

# ARCHIVED REPORT

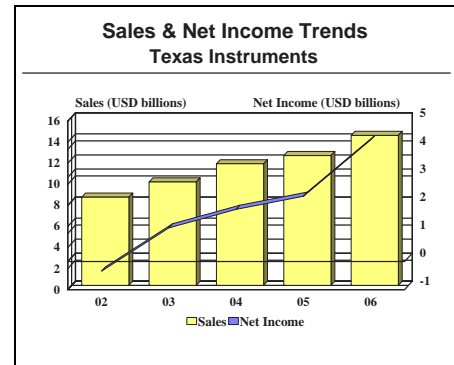
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## Texas Instruments - Archived 11/2008

### Outlook

- TI's net sales for 2006 were \$14.2 billion, up 15 percent from \$12.3 billion in 2005
- The company posted net income of \$4.3 billion for the year, compared with net income of \$2.3 billion in 2005
- Sensors & Controls unit was sold for \$3.0 billion in cash and now operates as Sensata Technologies
- With involvement in defense miniscule, this report will be archived in 2008



### Headquarters

Texas Instruments Inc  
12500 TI Blvd  
Dallas, TX 75243-4136  
Telephone: + 1 (800) 336-5236  
Web site: <http://www.ti.com>

Founded in 1930, the company was a Navy electronics supplier during World War II, and added electronics manufacturing to its operations in the 1940s.

In July 1997, Texas Instruments (TI) completed the sale of its missiles and defense electronics divisions to

Raytheon in a deal worth some \$3 billion. TI's remaining products and services include semi-conductors, software productivity tools, computers and peripheral products, custom engineering and manufacturing services, electrical controls, metallurgical materials, and consumer electronic products.

At the start of 2007, the company employed more than 30,986 people worldwide.

### Structure and Personnel

Thomas J. Engibous  
Chairman  
Richard K. Templeton  
President and Chief Executive Officer  
R. Gregory Delagi  
Senior Vice President  
Arthur George, Jr  
Senior Vice President  
Michael J. Hames  
Senior Vice President  
Joseph F. Hubach  
Senior Vice President, Secretary and  
General Counsel

Chung-Shing (C.S.) Lee  
Senior Vice President  
Melendy Lovett  
Senior Vice President  
President, Educational Technology  
Gregg A. Lowe  
Senior Vice President  
Kevin P. March  
Senior Vice President and  
Chief Financial Officer  
Kevin J. Ritchie  
Senior Vice President  
John C. Van Scoter

## Texas Instruments

Senior Vice President  
Teresa L. West  
Senior Vice President

Darla H. Whitaker  
Senior Vice President  
Director of Worldwide Human Resources

## Product Area

Texas Instruments designs, develops, manufactures, tests, sells, and services electronic components, digital products, and metallurgical materials. The company manages its operations in the following organizational manner:

### Texas Instruments

1. Semiconductors
  - 1.1 Military Products Division
    - 1.1.1 HiRel Defense & Aerospace
2. Educational Technology

Semiconductors consist of semiconductor integrated circuits (such as microprocessors and microcontrollers, application processors, memories, linear circuits, and digital circuits), semiconductor discrete devices (such as

transistors and opto-electronic products), semiconductor subassemblies (such as custom modules), and electrical and electronic control devices (such as motor protectors, starting relays, circuit breakers, thermostats, and automotive chokes and valves). These components are used in a broad range of products for industrial, consumer, and government end-use. Sales are principally through the company's marketing organizations and, to a lesser extent, through distributors.

Educational Technology includes multi-user mini-computers, personal computers and workstations, software development tools, electronic data terminals and printers, industrial automation and control systems, electronic calculators, and hearing aids.

## Facilities

Semiconductor Group, Dallas, Texas. This unit produces application-specific integrated circuits (ASICs), very large-scale integration (VLSI) logic chips, application processors, advanced linear circuits, and military semiconductor devices.

Texas Instruments HiRel Defense & Aerospace, PO Box 84, Sherman, TX 75091. HiRel Defense &

Aerospace functions as an independent business unit of TI. Created in 1978 to serve the special requirements of the military customers, the unit offers products such as: digital signal processors, analog & mixed-signal systems, fifo devices, programmable logic and digital logic products, and products for the space industry.

Web site: <http://www.ti.com/hirel>

## Corporate Overview

TI's strategic effort over the past few years has been to execute major transitions in the company's businesses. These transitions include the move from standard to specialized products in semiconductors, and from hardware to software in information technology.

### New Products and Services

No new aerospace- or defense-related products have been announced by Texas Instruments.

### Plant Expansion/Organization Update

**Santa Cruz Ops Consolidated.** In March 2001, Texas Instruments consolidated its Santa Cruz (California) operations into other existing manufacturing facilities, mainly in Dallas and Houston. The TI Santa Cruz facility, which primarily manufactured semiconductors used in computer hard-disk drives, was closed at the end of 2001.

