

Environmental, Safety and Health



Message from the President & CEO

Throughout our history, the people of Texas Instruments have strived to build a company known across the globe for quality, performance, innovation and responsibility. The products we manufacture may have changed, but our commitment to maintaining a safe workplace for our employees and a healthy environment for our communities has remained constant for more than 75 years. We have stayed true to our goal of zero wasted resources, zero injuries and zero illnesses, and we take pride in our reputation as a company that consistently delivers value to our customers and our investors without ever compromising our principles.

TI's comprehensive Environmental, Safety and Health programs help ensure we act responsibly as a business, an employer and a member of our communities. It is a tool both for building trust in the marketplace and for delivering strong financial results. In fact, we have built our new manufacturing center in Richardson, Texas, with this principle in mind – that attention to the environment and employee well-being helps increase productivity and improves our bottom line.

We aim high in everything we do, and so after meeting our ESH goals for 2004, we set more ambitious targets for 2005. As shown in the following report, our results last year for recycling non-hazardous waste were outstanding, though we did fall short in other areas. We have raised the bar again this year, and we are determined to keep our sights firmly set on “zero” and remain focused each day on achieving our goals.

All of us at TI are proud of this company's global reputation for environmental stewardship and best-in-class safety performance, as well as our commitment to continued improvement. It is our winning combination of high ethical standards, technology leadership, and strong business management that makes TI truly a world-class organization.



A handwritten signature in black ink, appearing to read "Richard K. Templeton". The signature is stylized and fluid.

Richard (Rich) K. Templeton
President and Chief Executive Officer

TI Awards - 2005

Certificate of Recognition

FTSEF Good Index Series

For compliance with global responsible corporate standards.

Sony Green Partner Recertification

Sony developed the "Green Partner Program" with business suppliers to ensure the production of environmentally-friendly products. Under the program, Sony and its business partners adhere to a common set of environmental standards. All of TI's Assembly and Test Sites and Wafer Fabrication Plants are certified Sony Green Partners.

Recognition Award for Environmental Excellence, Best Practices, and Legal Compliance

IMAE (Environmental Institute of the State), formerly SEDES0 (Secretary of Social Development), State agency of Aguascalientes Texas Instruments de Mexico, Aguascalientes, Mexico

To recognize TI Mexico semiconductor and sensors and control sites for zero citations and compliance with local environmental requirements during 2005

Recognition award for Safety & IH Best Practices

ISSSSPEA (Safety and Social Security Institute for Public Employees of the State of Aguascalientes)

Texas Instruments de Mexico, Aguascalientes, Mexico

To recognize best practices sharing in safety and industrial health programs with Mexican government employees and managers.

Recognition award for Ergonomics Program

IMSS (Mexican Institute of Social Security) - Federal Texas Instruments de Mexico, Aguascalientes, Mexico

To recognize best practices in ergonomics.

National Safety Award

IMSS (Mexican Institute of Social Security)

Texas Instruments de Mexico, Aguascalientes, Mexico

To recognize best sites for implementing outstanding safety programs. TI was one of three other companies throughout the company to receive such an honor.

Outstanding Environmental Performer

Philippines Export Zone Authority Award

TI Philippines, Baguio, Philippines

For implementing exemplary environmental programs.

Mother Nature Award

Pollution Control Association of the Philippines

TI Philippines, Baguio, Philippines

For success in implementing sound environmental management systems and programs and possessing a sterling track record on community involvement.

Top 10 Pollution Control Officers

Pollution Control Association of the Philippines Incorporated

TI Philippines, Baguio, Philippines

Awarded to Andrew Campolet.

Merit Citation Award

Department of Environment and Natural Resources (DENR)

TI Philippines, Baguio, Philippines

For DENR Compliance.

Occupational Excellence Achievement Award

National Safety Council

TI, United States

For achieving a lost/restricted day case rate less than 50 percent of the rate of similar manufacturing facilities in the country.

Industry Leader Award

National Safety Council

TI, United States

For achieving top safety performance among industry peers.

TI ESH Excellence Awards - 2005-2006

The TI Environmental, Safety and Health Excellence Awards are presented annually to the TI sites that best demonstrate an outstanding commitment to compliance, integration of ESH principles, continuous improvement and world-class performance. The winning sites possess a workforce culture dedicated to ESH excellence and their performance reflects these values.

