

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2026

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

For the transition period from _____ to _____

Commission File Number 001-03761

TEXAS INSTRUMENTS INCORPORATED

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State of Incorporation)

75-0289970

(I.R.S. Employer Identification No.)

12500 TI Boulevard, Dallas, Texas

(Address of principal executive offices)

75243

(Zip Code)

Registrant's telephone number, including area code 214-479-3773

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$1.00	TXN	The Nasdaq Global Select Market

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 ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

913,247,686

Number of shares of Registrant's common stock outstanding as of

July 15, 2026

PART I - FINANCIAL INFORMATION

ITEM 1. Financial statements

Consolidated Statements of Income (In millions, except per-share amounts)	For Three Months Ended		For Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Revenue	\$ 5,463	\$ 4,448	\$ 10,288	\$ 8,517
Cost of revenue (COR)	2,111	1,873	4,137	3,629
Gross profit	3,352	2,575	6,151	4,888
Research and development (R&D)	535	527	1,045	1,044
Selling, general and administrative (SG&A)	490	485	954	957
Acquisition charges	17	—	34	—
Operating profit	2,310	1,563	4,118	2,887
Other income (expense), net (OI&E)	69	48	116	128
Interest and debt expense	141	133	282	261
Income before income taxes	2,238	1,478	3,952	2,754
Provision for income taxes	258	183	427	280
Net income	\$ 1,980	\$ 1,295	\$ 3,525	\$ 2,474
Earnings per common share (EPS):				
Basic	\$ 2.16	\$ 1.42	\$ 3.85	\$ 2.71
Diluted	\$ 2.14	\$ 1.41	\$ 3.82	\$ 2.69
Average shares outstanding:				
Basic	912	908	911	909
Diluted	920	912	917	914

A portion of net income is allocated to unvested restricted stock units (RSUs) on which we pay dividend equivalents. Diluted EPS is calculated using the following:

Net income	\$ 1,980	\$ 1,295	\$ 3,525	\$ 2,474
Income allocated to RSUs	(11)	(7)	(20)	(13)
Income allocated to common stock for diluted EPS	\$ 1,969	\$ 1,288	\$ 3,505	\$ 2,461

See accompanying notes.

Consolidated Statements of Comprehensive Income (In millions)	For Three Months Ended		For Six Months Ended	
	June 30,		June 30,	
	2026	2025	2026	2025
Net income	\$ 1,980	\$ 1,295	\$ 3,525	\$ 2,474
Changes in other comprehensive income (loss), net of tax				
Net actuarial losses of defined benefit plans:				
Adjustments	1	(13)	2	(20)
Recognized within net income	1	4	1	6
Prior service cost (credit) of defined benefit plans:				
Adjustments	—	—	1	—
Recognized within net income	—	—	1	—
Available-for-sale investments and other:				
Adjustments	(1)	—	(3)	(2)
Other comprehensive income (loss)	1	(9)	2	(16)
Total comprehensive income	\$ 1,981	\$ 1,286	\$ 3,527	\$ 2,458

See accompanying notes.

Consolidated Balance Sheets	June 30, 2026	December 31, 2025
(In millions, except par value)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,660	\$ 3,225
Short-term investments	3,341	1,656
Accounts receivable, net of allowances of (\$22) and (\$22)	2,520	1,963
Raw materials	467	465
Work in process	2,407	2,372
Finished goods	1,731	1,967
Inventories	4,605	4,804
Prepaid expenses and other current assets	1,631	2,102
Total current assets	15,757	13,750
Property, plant and equipment at cost	17,856	17,682
Accumulated depreciation	(5,945)	(5,362)
Property, plant and equipment	11,911	12,320
Goodwill	4,330	4,330
Deferred tax assets	1,017	967
Capitalized software licenses	314	238
Overfunded retirement plans	316	324
Other long-term assets	2,237	2,656
Total assets	\$ 35,882	\$ 34,585
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of long-term debt	\$ 1,149	\$ 500
Accounts payable	680	756
Accrued compensation	536	829
Income taxes payable	70	67
Accrued expenses and other liabilities	809	1,007
Total current liabilities	3,244	3,159
Long-term debt	12,903	13,548
Underfunded retirement plans	123	124
Deferred tax liabilities	55	66
Other long-term liabilities	1,550	1,415
Total liabilities	17,875	18,312
Stockholders' equity:		
Preferred stock, \$25 par value. Shares authorized – 10; none issued	—	—
Common stock, \$1 par value. Shares authorized – 2,400; shares issued – 1,741	1,741	1,741
Paid-in capital	5,129	4,511
Retained earnings	53,161	52,236
Treasury common stock at cost		
Shares: June 30, 2026 – 828; December 31, 2025 – 834	(41,941)	(42,130)
Accumulated other comprehensive income (loss), net of taxes (AOCI)	(83)	(85)
Total stockholders' equity	18,007	16,273
Total liabilities and stockholders' equity	\$ 35,882	\$ 34,585

See accompanying notes.

Consolidated Statements of Cash Flows (In millions)	For Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities		
Net income	\$ 3,525	\$ 2,474
Adjustments to net income:		
Depreciation	1,088	884
Amortization of capitalized software	42	41
Stock compensation	236	245
Gains on sales of assets	(13)	—
Deferred taxes	(66)	(137)
Increase (decrease) from changes in:		
Accounts receivable	(557)	(215)
Inventories	199	(285)
Prepaid expenses and other current assets	(7)	(16)
Accounts payable and accrued expenses	(24)	(29)
Accrued compensation	(305)	(255)
Income taxes payable	116	61
Changes in funded status of retirement plans	7	(27)
Other	(18)	(32)
Cash flows from operating activities	4,223	2,709
Cash flows from investing activities		
Capital expenditures	(1,190)	(2,428)
Proceeds from U.S. CHIPS and Science Act (CHIPS Act) incentives	1,104	260
Proceeds from asset sales	37	—
Purchases of short-term investments	(3,342)	(1,839)
Proceeds from short-term investments	1,679	3,938
Other	(37)	(13)
Cash flows from investing activities	(1,749)	(82)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	—	1,199
Repayment of debt	—	(750)
Dividends paid	(2,586)	(2,473)
Stock repurchases	(185)	(955)
Proceeds from common stock transactions	754	233
Other	(22)	(37)
Cash flows from financing activities	(2,039)	(2,783)
Net change in cash and cash equivalents	435	(156)
Cash and cash equivalents at beginning of period	3,225	3,200
Cash and cash equivalents at end of period	\$ 3,660	\$ 3,044
Supplemental cash flow information		
Investment tax credit (ITC) used to reduce income taxes payable	\$ 301	\$ 203
Proceeds from CHIPS Act incentives	1,104	260
Total cash benefit related to the CHIPS Act	\$ 1,405	\$ 463

See accompanying notes.

