology companies that brought unique expertise in key markets for these core product areas. In the first quarter, TI acquired Toccata Technology ApS, a developer of digital-audio amplifier technology and board solutions. In the third quarter, TI acquired Burr-Brown Corporation, a developer of analog semiconductors, principally in the data converter and amplifier segments of the market; Dot Wireless, Inc., a developer of CDMA third-generation wireless system architecture and protocol software for voice and high-speed data applications; and Alantro Communications, Inc., a developer of wireless local area networking technology. The acquisition of Burr-Brown was accounted for as a pooling of interests in 2000. All prior periods have been restated. In addition, in the fourth quarter, Sensors & Controls divested its specialty-clad metals and electrical contacts activity.

## Backlog

The dollar amount of backlog of orders believed by TI to be firm was $2411 million as of December 31, 2000 and $1907 million as of December 31, 1999. Backlog orders are, under certain circumstances, subject to cancellation. Also, there is generally a short cycle between order and shipment. Accordingly, the company believes that its backlog as of any particular date may not be indicative of revenue for any future period.

## Raw Materials

TI purchases materials, parts and supplies from a number of suppliers. The materials, parts and supplies essential to TI's business are generally available at present and TI believes at this time that such materials, parts and supplies will be available in the foreseeable future.

## Patents and Trademarks

TI owns many patents in the United States and other countries in fields relating to its business. The company has developed a strong, broad-based patent portfolio. TI also has several agreements with other companies involving license rights and anticipates that other licenses may be negotiated in the future. TI does not consider its business materially dependent upon any one patent or patent license, although taken as a whole, the rights of TI and the products made and sold under patents and patent licenses are important to TI's business.

TI owns trademarks that are used in the conduct of its business. These trademarks are valuable assets, the most important of which are "Texas Instruments" and TI's corporate monogram.



## Research and Development

TI's research and development expense was $1747 million in 2000, compared with $1379 million in 1999 and $1265 million in 1998. Included is a charge for the value of acquisition-related purchased in-process research and development of $112 million in 2000, $79 million in 1999 and $25 million in 1998.

## Seasonality

TI's revenues and operating results are subject to some seasonal variation.

Employees

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The information concerning the number of persons employed by TI at December 31, 2000 on page B-39 of TI's proxy statement for the 2001 annual meeting of stockholders is incorporated herein by reference to such proxy statement.

Cautionary Statements Regarding Future Results of Operations
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You should read the following cautionary statements in conjunction with the factors discussed elsewhere in this and other of TI's filings with the Securities and Exchange Commission (SEC) and in materials incorporated by reference in these filings. These cautionary statements are intended to highlight certain factors that may affect the financial condition and results of operations of TI and are not meant to be an exhaustive discussion of risks that apply to companies with broad international operations, such as TI. Like other businesses, TI is susceptible to macroeconomic downturns in the United States or abroad that may affect the general economic climate and performance of TI or its customers. Similarly, the price of TI's securities is subject to volatility due to fluctuations in general market conditions, differences in TI's results of operations from estimates and projections generated by the investment community and other factors beyond TI's control.

A Weakening in the Semiconductor Market May Adversely Affect TI's Performance.
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TI's semiconductor business represents its largest business segment and the principal source of its revenues. The semiconductor market has historically been cyclical and subject to significant economic downturns. A significant weakening in the semiconductor market may adversely affect TI's results of operations and have an adverse effect on the market price of its securities. In particular, TI's strategic focus in this business is on the

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development and marketing of digital signal processors and analog integrated circuits. While TI believes that focusing its efforts on digital signal processors and analog integrated circuits offers the best opportunity for TI to achieve its strategic goals and that TI has developed, and will continue to develop, a wide range of innovative and technologically advanced products, the results of TI's operations may be adversely affected in the future if demand for digital signal processors or analog integrated circuits decreases or if these markets grow at a pace significantly less than that projected by management.

The Technology Industry is Characterized by Rapid Technological Change that Requires TI to Develop New Technologies and Products.
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TI's results of operations depend in part upon its ability to successfully develop and market innovative products in a rapidly changing technological environment. TI requires significant capital to develop new technologies and products to meet changing customer demands that, in turn, may result in shortened product lifecycles. Moreover, expenditures for technology and product development are generally made before the commercial viability for such developments can be assured. As a result, there can be no assurance that TI will successfully develop and market these new products, that the products TI does develop and market will be well received by customers or that TI will realize a return on the capital expended to develop such products.

