SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1997 Commission File Number 1-3761

TEXAS INSTRUMENTS INCORPORATED
(Exact name of Registrant as specified in its charter)

Delaware
(State of Incorporation)

75-0289970
(I.R.S. Employer Identification No.)

13500 North Central Expressway, P.O. Box 655474, Dallas, Texas 75265-5474
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 972-995-3773

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

195,129,262
Number of shares of Registrant's common stock outstanding as of September 30, 1997

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
Consolidated Financial Statements
(In millions of dollars, except per-share amounts.)

Balance Sheet	Sept 30 1997	Dec. 31 1996
Assets		
Current assets:		
Cash and cash equivalents	$ 2,727	$ 964
Short-term investments	1,509	14
Accounts receivable, less allowance for losses of $66 million in 1997 and $90 million in 1996	1,766	1,799
Inventories:		
Raw materials	114	111
Work in process	363	361
Finished goods	281	231

Inventories	758	703
Prepaid expenses	50	50
Deferred income taxes	532	395
Net assets of discontinued operations	--	529
Total current assets	7,342	4,454
Property, plant and equipment at cost	7,212	6,712
Less accumulated depreciation	(3,054)	(2,550)
Property, plant and equipment (net)	4,158	4,162
Deferred income taxes	183	192
Other assets	391	552
Total assets	$12,074	$ 9,360
Liabilities and Stockholders' Equity		
Current liabilities:		
Loans payable and current portion long-term debt	$ 86	$ 314
Accounts payable	648	775
Accrued and other current liabilities	2,335	1,397
Total current liabilities	3,069	2,486
Long-term debt	1,540	1,697
Accrued retirement costs	704	719
Deferred credits and other liabilities	441	361
Stockholders' equity:		
Preferred stock, $25 par value. Authorized - 10,000,000 shares. Participating cumulative preferred. None issued	--	--
Common stock, $1 par value. Authorized - 500,000,000 shares. Shares issued: 1997 - 195,485,898; 1996 - 190,396,797	195	190
Paid-in capital	1,380	1,116
Retained earnings	4,806	2,814
Less treasury common stock at cost. Shares: 1997 - 356,636; 1996 - 143,525	(40)	(12)
Other	(21)	(11)
Total stockholders' equity	6,320	4,097
Total liabilities and stockholders' equity	$12,074	$ 9,360

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
Consolidated Financial Statements
(In millions of dollars, except per-share amounts.)

Income	For Three Months Ended Sept 30 1997	For Three Months Ended Sept 30 1996	For Nine Months Ended Sept 30 1997	For Nine Months Ended Sept 30 1996
Net revenues	$ 2,500	$ 2,407	$ 7,322	$ 7,481
Operating costs and expenses:				
Cost of revenues	1,518	1,743	4,587	5,354
Research and development	275	448	795	926
Marketing, general and administrative	349	393	1,125	1,192
Total	2,142	2,584	6,507	7,472
Profit (loss) from operations	358	(177)	815	9
Other income (expense) net	33	17	127	82
Interest on loans	23	25	73	49
Income (loss) before provision for income taxes	368	(185)	869	42
Provision (credit) for income taxes	129	(6)	304	48
Income (loss) from continuing operations	239	(179)	565	(6)
Discontinued operations:				
Income from operations	--	32	52	98

Gain on sale	1,473	--	1,473	--
Net income (loss)	$ 1,712	$ (147)	$ 2,090	$ 92
Earnings (loss) per common and common equivalent share:				
Continuing operations	$ 1.20	$ (0.95)	$ 2.84	$ (0.03)
Discontinued operations:				
Income from operations	--	0.17	0.27	0.51
Gain on sale	7.36	--	7.41	--
Net income (loss)	$ 8.56	$ (0.78)	$ 10.52	$ .48
Cash dividends declared per share of common stock	$ 0.17	$ 0.17	$ 0.51	$ 0.51