Notes to financial statements

1. Description of business, including segment and geographic area information

We design and manufacture semiconductors that we sell to electronics designers and manufacturers all over the world. We have two reportable segments, Analog and Embedded Processing, each of which represents groups of products that have similar design and development requirements, product characteristics and manufacturing processes. Our segments reflect how our chief operating decision maker (CODM), which is our chief executive officer, allocates resources and measures results.

- Analog semiconductors change real-world signals, such as sound, temperature, pressure or light, by conditioning them, amplifying them and often converting them to a stream of digital data that can be processed by other semiconductors, such as embedded processors. Analog semiconductors are also used to manage power in all electronic equipment by converting, distributing, storing, discharging, isolating and measuring electrical energy, whether the equipment is plugged into a wall or using a battery. Our Analog segment consists of two major product lines: Power and Signal Chain.
- Embedded Processing products are the digital “brains” of many types of electronic equipment. They are designed to handle specific tasks and can be optimized for various combinations of performance, power and cost, depending on the application.

We report the results of our remaining business activities in Other. Other includes DLP® products and calculators, which are operating segments that do not meet the quantitative thresholds for individually reportable segments and cannot be aggregated with other operating segments.

In Other, we also include items that are not used in evaluating the results of or in allocating resources to our segments. Examples of these items include acquisition, integration and restructuring charges, and certain corporate-level items, such as litigation expenses, environmental costs, insurance settlements, and gains and losses from other activities, including asset dispositions. We allocate the remainder of our expenses associated with corporate activities to our operating segments based on specific methodologies, such as percentage of operating expenses or headcount.

Costs incurred by our centralized manufacturing and support organizations, including depreciation, are charged to the operating segments, including those in Other, on a per-unit basis. Consequently, depreciation expense is not an independently identifiable component within the segments’ results and, therefore, is not provided.

With the exception of goodwill, we do not identify or allocate assets by operating segment, nor does the CODM evaluate operating segments using discrete asset information. We have no material intersegment revenue. The accounting policies of the segments are consistent with those described in the significant accounting policies and practices.

Segment information

	For Three Months Ended June 30,							
	2026				2025			
	Analog	Embedded Processing	Other	Total	Analog	Embedded Processing	Other	Total
Revenue	\$ 4,365	\$ 788	\$ 310	\$ 5,463	\$ 3,452	\$ 679	\$ 317	\$ 4,448
Cost of revenue	1,636	380	95	2,111	1,395	365	113	1,873
Gross profit	2,729	408	215	3,352	2,057	314	204	2,575
R&D	388	129	18	535	383	125	19	527
SG&A	349	111	30	490	349	104	32	485
Acquisition charges	—	—	17	17	—	—	—	—
Operating profit	\$ 1,992	\$ 168	\$ 150	\$ 2,310	\$ 1,325	\$ 85	\$ 153	\$ 1,563

	For Six Months Ended June 30,							
	2026				2025			
	Analog	Embedded Processing	Other	Total	Analog	Embedded Processing	Other	Total
Revenue	\$ 8,289	\$ 1,511	\$ 488	\$ 10,288	\$ 6,662	\$ 1,326	\$ 529	\$ 8,517
Cost of revenue	3,225	754	158	4,137	2,691	740	198	3,629
Gross profit	5,064	757	330	6,151	3,971	586	331	4,888
R&D	757	252	36	1,045	752	253	39	1,044
SG&A	677	215	62	954	688	208	61	957
Acquisition charges	—	—	34	34	—	—	—	—
Operating profit	\$ 3,630	\$ 290	\$ 198	\$ 4,118	\$ 2,531	\$ 125	\$ 231	\$ 2,887

Geographic area information

Our estimate for revenue based on the geographic location of our end customers' headquarters, which represents where critical decisions are made, is as follows:

	For Three Months Ended June 30,				For Six Months Ended June 30,			
	2026		2025		2026		2025	
Revenue:								
United States	\$ 2,131	39 %	\$ 1,707	38 %	\$ 3,927	38 %	\$ 3,225	38 %
China	1,223	22	985	22	2,247	22	1,811	21
Rest of Asia	606	11	487	11	1,161	11	925	11
Europe, Middle East and Africa (a)	1,075	20	891	20	2,145	21	1,827	21
Japan	330	6	295	7	619	6	570	7
Rest of world	98	2	83	2	189	2	159	2
Total revenue	\$ 5,463	100 %	\$ 4,448	100 %	\$ 10,288	100 %	\$ 8,517	100 %

(a) Revenue from end customers headquartered in Germany was 9% and 10% in the second quarters of 2026 and 2025, respectively, and 10% in the first six months of both 2026 and 2025.

2. Basis of presentation and significant accounting policies and practices

Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and on the same basis as the audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2025. The Consolidated Statements of Income, Comprehensive Income and Cash Flows for the periods ended June 30, 2026 and 2025, and the Consolidated Balance Sheet as of June 30, 2026, are not audited but reflect all adjustments that are of a normal recurring nature and are necessary for a fair statement of the results of the periods shown. Certain information and note disclosures normally included in annual consolidated financial statements have been omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Because the consolidated interim financial statements do not include all of the information and notes required by GAAP for a complete set of financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in our annual report on Form 10-K for the year ended December 31, 2025. The results for the three- and six-month periods are not necessarily indicative of a full year's results.

Significant accounting policies and practices
Earnings per share (EPS)

We use the two-class method for calculating EPS because the restricted stock units (RSUs) we grant are participating securities containing nonforfeitable rights to receive dividend equivalents. Under the two-class method, a portion of net income is allocated to RSUs and excluded from the calculation of income allocated to common stock.

Computation and reconciliation of earnings per common share are as follows:

	For Three Months Ended June 30,					
	2026			2025		
	Net Income	Shares	EPS	Net Income	Shares	EPS
Basic EPS:						
Net income	\$ 1,980			\$ 1,295		
Income allocated to RSUs	(11)			(7)		
Income allocated to common stock	<u>\$ 1,969</u>	<u>912</u>	<u>\$ 2.16</u>	<u>\$ 1,288</u>	<u>908</u>	<u>\$ 1.42</u>
Dilutive effect of stock compensation plans		8			4	
Diluted EPS:						
Net income	\$ 1,980			\$ 1,295		
Income allocated to RSUs	(11)			(7)		
Income allocated to common stock	<u>\$ 1,969</u>	<u>920</u>	<u>\$ 2.14</u>	<u>\$ 1,288</u>	<u>912</u>	<u>\$ 1.41</u>
	For Six Months Ended June 30,					
	2026			2025		
	Net Income	Shares	EPS	Net Income	Shares	EPS
Basic EPS:						
Net income	\$ 3,525			\$ 2,474		
Income allocated to RSUs	(20)			(13)		
Income allocated to common stock	<u>\$ 3,505</u>	<u>911</u>	<u>\$ 3.85</u>	<u>\$ 2,461</u>	<u>909</u>	<u>\$ 2.71</u>
Dilutive effect of stock compensation plans		6			5	
Diluted EPS:						
Net income	\$ 3,525			\$ 2,474		
Income allocated to RSUs	(20)			(13)		
Income allocated to common stock	<u>\$ 3,505</u>	<u>917</u>	<u>\$ 3.82</u>	<u>\$ 2,461</u>	<u>914</u>	<u>\$ 2.69</u>

Potentially dilutive securities excluded from the computation of diluted earnings per common share during the second quarter of 2026 were not material. Potentially dilutive securities representing 12 million shares of common stock that were outstanding during the second quarter of 2025, and 3 million and 12 million shares outstanding during the first six months of 2026 and 2025, respectively, were excluded from the computation of diluted earnings per common share during these periods because their effect would have been anti-dilutive.