TI Faces Substantial Competition that Requires TI to Respond Rapidly to Product Development and Pricing Pressures.

TI faces intense technological and pricing competition in the markets in which it operates. TI expects that the level of this competition will increase in the future from large, established semiconductor and related product companies, as well as from emerging companies serving niche markets also served by TI. Certain of TI's competitors possess sufficient financial, technical and management resources to develop and market products that may compete favorably against those products of TI that currently offer technological and/or price advantages over competitive products. Competition results in price and product development pressures, which may result in reduced profit margins and lost business opportunities in the event that TI is unable to match price declines or technological, product, applications support, software or manufacturing advances of its competitors.



TI's Performance Depends upon its Ability to Enforce Its Intellectual Property Rights and to Develop or License New Intellectual Property.

TI benefits from royalties generated from various license agreements that will be in effect through the year 2005. Access to worldwide markets depends on the continued strength of TI's intellectual property portfolio. Future royalty revenue depends on the strength of TI's portfolio and enforcement efforts, and on the sales and financial stability of TI's licensees. TI actively enforces and protects its intellectual property rights, but there can be no assurance that TI's efforts will be adequate to prevent the misappropriation or improper use of the protected technology. Moreover, there can be no assurance that, as TI's business expands into new areas, TI will be able to independently develop the technology, software or know-how necessary to conduct its business or that it can do so without infringing the intellectual property rights of others. TI may have to rely increasingly on licensed technology from others. To the extent that TI relies on licenses from others, there can be no assurance that it will be able to obtain all of the licenses it desires in the future on terms it considers reasonable or at all.

A Decline in Demand in Certain End-User Markets Could Have a Material Adverse Effect on the Demand for TI's Products and Results of Operations.

TI's customer base includes companies in a wide range of industries, but TI generates a significant amount of revenues from sales to customers in the telecommunications and computer-related industries. Within these industries, a large portion of TI revenues is generated by the sale of digital signal processors and analog integrated circuits to customers in the cellular phone, personal computer and communications infrastructure markets. A significant decline in any one or several of these end-user markets could have a material adverse effect on the demand for TI's products and its results of operations.

TI's International Manufacturing Operations and Sales Subject It to Risks Associated with Legal, Political, Economic or Other Changes Outside of the United States.

TI operates in 28 countries worldwide and in 2000 derived in excess of 72% of its revenues from sales to locations outside the United States. Operating internationally exposes TI to changes in the laws or policies, as well as the general economic conditions, of the various countries in which it operates, which could result in an adverse effect on TI's business operations in such countries and its results of operations. Also, as discussed in more

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detail on pages B-11 and B-43 of TI's proxy statement for the 2001 annual meeting of stockholders, TI uses forward currency exchange contracts to minimize the adverse earnings impact from the effect of exchange rate fluctuations on the company's non-U.S. dollar net balance sheet exposures. Nevertheless, in periods when the U.S. dollar strengthens in relation to the non-U.S. currencies in which TI transacts business, the remeasurement of non-U.S. dollar transactions can have an adverse effect on TI's non-U.S. business.

The Loss of or Significant Curtailment of Purchases by any of TI's Largest Customers Could Adversely Affect TI's Results of Operations.

While TI generates revenues from thousands of customers worldwide, the loss of or significant curtailment of purchases by one or more of its top customers, including curtailments due to a change in the design or manufacturing sourcing policies or practices of these customers, may adversely affect TI's results of operations.

TI's Continued Success Depends Upon Its Ability to Retain and Recruit a Sufficient Number of Qualified Employees in a Competitive Environment.

TI's continued success depends on the retention and recruitment of skilled personnel, including technical, marketing, management and staff personnel. Experienced personnel in the electronics industry are in high demand and competition for their skills is intense. There can be no assurance that TI will be able to successfully retain and recruit the key personnel that it requires.

Available Information

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TI files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements and other information filed by TI at the SEC's public reference rooms at 450 Fifth Street, N.W., Washington, D.C. 20549, or at the SEC offices in New York, New York and Chicago, Illinois. Please call (800) SEC-0330 for further information on the public reference rooms. TI's filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov.



ITEM 2. Properties.