Cash Flows

Continuing Operations:		
Net cash provided by operating activities	$ 1,369	$ 206
Cash flows from investing activities:		
Additions to property, plant and equipment	(914)	(1,639)
Purchases of short-term investments	(1,662)	(14)
Sales and maturities of short-term investments	172	195
Acquisition of business, net	--	(313)
Proceeds from sale of discontinued operations less transaction costs	2,836	--
Proceeds from sale of other businesses	177	150
Net cash provided by (used in) investing activities	609	(1,621)
Cash flows from financing activities:		
Additions to loans payable	--	162
Payments on loans payable	(280)	(2)
Additions to long-term debt	27	841
Payments on long-term debt	(1)	(172)
Dividends paid on common stock	(97)	(97)
Sales and other common stock transactions	102	23
Other	-	-
Net cash provided by (used in) financing activities	(249)	755
Effect of exchange rate changes on cash	(23)	(11)
Cash provided by (used in) continuing operations	1,706	(671)
Discontinued Operations:		
Operating activities	73	40
Investing activities	(16)	(57)
Cash provided by (used in) discontinued operations	57	(17)
Net increase (decrease) in cash and cash equivalents	1,763	(688)
Cash and cash equivalents, January 1	964	1,364
Cash and cash equivalents, September 30	$ 2,727	$ 676

Notes to Financial Statements

Earnings per common and common equivalent share are based on average common and common equivalent shares outstanding (200.0 and 189.7 million shares for the third quarters of 1997 and 1996, and 198.7 and 191.8 million shares for the nine months ended September 30, 1997 and 1996). Shares issuable upon exercise of dilutive stock options and upon conversion of dilutive convertible debentures are included in average common and common equivalent shares outstanding.

Results for the third quarter of 1997 reflect the sale of TI's defense business, which was closed with Raytheon Company on July 11 for $2.95 billion in cash. The net gain from this sale, after income taxes of $876 million, was $1,473 million and was included in discontinued operations.

On July 29, 1997, TI gave notice of redemption for the $103.2 million outstanding balance of its 2.75% convertible subordinated debentures due 2002. In response, essentially all of the debenture holders elected to convert their debentures into TI common stock. This resulted in the issuance of 2,488,175 shares of TI common stock in the third quarter.

On September 18, 1997, TI's Board of Directors declared a two-for-one stock split in the form of a 100 percent stock dividend on the common stock to shareholders of record October 24, 1997. Number of shares and per-share amounts herein do not reflect the two-for-one stock split.

TI announced on October 14, 1997, a continuous fixed-spread tender offer for any or all of its 9.0% notes due 2001, its 9.25% notes due 2003 and its 8.75% notes due 2007. The offering period extends from October 15 through October 21, with cash settlement on October 24, 1997. Each of the series of notes has $150 million in principal outstanding. There will be an extraordinary charge in the fourth quarter of 1997 depending on the quantity and price of debt tendered.

Results for the second quarter of 1997 include a pretax operating charge of $44 million for the termination of joint-venture agreements in Thailand and a $66 million pretax gain from the sale of three TI businesses, principally software.

In the first quarter of 1997, the company sold its mobile computing business and terminated its digital imaging printing development program. As a result, the company took a pretax charge of $56 million in the first quarter, of which $27 million was for severance for involuntary employment reductions worldwide. These severance actions were essentially completed by the end of the quarter and affected approximately 1,045 employees. The balance, $29 million, was for other costs associated with the business sale and program termination, including vendor cancellation and lease charges.

Accounting policy on derivatives: Net currency exchange gains and losses from forward currency exchange contracts to hedge net balance sheet exposures are charged or credited on a current basis to other income (expense) net. Gains and losses from forward currency exchange contracts to hedge specific transactions are deferred and included in the measurement of the related transactions. Gains and losses from interest rate swaps are included on the accrual basis in interest expense. Gains and losses from terminated forward currency exchange contracts and interest rate swaps are deferred and recognized consistent with the terms of the underlying transaction.

The statements of income, statements of cash flows and balance sheet at September 30, 1997, are not audited but reflect all adjustments which are of a normal recurring nature and are, in the opinion of management, necessary to a fair statement of the results of the periods shown.