Derivatives and hedging

We use derivative financial instruments to manage exposure to foreign exchange risk. These instruments are primarily forward foreign currency exchange contracts, which are used as economic hedges to reduce the earnings impact that exchange rate fluctuations may have on our non-U.S. dollar net balance sheet exposures. Gains and losses from changes in the fair value of these forward foreign currency exchange contracts are credited or charged to OI&E. We do not apply hedge accounting to our foreign currency derivative instruments.

We are exposed to variability in compensation charges related to certain deferred compensation obligations to employees. We use total return swaps to economically hedge this exposure and offset the related compensation expense, recognizing changes in the fair value of the swaps and the related deferred compensation liabilities in SG&A.

In connection with the issuance of long-term debt, we may use financial derivatives such as treasury-rate lock agreements that are recognized in AOCI and amortized over the life of the related debt.

The results of these derivative transactions were not material. We do not use derivatives for speculative or trading purposes.

Fair values of financial instruments

The fair values of our derivative financial instruments were not material as of June 30, 2026. Our investments in cash equivalents, short-term investments and certain long-term investments, as well as our deferred compensation liabilities, are carried at fair value. The carrying values for other current financial assets and liabilities, such as accounts receivable and accounts payable, approximate fair value due to the short maturity of such instruments. As of June 30, 2026, the carrying value of long-term debt, including the current portion, was \$14.05 billion, and the estimated fair value was \$13.09 billion. The estimated fair value is measured using broker-dealer quotes, which are Level 2 inputs. See Note 4 for a description of fair value and the definition of Level 2 inputs.

Changes in accounting standards – standards not yet adopted

We are currently evaluating the potential impact of the following Accounting Standards Updates (ASU) on our financial statements and related disclosures. We plan to adopt these ASUs as of their effective dates.

ASU	Description	Effective for Period Ending
ASU No. 2024-03	<i>Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses</i>	December 31, 2027
ASU No. 2025-06	<i>Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software</i>	March 31, 2028
ASU No. 2025-10	<i>Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities</i>	March 31, 2029

3. Income taxes

Provision for income taxes is based on the following:

	For Three Months Ended June 30,		For Six Months Ended June 30,	
	2026	2025	2026	2025
Taxes calculated using the estimated annual effective tax rate	\$ 309	\$ 199	\$ 538	\$ 365
Discrete tax items	(51)	(16)	(111)	(85)
Provision for income taxes	<u>\$ 258</u>	<u>\$ 183</u>	<u>\$ 427</u>	<u>\$ 280</u>
Effective tax rate	12 %	12 %	11 %	10 %

The effective tax rate differs from the 21% U.S. statutory corporate tax rate due to the effect of U.S. tax benefits.

4. Valuation of debt and equity investments and certain liabilities

Investments measured at fair value

Money market funds, debt investments and mutual funds are stated at fair value, which is generally based on market prices or broker quotes. We classify all debt investments as available-for-sale. Unrealized gains and losses are recorded as an increase or decrease, net of taxes, in AOCI on our Consolidated Balance Sheets, and any credit losses are recorded as an allowance for credit losses with an offset recognized in OI&E in our Consolidated Statements of Income.

Our mutual funds hold a variety of debt and equity investments intended to generate returns that offset changes in certain deferred compensation liabilities. We record changes in the fair value of these mutual funds and the related deferred compensation liabilities in SG&A.

Other investments

Our other investments include equity-method investments and nonmarketable investments, which are not measured at fair value. These investments consist of interests in venture capital funds and other nonmarketable securities. Gains and losses from equity-method investments are recognized in OI&E based on our ownership share of the investee's financial results. Nonmarketable securities are measured at cost with adjustments for observable changes in price or impairments. Gains and losses on nonmarketable investments are recognized in OI&E.

Details of our investments are as follows:

	June 30, 2026			December 31, 2025		
	Cash and Cash Equivalents	Short-Term Investments	Other Long-Term Assets	Cash and Cash Equivalents	Short-Term Investments	Other Long-Term Assets
Measured at fair value:						
Money market funds	\$ 823	\$ —	\$ —	\$ 844	\$ —	\$ —
Corporate obligations	541	1,013	—	517	522	—
U.S. government and agency securities	1,659	2,032	—	1,296	1,035	—
Non-U.S. government and agency securities	249	296	—	184	99	—
Mutual funds	—	—	11	—	—	11
Total	3,272	3,341	11	2,841	1,656	11
Other investments	—	—	4	—	—	5
Cash on hand	388	—	—	384	—	—
Total	<u>\$ 3,660</u>	<u>\$ 3,341</u>	<u>\$ 15</u>	<u>\$ 3,225</u>	<u>\$ 1,656</u>	<u>\$ 16</u>

As of June 30, 2026, and December 31, 2025, unrealized gains and losses associated with our debt investments were not material. We did not recognize any credit losses related to debt investments for the first six months of 2026 and 2025.

The following table presents the aggregate maturities of our debt investments as of June 30, 2026:

	Fair Value
One year or less	\$ 5,202
One to two years	588

Proceeds from sales, redemptions and maturities of short-term debt investments were \$636 million and \$1.13 billion for the second quarters of 2026 and 2025, respectively, and \$1.68 billion and \$3.94 billion for the first six months of 2026 and 2025, respectively. Gross realized gains and losses from these sales were not material.

Fair-value considerations

We measure and report certain financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The three-level hierarchy described below indicates the inputs used to estimate fair-value measurements.

- *Level 1* – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the measurement date.
- *Level 2* – Uses inputs other than Level 1 that are either directly or indirectly observable as of the measurement date through correlation with market data. Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active and models or other pricing methodologies that do not require significant judgment. We utilize a third-party data service to provide Level 2 valuations, and we verify these valuations for reasonableness.
- *Level 3* – Uses inputs that are unobservable, supported by little or no market activity and reflect the use of significant management judgment. As of June 30, 2026, and December 31, 2025, we had no Level 3 assets or liabilities.

The following are our assets and liabilities that were accounted for at fair value on a recurring basis. These tables do not include cash on hand, assets held by our postretirement plans, or assets and liabilities that are measured at historical cost or any basis other than fair value.