TI's principal executive offices are located at 12500 TI Boulevard, Dallas, Texas. TI owns and leases facilities in the United States and 12 other countries for manufacturing, design and related purposes. The following table indicates the general location of TI's principal manufacturing and design operations and the business segments which make major use of them. Except as otherwise indicated, these facilities are owned by TI.

| | Semiconductor | Sensors & Controls | E&PS |
|---|---|---|---|
| Dallas, Texas(1) | X | X | X |
| Houston, Texas | X | | |
| Sherman, Texas(1)(2) | X | | |
| Tucson, Arizona | X | | |
| Santa Cruz, California | X | | |
| Attleboro, Massachusetts | X | X | |
| Hiji, Japan | X | | |
| Miho, Japan | X | | |
| Kuala Lumpur, Malaysia(3) | X | X | |
| Baguio, Philippines(4) | X | | |
| Taipei, Taiwan | X | | |
| Nice, France | X | | |
| Freising, Germany | X | X | |
| Aguascalientes, Mexico | X | X | |

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(1) Certain facilities or portions thereof in Dallas and Sherman are leased to Raytheon Company or Raytheon-related entities in connection with the sale in 1997 of TI's defense systems and electronics business.
(2) Leased.
(3) Approximately half of this site is owned on leased land; the remainder is leased.
(4) Owned on leased land.

TI's facilities in the United States contained approximately 17,300,000 square feet as of December 31, 2000, of which approximately 3,000,000 square feet were leased. TI's facilities outside the United States contained approximately 5,500,000 square feet as of December 31, 2000, of which approximately 1,600,000 square feet were leased.

TI believes that its existing properties are in good condition and suitable for the manufacture of its products. At the end of 2000, the company utilized substantially all of the space in its facilities.



Leases covering TI's leased facilities expire at varying dates generally within the next 10 years. TI anticipates no difficulty in either retaining occupancy through lease renewals, month-to-month occupancy or purchases of leased facilities, or replacing the leased facilities with equivalent facilities.

ITEM 3. Legal Proceedings.

Italian government auditors have substantially completed a review, conducted in the ordinary course, of approximately $275 million of grants from the Italian government to TI's former memory operations in Italy. The auditors have raised a number of issues relating to compliance with grant requirements and the eligibility of specific expenses for the grants. These issues are subject to final decision by the Ministry of the Treasury. Depending on the Ministry's decision, the review may result in a demand from the Italian government that TI repay a portion of the grants. In November 2000, a criminal proceeding concerning a portion of the grants relating to specified research and development activities was dismissed without indictment. The company believes that the grants were obtained and used in compliance with applicable law and contractual obligations.

TI is involved in various investigations and proceedings conducted by the federal Environmental Protection Agency and certain state environmental agencies regarding disposal of waste materials. Although the factual situations and the progress of each of these matters differ, the company believes that the amount of its liability will not have a material adverse effect upon its financial position or results of operations and, in most cases, TI's liability will be limited to sharing clean-up or other remedial costs with other potentially responsible parties.

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

Not applicable.

PART II

ITEM 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The information which is contained in the note to the financial statements captioned "Common Stock Prices and Dividends" on page B-52 of TI's proxy statement for the 2001 annual meeting of stockholders, and the information concerning the number of stockholders of record at December 31, 2000 on page B-39 of such proxy statement, are incorporated herein by reference to such proxy statement.

ITEM 6. Selected Financial Data.

The "Summary of Selected Financial Data" for the years 1996 through 2000 which appears on page B-39 of TI's proxy statement for the 2001 annual meeting of stockholders is incorporated herein by reference to such proxy statement.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information contained under the caption "Management Discussion and Analysis of Financial Condition and Results of Operations" on pages B-40 through B-50 of TI's proxy statement for the 2001 annual meeting of stockholders is incorporated herein by reference to such proxy statement.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Information concerning market risk is contained on pages B-43 through B-45 of TI's proxy statement for the 2001 annual meeting of stockholders and is incorporated by reference to such proxy statement.

ITEM 8. Financial Statements and Supplementary Data.

The consolidated financial statements of the company at December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000, and the report thereon of the independent auditors, on pages B-1 through B-38 of TI's proxy statement for the 2001 annual meeting of stockholders, are incorporated herein by reference to such proxy statement.

The "Quarterly Financial Data" on pages B-51 and B-52 of TI's proxy statement for the 2001 annual meeting of stockholders is also incorporated herein by reference to such proxy statement.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

PART III

ITEM 10. Directors and Executive Officers of the Registrant.