ITEM 2. Management's Discussion and Analysis of Financial Condition andResults of Operations.

Higher operating margins for semiconductors drove continued improvements in profitability for the Registrant (the "company" or "TI") in the third quarter of 1997, led by ongoing strength in digital signal processing solutions and other differentiated semiconductors.

TI's operating margin increased to 14.3 percent in the quarter, up from 0.6 percent in the third quarter of 1996, excluding a one-time charge in the year-ago period. Semiconductor margins were up more than 12 points from the year-ago level, and also increased sequentially from the second quarter of 1997.

The company has announced a number of strategic developments to widen its leadership in the rapidly growing market of digital signal processing solutions. Most recently, TI disclosed a floating-point member of its powerful TMS320C6x digital signal processor (DSP) family. The 'C67x is the first DSP to offer peak performance of 1 billion floating-point calculations per second, and will enable applications requiring powerful analysis such as space exploration equipment, unprecedented virtual reality, next-generation medical imaging, and 3-D graphics and voice recognition for personal computer interfaces.

FINANCIAL SUMMARY

During the quarter TI announced a two-for-one stock split in the form of a 100 percent stock dividend on the common stock, payable on November 21, 1997, to shareholders of record October 24, 1997. In this report, the numbers are pre-split.

TI's orders for the third quarter of 1997 were $2449 million, compared with $2284 million in the same period of 1996.

Revenues for the third quarter of 1997 were $2500 million, up 4 percent from the year-ago period. Financial results in the third quarter of 1996 included revenues from TI businesses that have since been sold, primarily software, mobile computing and printers. Excluding the sold businesses, orders and revenues were up 21 percent and 19 percent, respectively, from the year-ago period.

Earnings per share (EPS) from continuing operations were $1.20, compared with $0.06 in the year-ago period excluding a one-time charge. The year-ago EPS of $0.06 excludes the one-time charge of $192 million in the third quarter of 1996 for in-process R&D associated with the purchase of Silicon Systems, Inc. (SSi). Including the charge, EPS from continuing operations in the year-ago quarter was a loss of $0.95.

Profit from operations (PFO) from continuing operations was $358 million versus $15 million, excluding the charge in the year-ago period. Including the charge in the third quarter of 1996, the loss from continuing operations was $177 million.

Net income from continuing operations was $239 million versus $13 million, excluding the charge in the third quarter of 1996. Including the charge in the year-ago quarter, net loss was $179 million.

Net income from discontinued operations in the third quarter includes the net gain of $1473 million ($7.36 per share) from the sale of TI's defense business to Raytheon Company, which closed on July 11, 1997. Throughout the report, the defense operation is reported as a discontinued business.

To reflect the company's operating structure after the recent business divestitures, the financial results discussed below are organized around TI's three principal businesses: Semiconductor (SC), Materials & Controls (M&C), and Educational & Productivity Solutions (E&PS). Operating profits of these businesses include the effects of profit sharing and exclude the effects of special charges and gains. Semiconductor results include the effects of all semiconductor-related royalty revenues. Results for digital imaging, PC-related royalty revenues and divested businesses are excluded from the three principal businesses, but are included in TI's consolidated results.

SEMICONDUCTOR

Semiconductor orders were up 27 percent from the third quarter of 1996, with particular strength in wireless communications and networking. Although orders for digital signal processing solutions were up strongly, semiconductor orders in total were down slightly from the second quarter of 1997, primarily due to lower memory prices.

Semiconductor revenues increased 22 percent from the third quarter of 1996, primarily due to strength in digital signal processing and mixed-signal/analog. Revenues were up slightly from the second quarter of 1997, reflecting strength in wireless communications.

Semiconductor PFO improved substantially from the year-ago quarter, up more than fourfold, due to strength in digital signal processing, mixed-signal/analog and other differentiated semiconductors. In addition, memory improved substantially from a year ago, but continued at a loss. Despite a somewhat larger loss in memory from the second quarter to the third quarter of 1997, semiconductor PFO was up.