	June 30, 2026			December 31, 2025		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:						
Money market funds	\$ 823	\$ —	\$ 823	\$ 844	\$ —	\$ 844
Corporate obligations	—	1,554	1,554	—	1,039	1,039
U.S. government and agency securities	3,342	349	3,691	1,932	399	2,331
Non-U.S. government and agency securities	—	545	545	—	283	283
Mutual funds	11	—	11	11	—	11
Total assets	<u>\$ 4,176</u>	<u>\$ 2,448</u>	<u>\$ 6,624</u>	<u>\$ 2,787</u>	<u>\$ 1,721</u>	<u>\$ 4,508</u>
Liabilities:						
Deferred compensation	\$ 500	\$ —	\$ 500	\$ 492	\$ —	\$ 492
Total liabilities	<u>\$ 500</u>	<u>\$ —</u>	<u>\$ 500</u>	<u>\$ 492</u>	<u>\$ —</u>	<u>\$ 492</u>

5. Postretirement benefit plans

Expenses related to defined benefit and retiree health care benefit plans are as follows:

For Three Months Ended June 30,	U.S. Defined Benefit		U.S. Retiree Health Care		Non-U.S. Defined Benefit	
	2026	2025	2026	2025	2026	2025
Service cost	\$ 1	\$ 2	\$ —	\$ 1	\$ 4	\$ 3
Interest cost	5	7	3	3	17	15
Expected return on plan assets	(4)	(6)	(2)	(3)	(20)	(17)
Recognized net actuarial losses (gains)	1	2	—	(1)	(1)	1
Amortization of prior service cost (credit)	—	—	—	—	1	—
Net periodic benefit costs (credits)	3	5	1	—	1	2
Settlement losses (gains)	2	3	—	—	(1)	—
Total, including other postretirement losses (gains)	\$ 5	\$ 8	\$ 1	\$ —	\$ —	\$ 2

For Six Months Ended June 30,	U.S. Defined Benefit		U.S. Retiree Health Care		Non-U.S. Defined Benefit	
	2026	2025	2026	2025	2026	2025
Service cost	\$ 3	\$ 4	\$ —	\$ 1	\$ 8	\$ 7
Interest cost	11	13	6	6	33	29
Expected return on plan assets	(10)	(10)	(5)	(6)	(39)	(35)
Recognized net actuarial losses (gains)	2	4	—	(1)	(2)	2
Amortization of prior service cost (credit)	—	—	—	—	2	—
Net periodic benefit costs (credits)	6	11	1	—	2	3
Settlement losses (gains)	2	3	—	—	(1)	—
Total, including other postretirement losses (gains)	\$ 8	\$ 14	\$ 1	\$ —	\$ 1	\$ 3

6. Debt and lines of credit

Short-term borrowings

We maintain a line of credit to provide additional liquidity through bank loans and, if necessary, to support commercial paper borrowings. As of June 30, 2026, the aforementioned line of credit was a variable-rate, revolving credit facility from a consortium of investment-grade banks that allows us to borrow up to \$1 billion until March 2027. The interest rate on borrowings under this credit facility, if drawn, is indexed to the applicable Term Secured Overnight Financing Rate (Term SOFR). As of June 30, 2026, our credit facility was undrawn, and we had no commercial paper outstanding.

In June 2026, we entered into a 364-day delayed draw term loan credit facility for borrowings up to \$5 billion to support the Silicon Labs acquisition consideration and related transaction expenses. The availability of funding is conditioned on the consummation of the planned acquisition of Silicon Labs. As of June 30, 2026, there were no outstanding borrowings on the delayed draw term loan credit facility.

Long-term debt outstanding is as follows:

	June 30, 2026	December 31, 2025
Notes due 2026 at 1.125%	\$ 500	\$ 500
Notes due 2027 at 4.60%	650	650
Notes due 2027 at 2.90%	500	500
Notes due 2028 at 4.60%	700	700
Notes due 2029 at 4.60%	650	650
Notes due 2029 at 2.25%	750	750
Notes due 2030 at 1.75%	750	750
Notes due 2030 at 4.50%	550	550
Notes due 2031 at 1.90%	500	500
Notes due 2032 at 3.65%	400	400
Notes due 2033 at 4.90%	950	950
Notes due 2034 at 4.85%	600	600
Notes due 2035 at 5.10%	650	650
Notes due 2039 at 3.875%	750	750
Notes due 2048 at 4.15%	1,500	1,500
Notes due 2051 at 2.70%	500	500
Notes due 2052 at 4.10%	300	300
Notes due 2053 at 5.00%	650	650
Notes due 2054 at 5.15%	750	750
Notes due 2063 at 5.05%	1,550	1,550
Total debt	14,150	14,150
Net unamortized discounts, premiums and issuance costs	(98)	(102)
Total debt, including net unamortized discounts, premiums and issuance costs	14,052	14,048
Current portion of long-term debt	(1,149)	(500)
Long-term debt	\$ 12,903	\$ 13,548

Interest and debt expense was \$141 million and \$133 million for the second quarters of 2026 and 2025, respectively, and \$282 million and \$261 million for the first six months of 2026 and 2025, respectively. This is inclusive of amortized discounts, premiums and issuance and other related costs. Capitalized interest was \$3 million and \$2 million for the second quarters of 2026 and 2025, respectively, and \$6 million for the first six months of both 2026 and 2025.

7. Stockholders' equity

Changes in equity are as follows:

	Common Stock	Paid-in Capital	Retained Earnings	Treasury Common Stock	AOCI
Balance, December 31, 2025	\$ 1,741	\$ 4,511	\$ 52,236	\$ (42,130)	\$ (85)
2026					
Net income	—	—	1,545	—	—
Dividends declared and paid (\$1.42 per share)	—	—	(1,291)	—	—
Common stock issued for stock-based awards	—	105	—	204	—
Stock repurchases	—	—	—	(158)	—
Stock compensation	—	109	—	—	—
Other comprehensive income (loss), net of taxes	—	—	—	—	1
Dividend equivalents on RSUs	—	—	(8)	—	—
Other	—	(3)	1	—	—
Balance, March 31, 2026	1,741	4,722	52,483	(42,084)	(84)
Net income	—	—	1,980	—	—
Dividends declared and paid (\$1.42 per share)	—	—	(1,295)	—	—
Common stock issued for stock-based awards	—	279	—	166	—
Stock repurchases	—	—	—	(23)	—
Stock compensation	—	127	—	—	—
Other comprehensive income (loss), net of taxes	—	—	—	—	1
Dividend equivalents on RSUs	—	—	(7)	—	—
Other	—	1	—	—	—
Balance, June 30, 2026	<u>\$ 1,741</u>	<u>\$ 5,129</u>	<u>\$ 53,161</u>	<u>\$ (41,941)</u>	<u>\$ (83)</u>