The information with respect to directors' names, ages, positions, term of office and periods of service, which is contained under the caption "Nominees for Directorship" in the company's proxy statement for the 2001 annual meeting of stockholders, is incorporated herein by reference to such proxy statement.



The following is an alphabetical list of the names and ages of the executive officers of the company and the positions or offices with the company presently held by each person named:

| Name | Age | Position |
|---|---|---|
| William A. Aylesworth | 58 | Senior Vice President, Treasurer and Chief Financial Officer |
| Gilles Delfassy | 45 | Senior Vice President |
| Thomas J. Engibous | 48 | Director; Chairman of the Board, President and Chief Executive Officer |
| Michael J. Hames | 42 | Senior Vice President |
| Joseph F. Hubach | 43 | Senior Vice President, Secretary and General Counsel |
| Stephen H. Leven | 49 | Senior Vice President |
| Keh-Shew Lu | 54 | Senior Vice President |
| Richard J. Schaar | 55 | Senior Vice President (President, Educational & Productivity Solutions) |
| M. Samuel Self | 61 | Senior Vice President and Controller (Chief Accounting Officer) |
| Elwin L. Skiles, Jr. | 59 | Senior Vice President |
| Richard K. Templeton | 42 | Executive Vice President and Chief Operating Officer (President, Semiconductor) |
| Teresa L. West | 40 | Senior Vice President |
| Thomas Wroe | 50 | Senior Vice President (President, Sensors & Controls) |

The term of office of the above listed officers is from the date of their election until their successor shall have been elected and qualified. Messrs. Delfassy and Hames were elected to their respective offices on November 30, 2000. The most recent date of election of the other officers was April 20, 2000. Messrs. Aylesworth, Engibous and Skiles have served as



officers of the company for more than five years. Mr. Templeton has served as an officer of the company since 1996, and he has been an employee of the company for more than five years. Ms. West and Messrs. Delfassy, Hames, Hubach, Leven, Lu, Schaar, Self, and Wroe have served as officers of the company since 1998 and have been employees of the company for more than five years.

ITEM 11. Executive Compensation.

The information which is contained under the captions "Directors Compensation" and "Executive Compensation" in the company's proxy statement for the 2001 annual meeting of stockholders is incorporated herein by reference to such proxy statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management.

The information concerning (a) the only persons that have reported beneficial ownership of more than 5% of the common stock of TI, and (b) the ownership of TI's common stock by the Chief Executive Officer and the four other most highly compensated executive officers, and all executive officers and directors as a group, which is contained under the caption "Voting Securities" in the company's proxy statement for the 2001 annual meeting of stockholders, is incorporated herein by reference to such proxy statement. The information concerning ownership of TI's common stock by each of the directors, which is contained under the caption "Nominees for Directorship" in such proxy statement, is also incorporated herein by reference to such proxy statement.

ITEM 13. Certain Relationships and Related Transactions.

Not applicable.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) 1 and 2. Financial Statements and Financial Statement Schedules:

The financial statements and financial statement schedules are listed in the index on page 21 hereof.



3. Exhibits:

| Designation of Exhibit in this Report | Description of Exhibit |
|---|---|
| 2 | Agreement and Plan of Merger, dated as of June 21, 2000, by and among the Registrant, Burr-Brown Corporation and Burma Acquisition Corp. (disclosure schedules omitted; Registrant agrees to provide the Commission, upon request, copies of such schedules)(incorporated by reference to Texas Instruments Tucson Corporation's Current Report on Form 8-K dated June 22, 2000). |
| 3(a) | Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3(a) to the Registrant's Annual Report on Form 10-K for the year 1993). |
| 3(b) | Certificate of Amendment to Restated Certificate of |

Incorporation of the Registrant (incorporated by reference to Exhibit 3(b) to the Registrant's Annual Report on Form 10-K for the year 1993).

3(c) Certificate of Amendment to Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3(c) to the Registrant's Annual Report on Form 10-K for the year 1993).

3(d) Certificate of Amendment to Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996).

3(e) Certificate of Ownership Merging Texas Instruments Automation Controls, Inc. into the Registrant (incorporated by reference to Exhibit 3(e) to the Registrant's Annual Report on Form 10-K for the year 1993).

3(f) Certificate of Elimination of Designations of Preferred Stock of the Registrant (incorporated by reference to Exhibit 3(f) to the Registrant's Annual Report on Form 10-K for the year 1993).