Gold

• Baguio, Philippines

Silver

• Miho, Japan

• Taipei, Taiwan

TI Safety Excellence Awards - 2005-2006

Each year, TI recognizes the sites that demonstrate the company's best and most improved safety performance.

Winner:

DMOS6, Dallas, Texas, USA

Most Improved:

TI Houston, Stafford, Texas, USA

SC Building, Dallas, Texas, USA

Best Workplaces for Commuters

U.S. Environmental Protection Agency

TI, United States

TI was ranked 6th nationally among the Top 20 of FORTUNE 500 Companies for providing outstanding commuter benefits, which meet the EPA's National Standard of Excellence.

North Texas Best Workplaces for Commuters Employer of the Year

North Texas Clean Air Coalition

TI North Texas, Texas, USA

For an outstanding employee commute solutions program and strong participation in the annual Commuter Challenge.

Clean Texas, Cleaner World Partner

Texas Commission on Environmental Quality

TI Dallas, North Campus, USA

For taking care of Texas through environmental leadership.

Blue Thumb Award

City of Dallas Water Utilities Pretreatment Program

TI Dallas, North Campus, USA

For achieving full compliance with Pretreatment Regulations July 1, 2004 to June 30, 2005. This is the third consecutive year TI has received the award.

Summit Award

Leeds School of Business at the University of Colorado at Boulder

TI Richardson, RFAB, Richardson, Texas, USA

For development of RFAB, which demonstrates environmental leadership and enhances business performance.

Perfect Record Award

National Safety Council

TI Sherman, Sherman, Texas, USA

For one year without a lost time accident.

Distinguished Recycling Partner

City of Plano

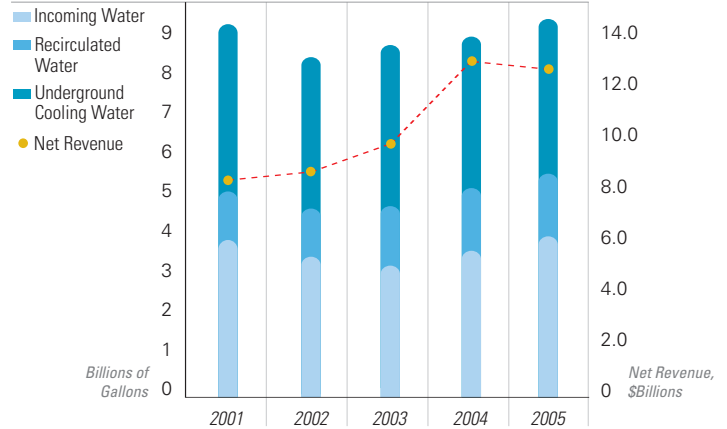
TI Spring Creek, Plano, Texas, USA

For site's commitment to recycling and employee involvement in maintaining a sustainable program.

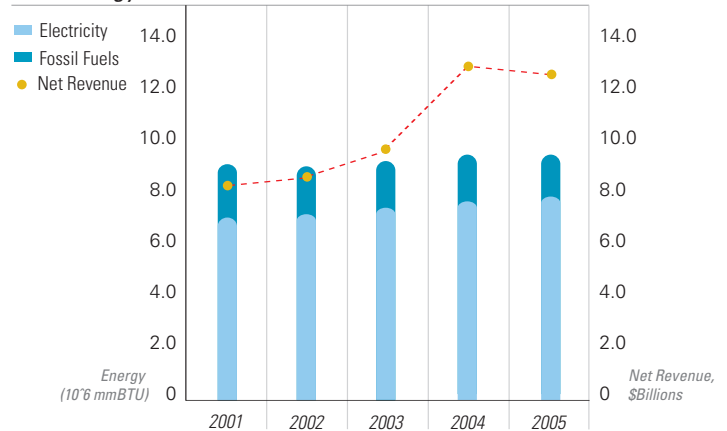
During recent years, divestitures and acquisitions have changed the face of our business and the way we report and set goals for the company's environmental, safety and health performance worldwide. As our company focuses on digital signal processing, analog and mixed-signal solutions markets, we have greatly increased our manufacturing operations, particularly in the United States.

These dynamic operational changes make it difficult to compare our performance from year to year, but we believe there is value in tracking our trends. You'll see we have provided five years of data throughout this report, a reflection of our continued innovative efforts to operate safely and sustainably at all of our facilities worldwide.