Semiconductor revenues, including royalties from semiconductor licensees, now represent about 84 percent of TI's revenues. Digital signal processors plus mixed-signal/analog represent about 40 percent of semiconductor. Memory, made up primarily of dynamic random access memories (DRAMs), now accounts for about 20 percent of semiconductor. The remainder of semiconductor is made up primarily of a broad range of advanced products, including application specific integrated circuits, reduced-instruction set microprocessors, microcontrollers and standard logic.

MATERIALS & CONTROLS

Revenues for TI's Materials & Controls business were up 9 percent from the year-ago period, but down slightly from the second quarter of 1997 due to seasonal weakness in the heating, ventilation and air conditioning market. Orders were up slightly from the year-ago period.

Operating margins remained at double-digit levels, up from the third quarter of 1996, but down from the prior quarter on lower revenues.

M&C's next generation TIRIS(TM) vehicle theft deterrent products received strong market reception over the quarter, with European, U.S. and Japanese automobile manufacturers working with the ignition system integrators to greatly expand the number of models using this technology.

The M&C business has made steady progress in reducing manufacturing costs over the past several months, including recently announced plans for consolidation of some sites in North America. This business will continue to take costreduction actions as it focuses on increasing margins and moving into higher growth, electronics-based markets.

EDUCATIONAL & PRODUCTIVITY SOLUTIONS

Orders and revenues for the E&PS business, made up largely of calculators, were up slightly from the year-ago period, but down from the traditionally high second quarter.

Operating margins continued in the high teens, up from the year-ago period, but down somewhat from the level of the second quarter. Because of the school-year cycle, this business typically delivers peak financial performance in the second and third quarters and operates near break-even in the first and fourth quarters of the year.

The business further strengthened its relationships with the academic community in the United States and Canada by holding about 300 "Teachers Training with Technology" sessions this summer. E&PS also progressed in its expansion strategy in Europe, winning its first order from the Portugal Ministry of Industry, which endorsed graphing calculators earlier this year.

OUTLOOK

Based on our recent survey of U.S. end-equipment manufacturers, inventories of semiconductors remain at low levels. The outlook remains positive for continued moderate recovery of the world semiconductor market, although the near-term rate of growth is being restrained by DRAM pricing pressures and weakness in the Japanese economy. TI believes the semiconductor market in 1998 will grow at or above the long-term growth trend of the industry. The company sees particular strength in wireless communications and networking, applications important to digital signal processing and mixed-signal/analog products, where TI is a leader.

A recent report by market research firm Dataquest forecasts digital signal processing as the fastest growing product area in the semiconductor market. TI estimates the digital signal processing and related mixed-signal/analog market will grow more than tenfold to about $50 billion over the next ten years.

TI is taking several actions to accelerate the growth of its digital signal processing solutions. Recent announcements include a $100 million venture fund to help seed the growth of new DSP applications, and $25 million for additional university research focused on DSP.

In early September, TI formally opened the Kilby Center, the world's most advanced research center for silicon manufacturing. The facility will serve as the technology base for the ongoing creation of TI's leading edge DSP solutions.

Investment also continues in digital imaging, with emphasis on reducing costs in a very competitive market environment. Work continues with customers for development of new products that make full use of the advantages of TI's technology for higher brightness and lower weight in display systems.

In order to more closely link compensation with company performance and to attract and retain the finest talent, TI also recently announced an extensive restructuring of its total compensation package. TI believes this is one of the most competitive packages in the industry -- one that provides top pay for top performance on both an individual and company level.

ADDITIONAL FINANCIAL INFORMATION

Business	Change in orders 3Q97 vs. 3Q96	Change in revenues, 3Q97 vs. 3Q96
SC	up 27%	up 22%
M&C	up 2%	up 9%
E&PS	up 6%	up 3%
Total TI	up 7%	up 4%

Business	Change in orders, 3QYT97 vs. 3QYT96	Change in revenues, 3QYTD97 vs. 3QYTD96
SC	up 30%	up 11%
M&C	up 9%	up 7%
E&PS	up 4%	up 4%

Total TI	up 11%	down 2%

For the first nine months of 1997, TI's orders were $7605 million, compared with $6847 million for the first nine months of 1996. Excluding the sold businesses, TI orders were up 26 percent. The increase in SC orders resulted from strong demand for digital signal processing solutions. The M&C orders were up due to TIRIS and electronic-based sensors and the E&PS orders were up as a result of increased instructional calculator volume.