3(g) Certificate of Ownership and Merger Merging Tiburon Systems, Inc. into the Registrant (incorporated by reference to Exhibit 4(g) to the Registrant's Registration Statement No. 333-41919 on Form S-8).

3(h) Certificate of Ownership and Merger Merging Tartan, Inc. into the Registrant (incorporated by reference to Exhibit 4(h) to the Registrant's Registration Statement No. 333-41919 on Form S-8).

3(i) Certificate of Designation relating to the Registrant's Participating Cumulative Preferred Stock (incorporated by reference to Exhibit 4(a) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).



3(j) Certificate of Elimination of Designation of Preferred Stock of the Registrant (incorporated by reference to Exhibit 3(j) to the Registrant's Annual Report on Form 10-K for the year 1998).

3(k) Certificate of Ownership and Merger Merging Intersect Technologies, Inc. into the Registrant (incorporated by reference to Exhibit 3(k) to the Registrant's Annual Report on Form 10-K for the year 1999).

3(l) Certificate of Ownership and Merger Merging Soft Warehouse, Inc. into the Registrant (incorporated by reference to Exhibit 3(l) to the Registrant's Annual Report on Form 10-K for the year 1999).

3(m) Certificate of Ownership and Merger Merging Silicon Systems, Inc. into the Registrant (incorporated by

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| | reference to Exhibit 3(m) to the Registrant's Annual Report on Form 10-K for the year 1999). |
| 3(n) | Certificate of Amendment to Restated Certificate of Incorporation (incorporated by reference to Exhibit 3(n) to the Registrant's Registration Statement on Form S-4 No. 333-41030 filed on July 7, 2000). |
| 3(o) | By-Laws of the Registrant (incorporated by reference to Exhibit 3(n) to the Registrant's Annual Report on Form 10-K for the year 1999). |
| 4(a)(i) | Rights Agreement dated as of June 18, 1998 between the Registrant and Harris Trust and Savings Bank as Rights Agent, which includes as Exhibit B the form of Rights Certificate (incorporated by reference to Exhibit 1 to the Registrant's Registration Statement on Form 8-A dated June 23, 1998). |
| 4(a)(ii) | Amendment dated as of September 18, 1998 to the Rights Agreement (incorporated by reference to Exhibit 2 to the Registrant's Amendment No. 1 to Registration Statement on Form 8-A dated September 23, 1998). |
| 4(b) | The Registrant agrees to provide the Commission, upon request, copies of instruments defining the rights of holders of long-term debt of the Registrant and its subsidiaries. |
| 10(a)(i) | Amended and Restated TI Deferred Compensation Plan (incorporated by reference to Exhibit 10(a)(i) to the Registrant's Annual Report on Form 10-K for the year 1999).* |

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| 10(a)(ii) | First Amendment to Restated TI Deferred Compensation Plan (incorporated by reference to Exhibit 10(a)(ii) to the Registrant's Annual Report on Form 10-K for the year 1999).* |
| 10(a)(iii) | Second Amendment to Restated TI Deferred Compensation Plan (incorporated by reference to Exhibit 10(a)(iii) to the Registrant's Annual Report on Form 10-K for the year 1999).* |
| 10(a)(iv) | Third Amendment to Restated TI Deferred Compensation Plan.* |
| 10(b)(i) | TI Employees Supplemental Pension Plan (incorporated by reference to Exhibit 10(b)(i) to the Registrant's Annual Report on Form 10-K for the year 1999).* |
| 10(b)(ii) | First Amendment to TI Supplemental Pension Plan (incorporated by reference to Exhibit 10(b)(ii) to the Registrant's Annual Report on Form 10-K for the year 1999).* |
| 10(c) | Texas Instruments Long-Term Incentive Plan (incorporated by reference to Exhibit 10(a)(ii) to the Registrant's Annual Report on Form 10-K for the year 1993).* |

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| 10(d) | Texas Instruments 1996 Long-Term Incentive Plan (incorporated by reference to Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996).* |
| 10(e) | Texas Instruments 2000 Long-Term Incentive Plan (incorporated by reference to Exhibit 10(e) to the Registrant's Registration Statement on Form S-4 No. 333-41030 filed on July 7, 2000).* |
| 10(f) | Texas Instruments Executive Officer Performance Plan (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).* |
| 10(g) | Texas Instruments Restricted Stock Unit Plan for Directors (incorporated by reference to Exhibit 10(e) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). |
| 10(h) | Texas Instruments Directors Deferred Compensation Plan (incorporated by reference to Exhibit 10(f) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). |
| 10(i) | Texas Instruments Stock Option Plan for Non-Employee Directors. |