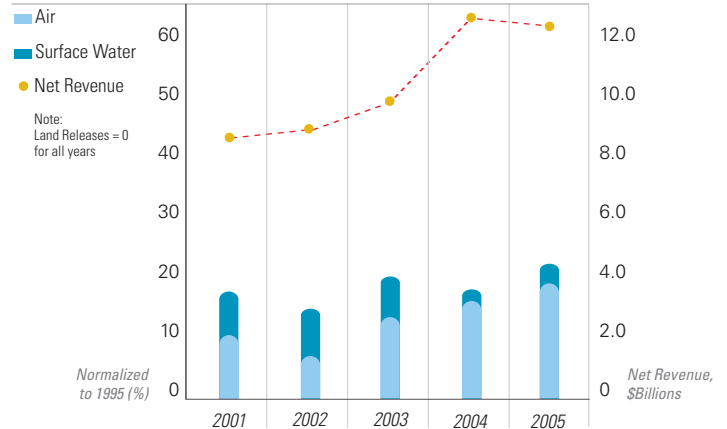
Total TI Water Use



Total Energy Use



Permitted Releases to Air, Land & Water EPA TRI Chemicals (US Only)



1930

1930 Founded as "Geophysical Service"

1946 Established Lab & Manufacturing Division

1940

1951 Name changed to Texas Instruments Incorporated (TI)

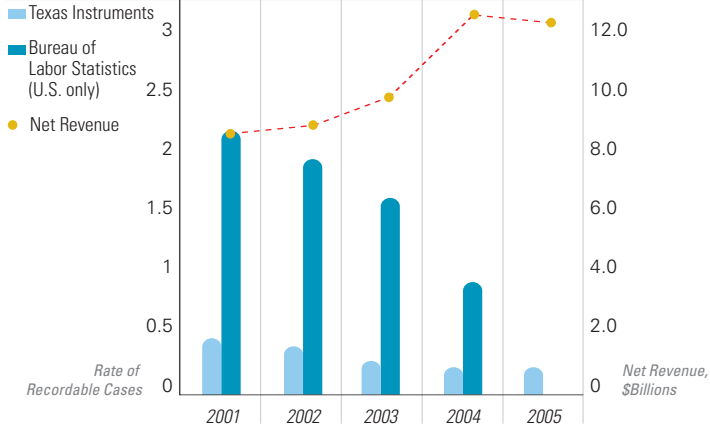
1950

1954 First commercial silicon transistor

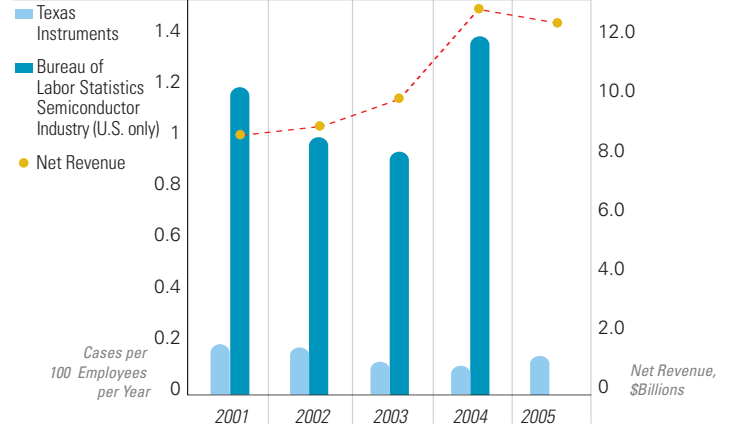
1958 First integrated circuit (IC) by Jack Kilby