	Common Stock	Paid-in Capital	Retained Earnings	Treasury Common Stock	AOCI
Balance, December 31, 2024	\$ 1,741	\$ 3,935	\$ 52,262	\$ (40,895)	\$ (140)
2025					
Net income	—	—	1,179	—	—
Dividends declared and paid (\$1.36 per share)	—	—	(1,238)	—	—
Common stock issued for stock-based awards	—	8	—	110	—
Stock repurchases	—	—	—	(657)	—
Stock compensation	—	116	—	—	—
Other comprehensive income (loss), net of taxes	—	—	—	—	(7)
Dividend equivalents on RSUs	—	—	(7)	—	—
Other	—	(1)	—	—	—
Balance, March 31, 2025	1,741	4,058	52,196	(41,442)	(147)
Net income	—	—	1,295	—	—
Dividends declared and paid (\$1.36 per share)	—	—	(1,235)	—	—
Common stock issued for stock-based awards	—	59	—	56	—
Stock repurchases	—	—	—	(290)	—
Stock compensation	—	129	—	—	—
Other comprehensive income (loss), net of taxes	—	—	—	—	(9)
Dividend equivalents on RSUs	—	—	(7)	—	—
Other	—	(1)	—	—	—
Balance, June 30, 2025	\$ 1,741	\$ 4,245	\$ 52,249	\$ (41,676)	\$ (156)

8. Contingencies

Indemnification guarantees

We routinely sell products with an intellectual property indemnification included in the terms of sale. Historically, we have had only minimal, infrequent losses associated with these indemnities. Consequently, we cannot reasonably estimate any future liabilities that may result.

Warranty costs/product liabilities

Our stated warranties for semiconductor products obligate us to repair, replace or credit the purchase price of a covered product back to the buyer. Product claim consideration may exceed the price of our products. Historically, we have experienced a low rate of payments on product claims. Although we cannot predict the likelihood or amount of any future claims, we do not believe they will have a material adverse effect on our consolidated financial statements. We accrue for known product-related claims if a loss is probable and can be reasonably estimated. During the periods presented, there have been no material accruals or payments regarding product warranty or product liability.

General

We are subject to various legal and administrative proceedings. Although it is not possible to predict the outcome of these matters, we believe that the results of these proceedings will not have a material adverse effect on our consolidated financial statements.

9. Supplemental financial information

Acquisition of Silicon Labs

As announced on February 4, 2026, we have entered into a definitive agreement to acquire Silicon Labs for \$231.00 per share in an all-cash transaction, representing a total enterprise value of approximately \$7.5 billion. Under the terms of the agreement, Silicon Labs stockholders will receive \$231.00 in cash for each share of Silicon Labs common stock they hold at the time of closing, which is expected in the first half of 2027, subject to receipt of regulatory approvals and other customary closing conditions. We expect to fund the transaction with a combination of cash on hand and debt financing. During the second quarter and first six months of 2026, we incurred \$17 million and \$34 million of acquisition charges, respectively.

Prepaid expenses and other current assets

	June 30, 2026	December 31, 2025
CHIPS Act incentives	\$ 1,005	\$ 1,709
Other	626	393
Total	<u>\$ 1,631</u>	<u>\$ 2,102</u>

Other long-term assets

	June 30, 2026	December 31, 2025
CHIPS Act incentives	\$ 1,158	\$ 1,639
Other	1,079	1,017
Total	<u>\$ 2,237</u>	<u>\$ 2,656</u>

Details on amounts reclassified out of accumulated other comprehensive income (loss), net of taxes, to net income

Our Consolidated Statements of Comprehensive Income include items that have been recognized within net income during the second quarters of 2026 and 2025. The table below details where these transactions are recorded in our Consolidated Statements of Income.

	For Three Months Ended		For Six Months Ended		Impact to Related Statement of Income Lines
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	
Net actuarial losses of defined benefit plans:					
Recognized net actuarial losses and settlement losses (a)	\$ 1	\$ 5	\$ 1	\$ 8	Decrease (increase) to OI&E
Tax effect	—	(1)	—	(2)	(Decrease) increase to provision for income taxes
Recognized within net income, net of taxes	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 1</u>	<u>\$ 6</u>	Decrease (increase) to net income
Prior service cost (credit) of defined benefit plans:					
Amortization of prior service cost (credit) (a)	\$ 1	\$ —	\$ 2	\$ —	Decrease (increase) to OI&E
Tax effect	(1)	—	(1)	—	(Decrease) increase to provision for income taxes
Recognized within net income, net of taxes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ —</u>	Decrease (increase) to net income

(a) Detailed in Note 5

Effect on shares outstanding and treasury shares

The following table reflects the changes in treasury shares:

	2026
Balance, January 1	834
Repurchases	1
Shares issued for stock compensation	(4)
Balance, March 31	831
Repurchases	—
Shares issued for stock compensation	(3)
Balance, June 30	828

ITEM 2. Management's discussion and analysis of financial condition and results of operations

Overview

We design and manufacture semiconductors that we sell to electronics designers and manufacturers all over the world. Technology is the foundation of our company, but ultimately, our objective and the best metric for owners to measure our progress is through the growth of free cash flow per share over the long term.

Our strategy to maximize long-term free cash flow per share growth has three elements:

1. A great business model that is focused on analog and embedded processing products and built around four sustainable competitive advantages. The four sustainable competitive advantages are powerful in combination and provide tangible benefits:
 - (a) A strong foundation of manufacturing and technology that provides lower costs and greater control of our supply chain.
 - (b) A broad portfolio of analog and embedded processing products that offers more opportunity per customer and more value for our investments.
 - (c) The reach of our market channels that gives access to more customers and more of their design projects, leading to better insight and knowledge of customer needs and the opportunity to sell more of our products into each design.
 - (d) Diversity and longevity of our products, markets and customer positions that provide less single point dependency and longer returns on our investments.

Together, these competitive advantages help position TI in a unique class of companies capable of generating and returning significant amounts of cash for our owners. We make our investments with an eye towards long-term strengthening and leveraging of these advantages.

2. Discipline in allocating capital to the best opportunities. This spans how we select R&D projects, develop new capabilities, invest in manufacturing capacity or how we think about acquisitions and returning cash to our owners.
3. Efficiency, which means constantly striving for more output for every dollar spent.

We believe that our business model with the combined effect of our four competitive advantages sets TI apart from our peers and will for a long time to come. We will invest to strengthen our competitive advantages, be disciplined in capital allocation and stay diligent in our pursuit of efficiencies. Finally, we will remain focused on the belief that long-term growth of free cash flow per share is the ultimate measure to generate value.

Market and business characteristics

Markets for our products

The markets for our products are industrial, automotive, data center, personal electronics and communications equipment. See our 2025 Form 10-K for more information.

Semiconductor cycle

The semiconductor cycle refers to the ebb and flow of supply and demand and the building and depleting of inventories. It has been characterized by periods of tight supply caused by strengthening demand and/or insufficient manufacturing capacity, followed by periods of surplus inventory caused by weakening demand and/or excess manufacturing capacity. These are typically referred to as upturns and downturns in the semiconductor cycle. Semiconductor cycles are affected by the significant time and money required to build and maintain semiconductor manufacturing facilities.