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|---|---|
| 10(j) | Acquisition Agreement dated as of June 18, 1998 between Texas Instruments Incorporated and Micron Technology, Inc. (exhibit C omitted) (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated June 18, 1998). |
| 10(k) | Second Amendment to Acquisition Agreement dated as of September 30, 1998 between Texas Instruments Incorporated and Micron Technology, Inc. (incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K dated October 15, 1998). |
| 10(l) | Securities Rights and Restrictions Agreement dated as of September 30, 1998 between Texas Instruments Incorporated and Micron Technology, Inc. (incorporated by reference to Exhibit 10(k) to the Registrant's Annual Report on Form 10-K for the year 1998). |
| 11 | Computation of Earnings Per Common and Dilutive Potential Common Share. |
| 12 | Computation of Ratio of Earnings to Fixed Charges. |
| 13 | Portions of Registrant's Proxy Statement for 2001 Annual Meeting of Stockholders Incorporated by Reference Herein (incorporated by reference to Exhibit B to the Registrant's Proxy Statement for the 2001 Annual Meeting of Stockholders). |
| 21 | List of Subsidiaries of the Registrant. |

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| 23 | Consent of Ernst & Young LLP. |

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* Executive Compensation Plans and Arrangements.

(b) Reports on Form 8-K:

Not applicable.



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

This report includes "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as TI or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. Similarly, statements herein that describe TI's business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements.

We urge you to carefully consider the following important factors that could cause actual results to differ materially from the expectations of TI or its management:

- Market demand for semiconductors, particularly for digital signal processors and analog integrated circuits in key markets, such as telecommunications and computers.

- TI's ability to develop, manufacture and market innovative products in a rapidly changing technological environment.

- TI's ability to compete in products and prices in an intensely competitive industry.

- TI's ability to maintain and enforce a strong intellectual property portfolio and obtain needed licenses from third parties.

- Timely completion and successful integration of announced acquisitions.

- Global economic, social and political conditions in the countries in which TI and its customers and suppliers operate, including fluctuations in foreign currency exchange rates.

- Losses or curtailments of purchases from key customers or the timing of customer inventory corrections.

- TI's ability to recruit and retain skilled personnel.

- Availability of raw materials and critical manufacturing equipment.

For a more detailed discussion of these factors see the text under the heading "Cautionary Statements Regarding Future Results of Operations" in Item 1 of this report. The forward-looking statements included in this report are made only as of the date of this report and TI undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

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SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEXAS INSTRUMENTS INCORPORATED

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

Date: February 27, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 27th day of February 2001.

| Signature | Title |
|---|---|
| /S/ JAMES R. ADAMS<br>James R. Adams | Director |
| /S/ DAVID L. BOREN<br>David L. Boren | Director |
| /S/ JAMES B. BUSEY IV<br>James B. Busey IV | Director |
| /S/ DANIEL A. CARP<br>Daniel A. Carp | Director |
| | Chairman of the Board; |

| | |
|---|---|
| /S/ THOMAS J. ENGIBOUS<br>------------------------------------<br>Thomas J. Engibous | President; Chief Executive Officer; Director |



| | |
|---|---|
| /S/ GERALD W. FRONTERHOUSE<br>------------------------------------<br>Gerald W. Fronterhouse | Director |
| ------------------------------------<br>David R. Goode | Director |
| /S/ WAYNE R. SANDERS<br>------------------------------------<br>Wayne R. Sanders | Director |
| /S/ RUTH J. SIMMONS<br>------------------------------------<br>Ruth J. Simmons | Director |
| /S/ CLAYTON K. YEUTTER<br>------------------------------------<br>Clayton K. Yeutter | Director |
| /S/ WILLIAM A. AYLESWORTH<br>------------------------------------<br>William A. Aylesworth | Senior Vice President; Treasurer; Chief Financial Officer |
| /S/ M. SAMUEL SELF<br>------------------------------------<br>M. Samuel Self | Senior Vice President; Controller; Chief Accounting Officer |



TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES
(Item 14(a))

| | Page Reference | |
|---|---|---|
| | Form 10-K | Proxy Statement for the 2001 Annual Meeting of Stockholders |

Information incorporated by reference to the Registrant's Proxy Statement for the 2001 Annual Meeting of Stockholders

Consolidated Financial Statements:



Consolidated Schedule for each of the three years in the period ended December 31, 2000:

II. Allowance for Losses

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or the notes thereto.