Revenues for the first nine months of 1997 were $7322 million, compared with $7481 million in the first nine months of 1996. Excluding the sold businesses, TI revenues were up 11 percent versus down 2 percent as reported. The increase in SC resulted from higher DSPS revenues and higher royalties. The increase in M&C revenue was due primarily to TIRIS and electronic-based sensors and the increase in E&PS was the result of increased instructional calculator volume.

TI's PFO from continuing operations for the first nine months of 1997 was $815 million, compared with $9 million in the first nine months of 1996. The increase was primarily from higher semiconductor profits due to improved margins, increased revenues and higher semiconductor royalties, the absence of losses in mobile computing, and the absence of the $192 million charge in third quarter 1996.

Net income from continuing operations for the first nine months of 1997 was $565 million, compared with a loss of $6 million in the first nine months of 1996. Earnings per share were $2.84, compared with a loss of $0.03.

Interest income in the quarter was up $42 million from the year-ago period, primarily as a result of investment of net proceeds from the sale of the defense business to Raytheon.

The income tax rate for the first nine months of 1997 was 35 percent, which is the current estimate of the rate for the full year.

During the first nine months of 1997, cash and cash equivalents plus short-term investments increased by $3258 million to $4236 million. The cash

sale of TI's defense operations to Raytheon on July 11, 1997, accounts for most of the increase. In addition, the sale of three other TI businesses generated $177 million of cash in the second quarter. Year-to-date cash flow from operating activities net of additions to property, plant, and equipment was $455 million. In the fourth quarter, TI anticipates using approximately $700 million of cash to pay taxes on the gain from the sale of TI's defense operations.

In announcing the stock split, referenced earlier in this report, TI indicated that its Board had elected to hold the cash dividend at its current rate (8.5 cents per share when adjusted for the split).

During the third quarter TI began a stock repurchase plan with the goal of neutralizing the dilutive effect of shares to be issued upon the exercise of stock options under the new employee stock purchase plan and stock option/incentive plans. In September, TI purchased $27 million of its common stock.

In connection with the restructuring of the performance package discussed earlier in this report, and in accordance with pension accounting rules, the company expects to record a non-cash pension curtailment gain in the fourth quarter of 1997.

The outstanding balance of commercial paper was reduced from $300 million to zero during the second quarter of 1997. The company's outstanding 2.75% Convertible Subordinated Debentures due 2002 in the principal amount of $103 million were called for redemption and converted to TI common stock in the third quarter of 1997. The debt-to-total-capital ratio was .20 at the end of the third quarter, down from the year-end 1996 level of .33.

TI announced on October 14, 1997 a continuous, fixed-spread tender offer for any or all of its 9.0% notes due 2001, its 9.25% notes due 2003 and its 8.75% notes due 2007. The offering period extends from October 15 through October 21, 1997, unless extended. Each of the series of notes has $150 million in principal outstanding. While there will be an extraordinary charge in the fourth quarter of 1997 depending on the quantity tendered, the debt repurchase is expected to be slightly accretive to future period earnings.

TI's backlog of unfilled orders as of September 30, 1997, was $1861 million, up $153 million from the third quarter of 1996 and down $56 million from the second quarter of 1997.

TI's R&D was $275 million in the third quarter of 1997, compared with $256 million in the third quarter of 1996, excluding the one-time $192 million charge for in-process R&D associated with the SSi acquisition. R&D for the first nine months of 1997 was $795 million, compared with $734 million in the first nine months of 1996, excluding the charge. R&D for the full year is expected to be $1.1 billion.