Seasonality

Our revenue is subject to some seasonal variation. Historically, our sequential revenue growth rate tends to be weaker in the first and fourth quarters when compared with the second and third quarters.

Manufacturing

We invest to make manufacturing and technology a core competitive advantage. The strategic decision to own our manufacturing, process and packaging technology provides us with tangible benefits of lower manufacturing costs and greater control of our supply chain and provides our customers with geopolitically dependable capacity. We own and operate both wafer fabrication and assembly/test facilities in North America, Asia, Japan and Europe. We have focused on creating a competitive structural cost advantage by investing in our 300mm wafer production, which describes the diameter of the wafer on which our chips are produced, and costs about 40% less than a chip built on a 200mm wafer. In addition, we selectively use capacity of outside suppliers, commonly known as foundries and subcontractors.

We continue to invest to strengthen our competitive advantage in manufacturing and technology as part of our long-term capacity plan. We have invested in manufacturing capacity to support customer demand, enable external foundry transfers and prepare new factories to have cleanroom space available to support future growth. These investments have uniquely positioned TI to deliver dependable, low-cost 300mm capacity with the ability to equip and ramp factories to support customer demand. We believe this approach supports free cash flow per share growth across a range of market conditions.

With our planned capacity expansions to support demand over time, we expect our internal sourcing to continue to increase. We expect to continue to maintain sufficient internal manufacturing capacity to meet the majority of our production needs and to obtain manufacturing equipment to support new technology developments and revenue growth.

Inventory

Our objectives for inventory are to maintain high levels of customer service, maintain dependable and competitive lead times, minimize inventory obsolescence and improve manufacturing asset utilization. To meet these objectives and to allow greater flexibility in periods of high demand, our strategy is to build ahead of demand our broad-based products that are used across a diverse set of applications and customers and have low risk of obsolescence. Inventory levels will vary based on market conditions and seasonality. We adjust factory loadings as needed to execute on this inventory strategy.

Results of operations

Management's discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with the financial statements and the related notes that appear elsewhere in this document. In the following discussion of our results of operations:

- Our segments represent groups of similar products that are combined on the basis of similar design and development requirements, product characteristics, manufacturing processes and distribution channels, and how management allocates resources and measures results. See Note 1 to the financial statements for more information regarding our segments.
- When we discuss our results:
 - Unless otherwise noted, changes in our revenue are attributable to changes in customer demand, which are evidenced by fluctuations in shipment volumes. Upturns in the semiconductor cycle are often characterized by rising customer demand, which drives higher revenue, while downturns in the semiconductor cycle are characterized by weakening customer demand, which results in lower revenue.
 - New products do not tend to have a significant impact on our revenue in any given period because we sell such a large number of products.
 - From time to time, our revenue and gross profit are affected by changes in demand for higher-priced or lower-priced products, which we refer to as changes in the "mix" of products shipped.

- Because we own much of our manufacturing capacity, a significant portion of our operating cost is fixed. When factory loadings decrease, our fixed costs are spread over reduced output and, absent other circumstances, our profit margins decrease. Conversely, as factory loadings increase, our fixed costs are spread over increased output and, absent other circumstances, our profit margins increase.
- Our LFAB facility, which primarily supports our Embedded Processing business, was purchased as an operating fab and is continuing to ramp production, so we expect factory loadings to increase over time. As LFAB ramps, we expect Embedded to carry manufacturing costs that disproportionately benefit Embedded Processing operating profit as compared to Analog.
- For an explanation of free cash flow, see the Non-GAAP financial information section.
- All dollar amounts in the tables are stated in millions of U.S. dollars.

Performance summary

Our second quarter revenue was \$5.46 billion, net income was \$1.98 billion and earnings per share (EPS) were \$2.14.

Revenue increased 13% sequentially and 23% from the same quarter a year ago with broad growth led by industrial, data center and automotive.

Our cash flow from operations of \$8.7 billion for the trailing 12 months again underscored the strength of our business model, the quality of our product portfolio and the benefit of 300mm production. Free cash flow for the same period was \$6.5 billion.

Over the past 12 months we invested \$3.9 billion in R&D and SG&A, invested \$3.3 billion in capital expenditures and returned \$5.8 billion to shareholders.

Acquisition of Silicon Labs

As announced on February 4, 2026, we have entered into a definitive agreement to acquire Silicon Labs for \$231.00 per share in an all-cash transaction, representing a total enterprise value of approximately \$7.5 billion. Under the terms of the agreement, Silicon Labs stockholders will receive \$231.00 in cash for each share of Silicon Labs common stock they hold at the time of closing, which is expected in the first half of 2027, subject to receipt of regulatory approvals and other customary closing conditions. We expect to fund the transaction with a combination of cash on hand and debt financing.

In June 2026, we entered into a 364-day delayed draw term loan credit facility for borrowings up to \$5 billion to support the Silicon Labs acquisition consideration and related transaction expenses. As of June 30, 2026, there were no outstanding borrowings on the delayed draw term loan credit facility.

Details of financial results – second quarter 2026 compared with second quarter 2025

Revenue of \$5.46 billion increased \$1.02 billion, or 23%, due to increased demand in our Analog segment and, to a lesser extent, in our Embedded Processing segment.

Gross profit of \$3.35 billion was up \$777 million, or 30%, primarily due to higher revenue, partially offset by higher manufacturing costs associated with our planned capacity expansions. As a percentage of revenue, gross profit increased to 61.4% from 57.9%.

Operating expenses (R&D and SG&A) were \$1.03 billion compared with \$1.01 billion.

Acquisition charges were \$17 million due to transaction-related costs associated with our planned acquisition of Silicon Labs.

Operating profit was \$2.31 billion, or 42.3% of revenue, compared with \$1.56 billion, or 35.1% of revenue. This change was primarily due to higher revenue and associated gross profit.

OI&E was \$69 million of income compared with \$48 million of income. This increase was primarily due to higher interest income.

Interest and debt expense of \$141 million increased \$8 million. See Note 6 to the financial statements.

Our provision for income taxes was \$258 million compared with \$183 million. This increase was primarily due to higher income before income taxes, partially offset by higher discrete tax benefits of \$35 million, related to stock-based compensation. Our effective tax rate, which includes discrete tax items, was 12% in both periods.

Net income was \$1.98 billion compared with \$1.30 billion. EPS was \$2.14 compared with \$1.41.

Second quarter 2026 segment results

Our segment results compared with the year-ago quarter are as follows:

Analog (includes Power and Signal Chain product lines)

	Q2 2026	Q2 2025	Change
Revenue	\$ 4,365	\$ 3,452	26 %
Operating profit	1,992	1,325	50 %
Operating profit % of revenue	45.6 %	38.4 %	

Analog revenue increased in both product lines, led by Signal Chain, due to higher demand. Operating profit increased due to higher revenue and associated gross profit.