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Schedule II

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
ALLOWANCE FOR LOSSES
(In Millions of Dollars)
Years Ended December 31, 2000, 1999, 1998

| [S] | Balance at Beginning of Year [C] | Additions Charged to Operating Results [C] | Usage [C] | Balance at End of Year [C] |
|---|---|---|---|---|
| 2000 | $56 | $79 | $(81) | $54 |
| ---- | === | === | ===== | === |

| | | | | |
|---|---|---|---|---|
| 1999 | $60 | $83 | $(87) | $56 |
| ---- | === | === | ===== | === |
| 1998 | $63 | $74 | $(77) | $60 |
| ---- | === | === | ===== | === |

Allowances for losses from uncollectible accounts, returns, etc., are deducted from accounts receivable in the balance sheet.



Exhibit Index

| Designation of Exhibit in this Report | Description of Exhibit | Electronic or Paper |
|---|---|---|
| 2 | Agreement and Plan of Merger, dated as of June 21, 2000, by and among the Registrant, Burr-Brown Corporation and Burma Acquisition Corp. (disclosure schedules omitted; Registrant agrees to provide the Commission, upon request, copies of such schedules) (incorporated by reference to Texas Instruments Tucson Corporation's Current Report on Form 8-K dated June 22, 2000). | E |
| 3(a) | Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3(a) to the Registrant's Annual Report on Form 10-K for the year 1993). | E |
| 3(b) | Certificate of Amendment to Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3(b) to the Registrant's Annual Report on Form 10-K for the year 1993). | E |
| 3(c) | Certificate of Amendment to Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3(c) to the Registrant's Annual Report on Form 10-K for the year 1993). | E |
| 3(d) | Certificate of Amendment to Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996). | E |
| 3(e) | Certificate of Ownership Merging Texas Instruments Automation Controls, Inc. into the Registrant(incorporated by reference to Exhibit 3(e) to the Registrant's Annual Report | E |

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| | on Form 10-K for the year 1993) | |
| 3(f) | Certificate of Elimination of Designations of Stock of the Registrant (incorporated by reference to Exhibit 3(f) to the Registrant's Annual Report on Form 10-K for the year 1993). | E |
| 3(g) | Certificate of Ownership and Merger Merging Tiburon Systems, Inc. into the Registrant (incorporated by reference to Exhibit 4(g) to the Registrant's Registration Statement No. 333-41919 on Form S-8). | E |
| 3(h) | Certificate of Ownership and Merger Merging Tartan, Inc. into the Registrant (incorporated by reference to Exhibit 4(h) to the Registrant's Registration Statement No. 333-41919 on Form S-8). | E |



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| 3(i) | Certificate of Designation relating to the Registrant's Participating Cumulative Preferred Stock (incorporated by reference to Exhibit 4(a) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998). | E |
| 3(j) | Certificate of Elimination of Designation of Preferred Stock of the Registrant (incorporated by reference to Exhibit 3(j) to the Registrant's Annual Report on Form 10-K for the year 1998). | E |
| 3(k) | Certificate of Ownership and Merger Merging Intersect Technologies, Inc. into the Registrant (incorporated by reference to Exhibit 3(k) to the Registrant's Annual Report on Form 10-K for the year 1999). | E |
| 3(l) | Certificate of Ownership and Merger Merging Soft Warehouse, Inc. into the Registrant (incorporated by reference to Exhibit 3(l) to the Registrant's Annual Report on Form 10-K for the year 1998). | E |
| 3(m) | Certificate of Ownership and Merger Merging Silicon Systems, Inc. into the Registrant (incorporated by reference to Exhibit 3(m) to the Registrant's Annual Report on Form 10-K for the year 1998). | E |
| 3(n) | Certificate of Amendment to Restated Certificate of Incorporation (incorporated by reference to Exhibit 3(n) to the Registrant's Registration Statement on Form S-4 No. 333-41030 filed on July 7, 2000). | E |
| 3(o) | By-Laws of the Registrant (incorporated by reference to Exhibit 3(n) to the Registrant's | E |