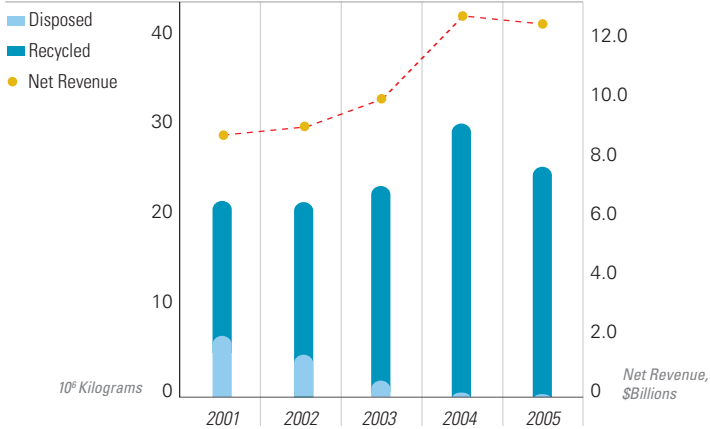
Recordable Cases



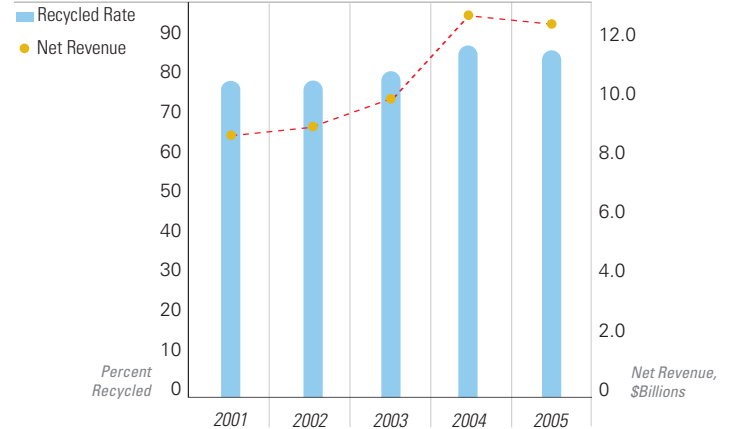
Lost/Restricted Day Cases



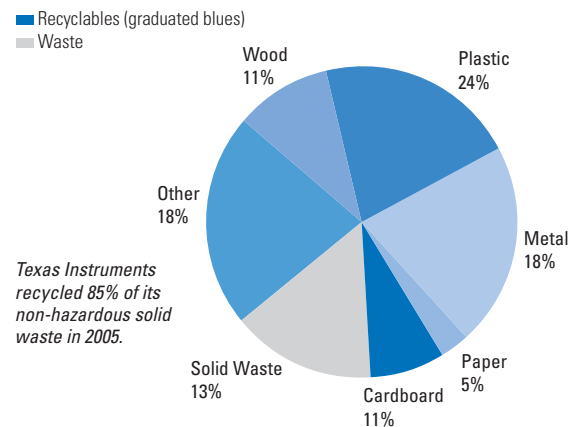
Worldwide Hazardous Waste



Non-Hazardous Materials Recycling Rate



Non-Hazardous Solid Waste and Recyclables



1961 First TI ethics booklet published

1967 Invented electronic handheld calculator

1969 Apollo mission landed with aid of TI products



1970



1970s First environmental standards adopted

1970s First safety standards adopted

1973 Established energy management program

1982 Introduced single-chip digital signal processor

1984 Launched Worldwide ESH Audit Program

1989 TI Malaysia received Malaysia Award for Excellence in Manufacturing

1989 Introduced first lead-free alternative to IC market

1980



Sustainability: Not Just a Buzz Word at TI

At TI, sustainability is more than just a buzzword. It is a way of life. For decades, TI has taken a multi-faceted approach to environmental sustainability in areas where it makes good business sense for TI's bottom line and the environment and has long pursued the goal of "zero wasted resources." The distinct areas of focus include: energy conservation, water conservation, strategic material use, and air emission reductions. TI takes an entrepreneurial approach to achieving goals in each of these areas.

Energy conservation has long been one of four key areas that TI has historically pursued to reduce costs and environmental impact. Since 1973, when TI established a formal program promoting energy conservation, the company has worked hard to make energy efficiency part of the TI culture. Energy reduction goals are established annually on a worldwide basis, and TI employees have identified and implemented thousands of conservation projects. These range from simply turning off lights and equipment when not needed, to the purchase of more efficient major facilities equipment such as chillers. These projects typically have a payback of less than two years and have significantly reduced nitrogen oxide and carbon dioxide emissions associated with their use. Successful energy reduction efforts are shared among other TI facilities thus increasing the conservation of natural resources and associated savings.

Reducing water use has also been a priority for the company. Water conservation is accomplished primarily through increased manufacturing rinse efficiency, recycling, reclamation, and conservation both in grounds maintenance and employee use. Significant investments in professional expertise and equipment funds enable TI to maintain efficient processes and minimize impact on regional water resources. Because of these efforts, we believe we are one of the industry leaders in water use optimization – recycling and reusing almost 1.5 billion gallons of water annually at facilities around the world.