### Mergers/Acquisitions/Divestitures

**Sensors & Controls Sold.** In April 2006, Texas Instruments completed the sale of its Sensors & Controls business to affiliates of Bain Capital LLC, a private investment firm, for \$3.0 billion in cash. The former Sensors & Controls business has adopted the name Sensata Technologies, and will continue to be headquartered in Attleboro, Massachusetts. It will maintain additional manufacturing and technology development centers located in Brazil, China, Holland, Japan, Korea, Malaysia, and Mexico, as well as sales offices around the world. The sale did not include the radio frequency identification (RFID) systems operation, which remains part of Texas Instruments. The deal was first announced in January 2006.

**TI Acquires Radia Communications.** In July 2003, Texas Instruments acquired Radia Communications Inc. Based in Sunnyvale, California, Radia is a fabless semiconductor company specializing in the development of radio frequency (RF) semiconductor, subsystem, signal processing, and networking

Texas Instruments

technologies for 802.11 wireless local area networking (WLAN) multiband/multimode radios. TI's customers now have a single source for their WLAN media access controller, baseband, and RF, reducing their time to market for 802.11 products and for broadband, wireless and consumer devices.

**TI Acquires Burr-Brown.** In August 2000, a merger between Burr-Brown and Texas Instruments was completed in a stock-for-stock transaction. Burr-Brown is a developer of analog semiconductors, principally in the data converter and amplifier segments of the market. Burr-Brown designs data converters at the highest end of the precision and speed range, including 24-bit converters. Data converters and amplifiers are key to new and emerging applications, such as 3G (third generation) wireless phones, DSL (digital subscriber line) modems, Internet audio players, and digital consumer audio systems. Burr-Brown continues to operate in Tucson, Arizona, as a wholly owned subsidiary of TI.

**Teaming/Competition/Joint Ventures**

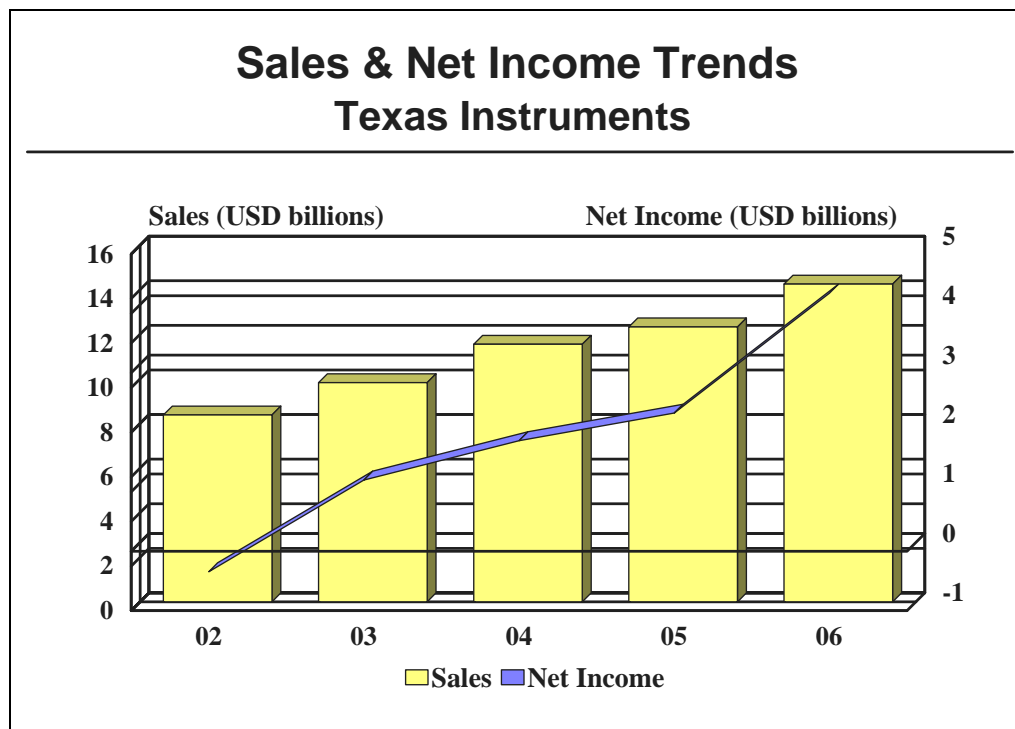
**Hitachi.** In April 1999, Hitachi and Texas Instruments signed an agreement under which Hitachi will use Digital Light Processing (DLP) technology to develop the world's first all-digital, large-screen, high-definition (HD) rear-projection television. (Hitachi released the new television in Japan and to the U.S. market in the second half of 2000.) The agreement also called for TI to further develop DLP technology in support of HDTV applications with a 16:9 aspect ratio, and for the two companies to collaborate in the development of new, higher brightness projection optics, HDTV signal receiving technology, and an image-processing LSI (large-scale integrated) circuit.