Embedded Processing (includes microcontrollers and processors)

	Q2 2026	Q2 2025	Change
Revenue	\$ 788	\$ 679	16 %
Operating profit	168	85	98 %
Operating profit % of revenue	21.3 %	12.5 %	

Embedded Processing revenue increased due to higher demand. Operating profit increased primarily due to higher revenue and associated gross profit.

Other (includes DLP® products and calculators)

	Q2 2026	Q2 2025	Change
Revenue	\$ 310	\$ 317	(2) %
Operating profit *	150	153	(2) %
Operating profit % of revenue	48.4 %	48.3 %	

* Includes Acquisition charges

Other revenue decreased \$7 million, and operating profit decreased \$3 million.

Details of financial results – first six months of 2026 compared with first six months of 2025

Revenue of \$10.29 billion increased \$1.77 billion, or 21%, due to increased demand in our Analog segment and, to a lesser extent, in our Embedded Processing segment.

Gross profit of \$6.15 billion was up \$1.26 billion, or 26%, primarily due to higher revenue, partially offset by higher manufacturing costs associated with our planned capacity expansions. As a percentage of revenue, gross profit increased to 59.8% from 57.4%.

Operating expenses were \$2.00 billion in both periods.

Acquisition charges were \$34 million due to transaction-related costs associated with our planned acquisition of Silicon Labs.

Operating profit was \$4.12 billion, or 40.0% of revenue, compared with \$2.89 billion, or 33.9% of revenue. This change was due to higher revenue and associated gross profit.

OI&E was \$116 million of income compared with \$128 million of income. This decrease was primarily due to lower interest income.

Interest and debt expense of \$282 million increased \$21 million.

Our provision for income taxes was \$427 million compared with \$280 million. This increase was primarily due to higher income before income taxes. Our effective tax rate, which includes discrete tax items, was 11% compared with 10%.

Net income was \$3.53 billion compared with \$2.47 billion. EPS was \$3.82 compared with \$2.69.

Year-to-date segment results

Our segment results compared with the year-ago period are as follows:

Analog

	YTD 2026	YTD 2025	Change
Revenue	\$ 8,289	\$ 6,662	24 %
Operating profit	3,630	2,531	43 %
Operating profit % of revenue	43.8 %	38.0 %	

Analog revenue increased in both product lines, led by Signal Chain, due to higher demand. Operating profit increased due to higher revenue and associated gross profit.

Embedded Processing

	YTD 2026	YTD 2025	Change
Revenue	\$ 1,511	\$ 1,326	14 %
Operating profit	290	125	132 %
Operating profit % of revenue	19.2 %	9.4 %	

Embedded Processing revenue increased due to higher demand. Operating profit increased primarily due to higher revenue and associated gross profit.

Other

	YTD 2026	YTD 2025	Change
Revenue	\$ 488	\$ 529	(8)%
Operating profit *	198	231	(14)%
Operating profit % of revenue	40.6 %	43.7 %	

* Includes Acquisition charges

Other revenue decreased \$41 million, and operating profit decreased \$33 million.

Financial condition

At the end of the second quarter of 2026, total cash (cash and cash equivalents plus short-term investments) was \$7.00 billion, an increase of \$2.12 billion from the end of 2025.

Accounts receivable were \$2.52 billion, an increase of \$557 million compared with the end of 2025. Days sales outstanding in the second quarter of 2026 were 42 compared with 40 at the end of 2025.

Inventory was \$4.61 billion, a decrease of \$199 million from the end of 2025. Days of inventory for the second quarter of 2026 were 196 compared with 222 at the end of 2025, which reflects the continued execution of our inventory strategy.

Liquidity and capital resources

Our primary source of liquidity is cash flow from operations. Additional sources of liquidity are cash and cash equivalents, short-term investments and access to debt markets. We also have a variable-rate, revolving credit facility. As of June 30, 2026, our credit facility was undrawn, and we had no commercial paper outstanding. Cash flows from operating activities for the first six months of 2026 were \$4.22 billion, an increase of \$1.51 billion from the year-ago period due to higher net income and non-cash items, as well as lower cash used for working capital. Cash flows from operating activities for the first six months of 2026 and 2025 include cash benefits of \$301 million and \$203 million, respectively, from the U.S. CHIPS and Science Act (CHIPS Act) investment tax credit (ITC) used to reduce income taxes payable.

Investing activities for the first six months of 2026 used \$1.75 billion compared with \$82 million in the year-ago period. Capital expenditures were \$1.19 billion compared with \$2.43 billion in the year-ago period and were primarily for semiconductor manufacturing equipment and facilities in both periods. In 2026, CHIPS Act incentives provided cash proceeds of \$1.10 billion compared with \$260 million in the year-ago period. Short-term investments used cash of \$1.66 billion compared with \$2.10 billion of cash provided in the year-ago period.

Consistent with our capital management strategy, we expect between \$2 billion to \$3 billion of capital expenditures in 2026. Beyond 2026, capital expenditures will be dependent on revenue and growth expectations. We expect to continue benefiting from the CHIPS Act. This includes the 35% ITC on qualifying manufacturing investments as well as direct funding of up to \$1.6 billion, of which we have received \$630 million, for our three large-scale 300mm wafer fabs located in Sherman, Texas, and Lehi, Utah.

Financing activities for the first six months of 2026 used \$2.04 billion compared with \$2.78 billion in the year-ago period. We received net proceeds of \$1.20 billion from the issuance of fixed-rate, long-term debt and retired maturing debt of \$750 million in the year-ago period. Dividends paid were \$2.59 billion compared with \$2.47 billion in the year-ago period, reflecting an increased dividend rate. We used \$185 million to repurchase 0.9 million shares of our common stock compared with \$955 million to repurchase 5.4 million shares in the year-ago period. Employee exercises of stock options provided cash proceeds of \$754 million compared with \$233 million in the year-ago period.

We had \$3.66 billion of cash and cash equivalents and \$3.34 billion of short-term investments as of June 30, 2026. We believe we have the necessary financial resources and operating plans to fund our working capital needs, capital expenditures, dividend and debt-related payments, and other business requirements for at least the next 12 months.

Non-GAAP financial information

This MD&A includes references to free cash flow and ratios based on that measure. These are financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (GAAP). Free cash flow is calculated as cash flows from operating activities (also referred to as cash flow from operations) less capital expenditures, plus proceeds from CHIPS Act incentives.

We believe that free cash flow and the associated ratios provide insight into our liquidity, our cash-generating capability and the amount of cash potentially available to return to shareholders, as well as insight into our financial performance. These non-GAAP measures are supplemental to the comparable GAAP measures.

Reconciliation to the most directly comparable GAAP measures is provided in the table below.