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| | Annual Report on Form 10-K for the year 1999). | |
| 4(a)(i) | Rights Agreement dated as of June 18, 1998 between the Registrant and Harris Trust and Savings Bank as Rights Agent, which includes as Exhibit B the form of Rights Certificate (incorporated by reference to Exhibit 1 to the Registrant's Registration Statement on Form 8-A dated June 23, 1998). | E |



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| 4(a)(ii) | Amendment dated as of September 18, 1998 to the Rights Agreement (incorporated by reference to Exhibit 2 to the Registrant's Amendment No. 1 to Registration Statement on Form 8-A dated September 23, 1998). | E |
| 4(b) | The Registrant agrees to provide the Commission, upon request, copies of instruments defining the rights of holders of long-term debt of the Registrant and its subsidiaries. | E |
| 10(a)(i) | Amended and Restated TI Deferred Compensation Plan (incorporated by reference to Exhibit 10(a)(i) to the Registrant's Annual Report on Form 10-K for the year 1999).* | E |
| 10(a)(ii) | First Amendment to Restated TI Deferred Compensation Plan (incorporated by reference to Exhibit 10(a)(ii) to the Registrant's Annual Report on Form 10-K for the year 1999).* | E |
| 10(a)(iii) | Second Amendment to Restated TI Deferred Compensation Plan (incorporated by reference to Exhibit 10(a)(iii) to the Registrant's Annual Report on Form 10-K for the year 1999).* | E |
| 10(a)(iv) | Third Amendment to Restated TI Deferred Compensation Plan.* | E |
| 10(b)(i) | TI Employees Supplemental Pension Plan (incorporated by reference to Exhibit 10(b)(i) to the Registrant's Annual Report on Form 10-K for the year 1999).* | E |
| 10(b)(ii) | First Amendment to TI Supplemental Pension Plan (incorporated by reference to Exhibit 10(b)(ii) to the Registrant's Annual Report on Form 10-K for the year 1999).* | E |
| 10(c) | Texas Instruments Long-Term Incentive Plan (incorporated by reference to Exhibit 10(a)(ii) to the Registrant's Annual Report on Form 10-K for the year 1993).* | E |
| 10(d) | Texas Instruments 1996 Long-Term Incentive Plan (incorporated by reference to Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996).* | E |

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| 10(e) | Texas Instruments 2000 Long-Term Incentive Plan (incorporated by reference to Exhibit 10(e) to the Registrant's Registration Statement on Form S-4 No. 333-41030 filed on July 7, 2000).* | E |



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| 10(f) | Texas Instruments Executive Officer Performance Plan (incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).* | E |
| 10(g) | Texas Instruments Restricted Stock Unit Plan for Directors (incorporated by reference to Exhibit 10(e) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). | E |
| 10(h) | Texas Instruments Directors Deferred Compensation Plan (incorporated by reference to Exhibit 10(f) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). | E |
| 10(i) | Texas Instruments Stock Option Plan for Non-Employee Directors. | E |
| 10(j) | Acquisition Agreement dated as of June 18, 1998 between Texas Instruments Incorporated and Micron Technology, Inc. (exhibit C omitted) (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated June 18, 1998). | E |
| 10(k) | Second Amendment to Acquisition Agreement dated as of September 30, 1998 between Texas Instruments Incorporated and Micron Technology, Inc. (incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K dated October 15, 1998). | E |
| 10(l) | Securities Rights and Restrictions Agreement dated as of September 30, 1998 between Texas Instruments Incorporated and Micron Technology, Inc. (incorporated by reference to Exhibit 10(k) to the Registrant's Annual Report on Form 10-K for the year 1998). | E |
| 11 | Computation of Earnings Per Common and Dilutive Potential Common Share. | E |
| 12 | Computation of Ratio of Earnings to Fixed Charges. | E |



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|---|---|---|
| 13 | Portions of Registrant's Proxy Statement for the 2001 Annual Meeting of Stockholders | E |

| | | |
|---|---|---|
| | Incorporated by Reference Herein (incorporated by reference to Exhibit B to the Registrant's Proxy Statement for the 2001 Annual Meeting of Stockholders). | |
| 21 | List of Subsidiaries of the Registrant. | E |
| 23 | Consent of Ernst & Young LLP. | E |

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*Executive Compensation Plans and Arrangements.