Capital expenditures in the third quarter of this year were $351 million, compared with $517 million in the third quarter of 1996, and $914 million for the first nine months of 1997, compared with $1639 million for the first nine months of 1996. Capital spending for 1997 is now projected at $1.2 billion, up slightly from the previous projection for the year.

Depreciation in the third quarter of 1997 was $287 million, compared with $244 million in the third quarter of 1996, and $806 million for the first

nine months of 1997, compared with $629 million for the same period of 1996. Depreciation for the total year is projected at $1.1 billion.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings.

In connection with the Registrant's litigation with Fujitsu Limited ("Fujitsu") discussed in Item 3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996, the Tokyo High Court on September 10, 1997 upheld the ruling that Fujitsu's production of 1-megabit and 4-megabit DRAM and 32K EPROMs does not infringe the Registrant's Japanese patent on the invention of the integrated circuit (the "Kilby" patent). The Registrant is appealing the court's decision to the Supreme Court of Japan.

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Designation of Exhibits in this Report	Description of Exhibit
10(b)(iii)	Amendment No. 3 to TI Deferred Compensation Plan
10(g)	Texas Instruments Directors Deferred Compensation Plan
11	Computation of primary and fully diluted earnings per common and common equivalent share.
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
27	Financial Data Schedule.

(b) Reports on Form 8-K

None.

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

With the exception of historical information, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties including, but not limited to, economic conditions, product demand and industry capacity, competitive products and pricing, manufacturing efficiencies, new product development, ability to enforce patents, availability of raw materials and critical manufacturing equipment, new plant startups, the regulatory and trade environment, and other risks indicated in filings with the Securities and Exchange Commission.

Trademarks: TIRIS is a trademark of Texas Instruments Incorporated.

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/ William A. Aylesworth
William A. Aylesworth
Senior Vice President, Treasurer
and Chief Financial Officer

Date: October 16, 1997

Exhibit Index

Designation of Exhibits in this Report	Description of Exhibit	Paper (P) or Electronic (E)
10(b)(iii)	Amendment No. 3 to TI Deferred Compensation Plan	E
10(g)	Texas Instruments Directors Deferred Compensation Plan	E
11	Computation of Primary and Fully Diluted Earnings Per Common and Common Equivalent Share.	E
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined	E

	Fixed Charges and Preferred Stock Dividends.	
27	Financial Data Schedule	E

[DESCRIPTION] EXHIBIT 10(b)(iii)

EXHIBIT 10(b)(iii)

AMENDMENT NO. 3

TO

TI DEFERRED COMPENSATION PLAN

TEXAS INSTRUMENTS INCORPORATED, a Delaware Corporation with its principal offices in Dallas, Texas (hereafter "TI") hereby amends the TI Deferred Compensation Plan (hereafter the "Plan") established by the Company as of October 19, 1994, in the respects set forth below:

1. Section 1-4 of the Plan hereby is amended so as to read as follows:

> "Sec. 1-4. Compensation. "Compensation" means, with respect to a Plan Year, a Participant's annual award under the Texas Instruments Executive Officer Performance Plan and a Participant's annual cash incentive award approved by the Chief Executive Officer or his delegate.

This Amendment shall be effective as of January 1, 1998.

EXECUTED as of this 15th day of October, 1997.

TEXAS INSTRUMENTS INCORPORATED

BY: /s/ RICHARD J. AGNICH

[DESCRIPTION] EXHIBIT 10(g)

EXHIBIT 10(g)

TEXAS INSTRUMENTS DIRECTORS
DEFERRED COMPENSATION PLAN
As Adopted September 18, 1997

The purpose of this plan (the "Plan") is to provide Directors (as herein defined) of Texas Instruments Incorporated ("TI" or the "Company") with the opportunity to defer certain portions of the compensation paid to them as Directors and to select from among investment alternatives with respect to such deferred compensation.

Section 1. Definitions.

(a) "Board" means the Board of Directors of the Company, as constituted from time to time.