**Financial Results/Corporate Statistics**

TI's net sales for 2006 were \$14.2 billion, up 15 percent from \$12.3 billion in 2005. The company posted net income of \$4.3 billion for the year, compared with net income of \$2.3 billion in 2005. The biggest contributor to the 2002 loss was the fourth quarter \$638 million write-down of its Micron Technology Inc common stock. TI received this stock in connection with the sale of its memory business unit to Micron in 1998. The loss in 2001 was due to reduced demand for semiconductors during the year. Results have been restated to conform to the company's current presentation.

Y/E December 31	2001	2002	2003	2004	2005	2006
(USD millions)						
Net Sales	8,201	8,383	9,834	11,552	12,335	14,255
Net Income	-201	-344	1,198	1,861	2,324	4341
R&D Expenditures	1,522	1,619	1,748	1,946	1,986	2,195

## Texas Instruments



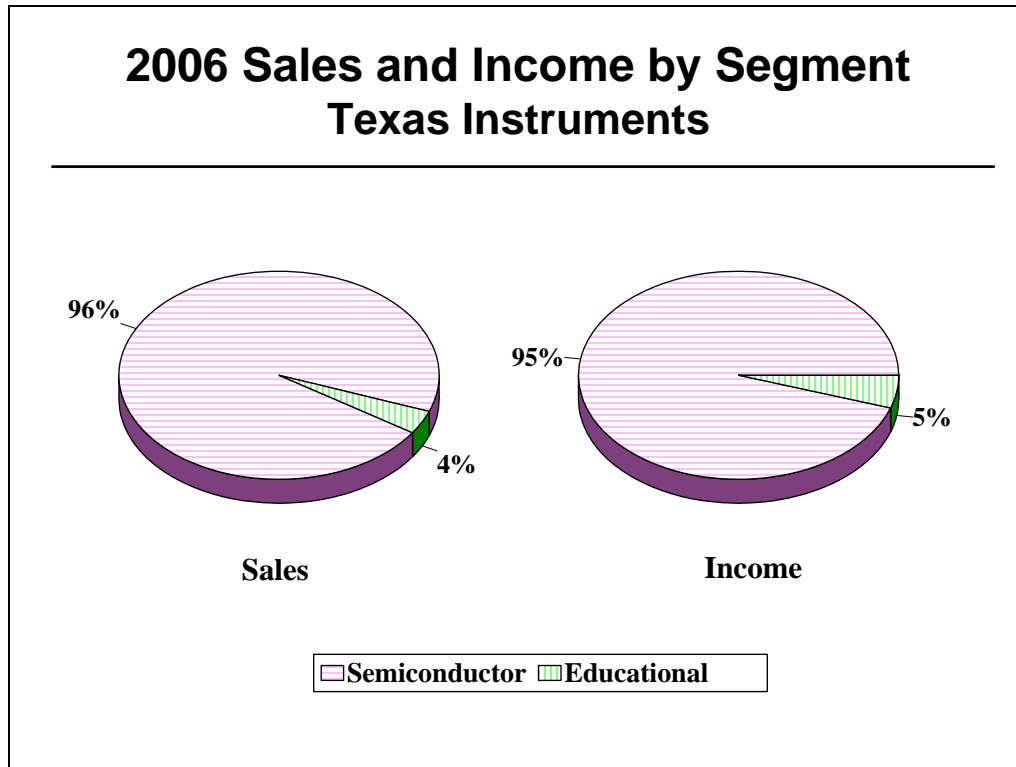
## Industry Segments

A breakdown of TI's sales and operating income by business segment for the past three years is provided below.

<b>SALES</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
(USD millions)			
Semiconductor	11,034	11,829	13,730
Educational	518	506	525
<b>TOTAL</b>	<b>11,552</b>	<b>12,335</b>	<b>14,255</b>

<b>OPERATING INCOME</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
(USD millions)			
Semiconductor	2,068	2,808	3,831
Educational	176	188	200
<b>TOTAL</b>	<b>2,244</b>	<b>2,996</b>	<b>4,031</b>



## Strategic Outlook

Texas Instruments has joined the ranks of the consolidated by selling off its defense electronics business to Raytheon. Today, Texas Instruments is focused on semiconductors and digital products, with only a minimal interest in defense, primarily on the subcontractor level.

unit did have several lucrative programs in its portfolio, such as the Javelin anti-tank missile, the Joint Standoff Weapon, the TOW Improved Target Acquisition System, and the Improved Bradley Acquisition Subsystem, the company believed it would be better served by divesting these operations and focusing its energies on its commercial operations.

Prior to the sale, TI was considered pretty much of a niche player in the defense industry. Although the sold

## Prime Award Summary

### Department of Defense Top 100 Companies and Their Subsidiaries

Data are unavailable, as this company did not place within the top 100. For more information, please see Appendix I, "100 Companies Receiving the Largest Dollar Volume of Prime Contract Awards."

## Program Activity

Texas Instruments' involvement in aerospace and defense programs is marginal. The company's semiconductors are utilized in various avionics, military imaging systems, munitions, radar, and sonar systems.

## U.S. Contract Awards

No major U.S. contracts have been awarded to Texas Instruments since Raytheon purchased the defense unit in 1997.

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