TI's pursuit of sustainability through "zero wasted resources" is reflected in various programs that enable strategic material use. We apply aspects of industrial ecology to optimize processes worldwide, reduce waste and add value. We do this by first decreasing the amount of new materials needed for manufacturing and by constantly looking for new ways to reuse and recycle materials. Carefully managed processes allow employees to reduce material use by diluting chemicals in manufacturing operations, recapturing and recycling valuable pump oils, replacing solvents with high-pressure water in parts clean-up applications, replacing materials with more environmentally benign substitutes and using new methods of transportation and

storage to support and enhance recycling efforts. In addition, TI's comprehensive non-hazardous solid waste (NHSW) program has produced industry-leading results, reducing worldwide landfill use through source reductions, recycling and reuse. In fact, in 2005, TI sites around the world recycled 85 percent of all NHSW, exceeding the set goal of 80 percent.

Another important component of **strategic material use** is the safe management of materials in our manufacturing operations. TI's comprehensive principle-based chemical screening program fully assesses the ESH impact of proposed new chemicals, gases and manufacturing materials. One example of this successful program includes the company's phase-out of lead use. In 1989, TI introduced one of the first lead-free (Pb-Free) semiconductor component finishes to the market. Today, over 30 billion Pb-Free TI components are now in products around the world.

Air emissions reduction is integral to maintaining a healthy community and a license to operate at several key manufacturing sites. Multi-faceted projects that aim to reduce air emissions are developed as they are identified or as they become technologically feasible. For example, in early 2000, Texas Instruments' environmental team took a look at ways company operations in North Dallas could more effectively reduce NOx emissions that contribute to ozone formation. The result was the implementation of an interdisciplinary ozone pre-cursor control program addressing six key activities: generator testing, boiler efficiency, technological upgrades, efficient lawn maintenance, efficient construction, and reduced employee vehicle use. These activities either reduced NOx emissions overall or eliminated NOx emissions during peak hours of ozone formation, 6 a.m. to Noon, during Ozone Season, May through October. The projects averted 30 tons of ozone-forming NOx emissions in 2005 alone.

In short, regardless of the location, building size or site, TI has proven that energy conservation, water conservation, strategic material use and air emissions reductions not only decrease impact to the environment, but also add value to the bottom line. These efforts have steadily intensified in the past three decades, culminating in 2004 with the construction of RFAB our first manufacturing facility that addresses all aspects of cost reduction and resource efficiency; from building design and construction to its operation. As we continue to move ahead, this sustainable approach promises to be a long-term strategy for success throughout the company's operations worldwide.

- 1990** Initiated NHSW recycling worldwide
- 1990** TI Ergonomics Program established
- 1991** Management-driven safety policies established
- 1992** TI-Freising ammonia recycling program established



- 1993** Ozone-depleting substances eliminated in products and production chemicals
- 1996** TI ESH Policies & Principles adopted
- 1996** TI-Freising became the company's first site to obtain ISO 14001 and Eco-Management and Audit Scheme certification
- 1997** Announced biological sensor technology
- 1997** TI-Dallas received Texas Governor's Award for Environmental Excellence

The World's First Green Semiconductor Manufacturing Plant: TI's RFAB

In 2003, Texas Instruments announced it had selected a location in Richardson, Texas, as the site for its next major semiconductor manufacturing plant. This site came to be known as RFAB, short for Richardson Fabrication. When in operation, the fab will produce sophisticated semiconductors, the brains inside a vast array of electronics such as digital cameras, cell phones and other devices. Beyond the cutting edge products it will manufacture and the leading technology it will use, RFAB stands in a class of its own. The site's innovative and high-efficiency design, the first of its kind in the world, enables the company to operate at a lower cost and with reduced environmental impact.

A brief narrative on how RFAB came to be

Before any design funding was approved for the construction, a small group of employees began investigating sustainable design. They looked beyond the surface of the simple payback economic analysis to understand the true overall return on investment.

In parallel with the drive to design a sustainable facility, the TI Worldwide Construction organization was challenged with trimming the cost of the new facility by 30 percent over the previous 300mm wafer fab. This turned out to be an advantage for the sustainability team because it required a new fab concept instead of just duplicating previous designs. This meant that sustainable features could be incorporated into the site plans from the start.

Garnering support by starting small

As the research team began to understand what was possible in their drive toward sustainable design, they knew they needed to solicit management support. A research team member offered TI's senior vice president of Manufacturing a tour of his passive/active solar house. While the tour provided a good primer on sustainable design, it was the low operating cost that really caught the executive's attention. He wanted to know first and foremost, "How much of this design process scales up to a large facility?" The answer: "All of it!" The conversation ended with one last question, "What do you need to make this happen?"