(b) "Cash Account" means the bookkeeping account established pursuant to Section 4 on behalf of each Director who elects pursuant to Section 3 to have any of his or her Deferred Compensation credited to a cash account.

(c) "Deferred Compensation" means that portion of any Director's Eligible Compensation that he or she elects pursuant to Section 2 to be deferred in accordance with this Plan.

(d) "Director" means a member of the Board who is not an employee of the Company or any subsidiary thereof.

(e) "Eligible Compensation" means the cash portion of any compensation payable by the Company to a Director for his or her services as a Director but shall not include any reimbursement by the Company of expenses incurred by a Director incidental to attendance at a meeting of the Company's stockholders, the Board, or any committee of the Board, or of any other expense incurred on behalf of the Company.

(f) "Fair Market Value" means the average of the high and low prices of TI common stock on the date the determination is made (or, if there is no trading on the New York Stock Exchange on such date, then on the first previous date on which there is such trading) as reported in "New York Stock Exchange Composite Transactions" in The Wall Street Journal.

(g) "Secretary" means the Secretary of the Company.

(h) "Stock Unit Account" means the bookkeeping account established, pursuant to Section 5, on behalf of each Director who elects, pursuant to Section 3, to have any of his or her Deferred Compensation credited to a stock unit account.

(i) "Year" means a calendar year.

Section 2. Deferral Election.

Each Director may elect, with respect to any Year, that all or any portion of his or her Eligible Compensation be deferred in accordance with the terms of this Plan.

Section 3. Investment Alternatives.

Each Director may elect that his or her Deferred Compensation for any Year be credited to a cash account or a stock unit account or to any combination thereof.

Section 4. Cash Accounts.

(a) TI shall establish and maintain a separate unfunded Cash Account for each Director who has elected that any portion of his or her Deferred Compensation be credited to a cash account.

(b) As of the date on which any amount of a Director's Deferred Compensation becomes payable, his or her Cash Account shall be credited with an amount equal to that portion of such Deferred Compensation as such Director has elected be credited to his or her Cash Account.

(c) As of the last day of each month, interest on each Cash Account shall be credited on the average of the balances on the first and last day of such month. Interest shall be credited at a rate equivalent to the average yield on corporate bonds rated Aaa by Moody's Investors Service on September 30 of the preceding Year (or if there is no such yield reported for such date, then on the next preceding date for which such a yield is reported) as published in Federal Reserve Statistical Release H.15, or at such other rate as may be determined by the Board Organization and Nominating Committee for each Year.

Section 5. Stock Unit Accounts.

(a) TI shall establish and maintain a separate unfunded Stock Unit Account for each director who has elected that any portion of his Deferred Compensation be credited to a stock unit account.

(b) As of each date on which any amount of a Director's Deferred Compensation becomes payable, his or her Stock Unit Account shall be credited with that number of units as are equal to the number of full or fractional shares of TI common stock as could be purchased at the Fair Market Value with the portion of such Deferred Compensation as such Director has elected be credited to his or her Stock Unit Account.

(c) As of the payment date for each dividend on TI common stock declared by the Board, there shall be credited to each Stock Unit Account that number of units as are equal to the number of full or fractional shares of TI common stock as could be purchased at the Fair Market Value on the payment date for such dividend with an amount equal to the product of: (i) the dividend per share, and (ii) the number of units in such account immediately prior to the record date for such dividend.

(d) In the event that the Secretary shall determine that any dividend or other distribution (whether in the form of cash, stock or other securities or property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of stock or other securities of the Company, issuance of warrants or other rights to purchase stock or other securities of the Company, or other similar corporate transaction or event affects the Stock Unit Accounts such that an adjustment is determined by the Secretary to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Secretary shall, in such manner as he or she may deem equitable, adjust the number of units in the Stock Unit Accounts.

Section 6. Form and Time of Election.

