

Adopted: 01-25-74
Amended: 12-02-04

STATEMENT OF RESPONSIBILITIES

AUDIT COMMITTEE THE BOARD OF DIRECTORS TEXAS INSTRUMENTS INCORPORATED

Purpose

The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) in its oversight of: the integrity of the Company’s financial reports and other financial information provided by the Company to any governmental or regulatory body or the public, including the Company’s systems of internal controls; the Company’s compliance with legal and regulatory requirements; the independent auditor’s engagement qualifications and independence; and the performance of the Company’s internal audit function and independent auditors.

NOTE: The Company’s management is responsible for preparing the Company’s financial statements. The Company’s independent auditors are responsible for auditing the financial statements. The activities of the Committee are in no way designed to supersede or alter those traditional responsibilities. Except to the extent required by the New York Stock Exchange, membership on the Committee does not call for the professional training or technical skills generally associated with career professionals in the fields of accounting and auditing. In addition, the Company’s independent auditors and the internal audit staff have more available time, knowledge and detailed information about the Company than do Committee members. Accordingly, the Committee’s role does not provide any expert or special assurances with regard to the Company’s financial statements, nor does it involve a professional certification or evaluation of the quality of the audits performed by the independent auditors.

In discharging its oversight role, the Committee is authorized to study or investigate any matter of interest or concern that the Committee deems appropriate, with access to all books, records, facilities and employees of the Company; and to use the services of the independent or internal auditors, and retain independent counsel and other experts as it deems necessary to carry out its duties. The Company will fund (a) expenses incurred as a result of the retention by the Committee of the independent auditors and other experts and (b) such ordinary administrative expenses of the Committee as are necessary or appropriate in carrying out its duties.

The Committee is also responsible for preparing a report required by the Securities and Exchange Commission (SEC) to be included in the Company’s annual proxy statement.

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Membership

The Committee will be composed of not less than three (3) members of the Board, all of whom, as noted below, meet the requirements of the New York Stock Exchange. The members and the chair and, if any, the vice chair shall be appointed by a majority of the whole Board.

A majority of the Committee will constitute a quorum for the transaction of business.

NYSE Listing Standards

- The membership of the Committee will meet the requirements of the Audit Committee Policy of the New York Stock Exchange (“NYSE Policy”).
- The independent auditors are accountable to the Committee. The Committee has the authority and responsibility for the appointment, compensation, retention and oversight of the work of the independent auditors. The Committee also has responsibility for resolving any disagreements between management and the independent auditors. The Committee (or one or more of its members to whom authority has been delegated) will pre-approve all audit and permitted non-audit services to be performed by the independent auditors.
- Annually, the Committee will review a written report from the Company’s independent auditors that:
 - Delineates all relationships between the auditors and the Company (in accordance with Independence Standards Board Standard No. 1).
 - Describes the independent auditor’s quality-control procedures.
 - Describes any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issue.
- Annually, the Committee will discuss with the independent auditors any disclosed relationships and their impact on the auditor’s independence and take appropriate action in response to the auditor’s report to satisfy itself of the auditor’s independence.
- Annually, the Committee will review this Statement of Responsibilities and conduct a performance evaluation in accordance with the requirements of the NYSE Policy.

Other Duties and Responsibilities of the Committee

- A. The Committee will review the Company’s annual reports to the Securities and Exchange Commission, including audited financial statements to be included in such reports, and recommend appropriate action by the Board.
- B. The Committee will undertake the following and periodically advise the Board:

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1. Review annually:
 - a. The scope of the annual audit for TI and subsidiary companies recommended by the independent auditors.
 - b. The annual corporate internal audit plans for TI and subsidiary companies recommended by the Company's director of audit services.
 - c. The scope of annual TI employee benefit trusts audits.
2. Review and discuss with management and the independent auditors the Company's audited financial statements and specific disclosures under "Management's Discussion and Analysis", including a discussion with the independent auditors regarding the matters required to be discussed by Statement of Auditing Standards No. 61, and any audit problems or difficulties encountered and management's response thereto.
3. Review and discuss with management and the independent auditors the Company's quarterly reports to the Securities and Exchange Commission, including a discussion of the interim financial statements and specific disclosures under "Management's Discussion and Analysis".
4. Review and discuss with management before issuance the Company's news releases regarding annual and interim financial results, with the Committee acting as a whole or through its chair; and generally review and discuss with management any earnings guidance that may be provided to analysts and rating agencies.
5. Review and discuss with management and the independent auditors the adequacy of the Company's system of internal accounting controls and other factors affecting the integrity of published financial reports, consulting as appropriate with the internal audit staff, the independent auditors (both of which shall have direct access to the Committee) and others concerning, among other things, the internal accounting controls in effect, any major weaknesses discovered (including any fraud, whether or not material, involving internal controls or employees with responsibility for internal controls) and related corrective actions.
6. Review and discuss the Company's policies with respect to risk assessment and risk management.
7. Establish hiring policies for employees or former employees of the independent auditors.
8. Engage in any activities that the Committee deems to be necessary or appropriate in furtherance of its purpose, functions and responsibilities.

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- C. Establish procedures for:
 - 1. The receipt, retention and treatment of complaints on accounting, internal accounting controls or auditing matters; and
 - 2. Confidential, anonymous submissions by Company employees of concerns regarding questionable accounting or auditing matters.

- D. The agenda for each Committee meeting will provide sufficient opportunity for the independent and internal auditors to meet with the members of the Audit Committee without members of management present.