	For 12 Months Ended June 30,		Change
	2026	2025	
Cash flow from operations (GAAP) *	\$ 8,667	\$ 6,439	35 %
Capital expenditures	(3,312)	(4,936)	
Proceeds from CHIPS Act incentives	1,179	260	
Free cash flow (non-GAAP)	<u>\$ 6,534</u>	<u>\$ 1,763</u>	271 %
Revenue	<u>\$ 19,453</u>	<u>\$ 16,675</u>	
Cash flow from operations as a percentage of revenue (GAAP)	44.6 %	38.6 %	
Free cash flow as a percentage of revenue (non-GAAP)	33.6 %	10.6 %	

* Includes cash benefits of \$433 million and \$479 million from the CHIPS Act ITC used to reduce income taxes payable for the twelve months ended June 30, 2026 and 2025, respectively.

ITEM 4. Controls and procedures

An evaluation as of the end of the period covered by this report was carried out under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that those disclosure controls and procedures were effective. In addition, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal proceedings

Information with respect to legal proceedings can be found in Note 8 to the financial statements.

Pursuant to SEC regulation, we have elected to use a disclosure threshold of \$1 million in monetary sanctions for environmental proceedings involving a governmental authority.

ITEM 1A. Risk factors

Information concerning our risk factors is contained in Item 1A of our Form 10-K for the year ended December 31, 2025, and is incorporated by reference herein.

ITEM 2. Unregistered sales of equity securities and use of proceeds

The following table contains information regarding our purchases of our common stock during the quarter.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)
April 1 - 30, 2026	114,386	\$ 203.77	114,386	\$ 18.61 billion
May 1 - 31, 2026	—	—	—	18.61 billion
June 1 - 30, 2026	—	—	—	18.61 billion (b)
Total	<u>114,386</u>		<u>114,386</u>	

(a) All open-market purchases during the quarter were made under the authorizations from our board of directors to purchase up to \$12.0 billion and \$15.0 billion of additional shares of TI common stock announced September 20, 2018, and September 15, 2022, respectively. No expiration date has been specified for these authorizations.

(b) As of June 30, 2026, this amount consisted of the remaining portion of the \$12.0 billion authorized in September 2018 and the \$15.0 billion authorized in September 2022.

ITEM 6. Exhibits

Designation of Exhibits in This Report	Description of Exhibit
3(a)	<u>Restated Certificate of Incorporation of the Registrant, dated April 18, 1985, as amended (incorporated by reference to Exhibit 3(a) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014).</u>
3(b)	<u>By-Laws of the Registrant (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed February 6, 2026).</u>
31(a)	<u>Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) or Rule 15d-14(a).</u> †
31(b)	<u>Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) or Rule 15d-14(a).</u> †
32(a)	<u>Certification by Chief Executive Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350.</u> †
32(b)	<u>Certification by Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350.</u> †
101.ins	<u>XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.</u> †
101.def	<u>XBRL Taxonomy Extension Definition Linkbase Document.</u> †
101.sch	<u>XBRL Taxonomy Extension Schema Document.</u> †
101.cal	<u>XBRL Taxonomy Extension Calculation Linkbase Document.</u> †
101.lab	<u>XBRL Taxonomy Extension Label Linkbase Document.</u> †
101.pre	<u>XBRL Taxonomy Extension Presentation Linkbase Document.</u> †
104	<u>Cover Page Interactive Data File (embedded within the Inline XBRL document).</u> †

† Filed or furnished herewith.

Notice regarding forward-looking statements

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 our management:

- Economic, social and political conditions, and natural events in the countries in which we, our customers or our suppliers operate, including global trade policies;
- Our ability to compete in products and prices in an intensely competitive industry;
- Market demand for semiconductors, particularly in the industrial and automotive markets, and customer demand that differs from forecasts;
- Losses or curtailments of purchases from key customers or the timing and amount of customer inventory adjustments;
- Evolving cybersecurity and other threats relating to our information technology systems or those of our customers, suppliers and other third parties;
- Our ability to successfully implement and realize opportunities from strategic, business and organizational changes, or our ability to realize our expectations regarding the amount and timing of associated restructuring charges and cost savings;
- Our ability to develop, manufacture and market innovative products in a rapidly changing technological environment, our timely implementation of new manufacturing technologies and installation of manufacturing equipment, and our ability to realize expected returns on significant investments in manufacturing capacity;
- Availability and cost of key materials, utilities, manufacturing equipment, third-party manufacturing services and manufacturing technology;
- Our ability to retain, train and recruit skilled personnel and effectively manage key employee succession;
- Product liability, warranty or other claims relating to our products, software, manufacturing, delivery, services, design or communications, or recalls by our customers for a product containing one of our parts;
- Financial difficulties of our distributors or semiconductor distributors’ promotion of competing product lines to our detriment; or disputes with current or former distributors;
- Our ability to maintain or improve profit margins, including our ability to utilize our manufacturing facilities at sufficient levels to cover our fixed operating costs, in an intensely competitive and cyclical industry and changing regulatory environment;
- Compliance with or changes in the complex laws, rules and regulations to which we are or may become subject, or actions of enforcement authorities, that restrict our ability to operate our business or subject us to fines, penalties or other legal liability;
- Changes in tax law and accounting standards that impact the tax rate applicable to us, the jurisdictions in which profits are determined to be earned and taxed, adverse resolution of tax audits, increases in tariff rates, and the ability to realize deferred tax assets;
- Our ability to maintain and enforce a strong intellectual property portfolio and maintain freedom of operation in all jurisdictions where we conduct business; or our exposure to infringement claims;
- Our ability to make principal and interest payments on our debt when due;
- Instability in the global credit and financial markets; and
- Impairments of our non-financial assets.

For a more detailed discussion of these factors, see the Risk factors discussion in Item 1A of our most recent Form 10-K. The forward-looking statements included in this report are made only as of the date of this report, and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances. If we do update any forward-looking statement, you should not infer that we will make additional updates with respect to that statement or any other forward-looking statement.

SIGNATURE

Pursuant to the requirements 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/ Rafael R. Lizardi
Rafael R. Lizardi, Senior Vice President and Chief
Financial Officer

Date: July 24, 2026

CERTIFICATIONS

I, Haviv Ilan, certify that:

1. I have reviewed this report on Form 10-Q of Texas Instruments Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2026

/s/ Haviv Ilan

Haviv Ilan
Chairman, President and
Chief Executive Officer

CERTIFICATIONS

I, Rafael R. Lizardi, certify that:

1. I have reviewed this report on Form 10-Q of Texas Instruments Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2026

/s/ Rafael R. Lizardi

Rafael R. Lizardi
Senior Vice President and
Chief Financial Officer

Certification of Periodic Report
Pursuant to 18 U.S.C. Section 1350

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Haviv Ilan, Chairman, President and Chief Executive Officer of Texas Instruments Incorporated (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 24, 2026

/s/ Haviv Ilan

Haviv Ilan
Chairman, President and
Chief Executive Officer

Certification of Periodic Report
Pursuant to 18 U.S.C. Section 1350

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Rafael R. Lizardi, Senior Vice President and Chief Financial Officer of Texas Instruments Incorporated (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 24, 2026

/s/ Rafael R. Lizardi

Rafael R. Lizardi
Senior Vice President and
Chief Financial Officer