Addressing cost challenges through innovation

The design teams met with world renowned physicist, author and environmentalist, Amory Lovins and his team from the Rocky Mountain Institute to conduct a 3-day design charrette. The group brainstormed

ideas, analyzed and then prioritized them into a list dubbed "Big Honkin' Ideas." It was also during the charrette that the team first seriously considered using LEED (Leadership in Energy and Environmental Design) green building scoring system as a standard to drive high-performance.



RFAB Team during early stages of construction, 2004.

Making concept a reality.

Employees involved with the project rallied around the idea of scoring points for sustainable design. The charrette provided a general blueprint. A concept drawing was developed with many of the important sustainable architectural goals integrated into the concept.

In the end, most of the Big Honkin' Ideas were incorporated along with dozens of other items that came from the charrette. Although building "green" required some additional investment to realize long-term operating benefits, it added up to less than one percent of the construction budget. In addition, the plant was successfully built for an estimated 30 percent less in cost than a similar TI manufacturing plant constructed just six miles away almost 10 years earlier. This latter achievement increased the building's cost competitiveness among other semiconductor manufacturing facilities being built outside of the U.S.

For more information on RFAB or sustainable design, go to: <http://www.ti.com/rfab>

1998 Wafer recycling program established: Recycled wafers converted to solar panels reduce energy consumption

1998 Continued acquisitions to strengthen the company's DSP, analog and end-equipment portfolios

1999 Sulfuric Acid Reuse Program established

1999 Acquisition activity accelerated to strengthen semiconductor leadership

*Lost/restricted day case rates (L/RDC) – metric that tracks recordable injuries resulting in days away from work, restriction of work or motion, temporary assignment to "light" duty or temporary part-time work.

Environmental Management Systems

Environmental stewardship is a high priority at TI. That's why TI has a management system in place at each of its manufacturing operations that is equivalent or certified to ISO 14001. All TI sites operate under strict adherence to the company's corporate environmental, safety and health policy and principals. In addition, compliance with local government authority is a minimum requirement for all sites. Local management is responsible for assuring compliance, and corporate ESH audits assure that working processes are in place. Currently, the majority of TI semiconductor manufacturing sites worldwide have obtained ISO14001 certification. The exceptions are those located in Texas and Arizona, U.S.A., which operate under the TI-equivalent environmental management system.

ISO 14001 Certification Status:

Semiconductor Business Group



Aguascalientes, Mexico

- Certification: 13 January 2006.
CERT-04872-2005-AE-HOU-ANAB



Baguio, Philippines

- Certification; 13 January 2006.
CERT-06513-2004-AE-HOU-ANAB, Rev. 2



Dallas, TX, USA

- Operates under the TI equivalent of ISO14001



Freising, Germany

- Certification: 1 February, 2006.
CERT UGA:025-2006
- EMAS 2005 Certification: 1 February, 2006.
D-V-0248



Houston, TX, USA

- Operates under the TI equivalent of ISO14001



Hiji and Miho, Japan

- Certification: 13 January 2006.
CERT-07556-2004-AE-HOU-ANAB, Rev. 1



Kuala Lumpur, Malaysia

- Certification: 13 January 2006.
CERT-07559-2004-AE-HOU-ANAB, Rev. 1



Sherman, TX, USA

- Operates under the TI equivalent of ISO14001



Taipei, Taiwan

- Certification: 13 January 2006.
CERT-



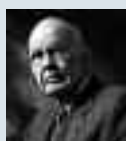
Tucson, AZ, USA

- Operates under the TI equivalent of ISO14001

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The sites which do not have ISO 14001 certification operate under TI's ESH Policy and Principles and in compliance with TI Environmental, Safety and Health Standards.



- 2000** Jack Kilby awarded the Nobel Prize
- 2000** Company record low for L/RDC Rate* – 0.34
- 2001** TI announced agreement to not use products made from old growth wood
- 2003** TI launched U.S. mobile phone re-use program
- 2003** Sony recognized TI as a Green Partner
- 2004** Achieved company record low L/RDC Rate for fifth consecutive year. 2004 L/RDC Rate – 0.09

- 2004** RFAB groundbreaking
- 2005** TI achieves best safety record in U.S. semiconductor industry for second consecutive year



- 2006** RFAB construction completed

2000