A Director's election to defer all or any portion of his or her Eligible Compensation for any Year shall be irrevocable. The election shall be made in writing in the form ("Election Form") prescribed by the Secretary. Except as hereinafter provided, to be effective, an Election Form for any Year shall be required to be received by the Secretary on or before December 31 of the preceding Year. In the case of a Director's initial election to the Board, the Election Form for the year of election shall be received not more than 30 days following his or her election and, unless received on the date of election, shall be effective only for Eligible Compensation earned after receipt of the Election Form.

Section 7. Allocation of Balances in Previously Established Accounts.

At such time (on or before December 31, 1997) as the Secretary shall determine, each Director with a cash account established on his or her behalf under the Company's previous deferred compensation program for directors may elect, in such manner as may be prescribed by the Secretary, to have the balance in such previously established account credited to a cash account or a stock unit account or to any combination thereof. Any such election shall be irrevocable, and any cash account or stock unit account credited pursuant to such election shall for all purposes be deemed to have been established under this Plan.

Section 8. Form and Time of Distributions.

Distributions of amounts credited to each Director's Cash Account shall be made in cash. Distribution of units credited to each director's Stock Unit Account shall be made by issuing to such Director an equivalent number of shares of TI common stock; provided, however, that no fractional shares will be issued and any fractional unit will be distributed by payment of cash in the amount represented by such fractional unit based on the Fair Market Value on the date preceding the date of payment. Any shares of TI common stock distributed under the Plan shall consist of treasury shares. Except as otherwise hereinafter provided, distributions shall be made (a) on the first day of the month following such Director's termination of service on the Board for any reason other than death, or (b) at such later time as the Director has elected in accordance with the terms of this Plan. Notwithstanding the foregoing, an earlier distribution may be made, at the discretion of the Secretary, upon a finding that a Director is suffering a significant financial hardship caused by a recent event or events not within such Director's control; provided, however, that in such event, the cash or shares distributed shall be limited to those amounts necessary to accommodate the financial hardship, as determined by the Secretary.

Section 9. Death of Director.

Notwithstanding the foregoing, in the event of the death of a Director prior to receipt by such Director of the full amount of cash and number of shares to be distributed to the Director, all such cash and/or shares will be distributed to the beneficiary or beneficiaries designated by the Director, or if no beneficiary has been designated, to the Director's estate as soon as practicable following the month in which the death occurred.

Section 10. Accounts Unsecured.

Until distributed, all amounts credited to any Cash Accounts or represented by units credited to any Stock Unit Account shall be property of TI, available for TI's use, and subject to the claims of TI's general creditors. The rights of any Director or beneficiary to distributions under this Plan are not subject to anticipation, alienation, sale, transfer, assignment, or encumbrance, and shall not be subject to the debts or liabilities of any Director or beneficiary.

Section 11. Certain Rights Reserved by TI.

TI reserves the right to suspend, modify or terminate this Plan at any time, and, in such event, shall have the right to distribute to each Director all amounts in such Director's Cash Account or shares of TI common stock equivalent to units in such Director's Stock Unit Account, including, in the case of Stock Unit Accounts, the right to distribute cash equivalent to the units in such Accounts.

Section 12. Certain Affiliations.

In the event that any Director terminates his or her membership on the Board and becomes affiliated with a government agency or with any private company or firm that the Board Organization and Nominating Committee believes to be in competition with TI, the Board may, at its discretion, require a distribution of all amounts in any Director's Cash Account or shares equivalent to units in such Director's Stock Unit Account.

Section 13. Administration and Interpretation of Plan.

The Secretary shall have full power and authority to construe, interpret and administer this Plan. The Secretary may issue rules and regulations for administration of the Plan. All decisions of the Secretary shall be final, conclusive and binding upon all parties, including the Company, the stockholders and the directors. In the event of the absence or inability to act of the Secretary, any Assistant Secretary shall have the authority to act in his place.

Subject to the terms of the Plan and applicable law, the Secretary shall have full power and authority to: (i) interpret and administer the Plan and any instrument or agreement relating thereto; (ii) establish, amend, suspend or waive such rules and regulations and appoint such agents as the Secretary shall deem appropriate for the proper administration of the Plan; and (iii) make any other determination and take any other action that the Secretary deems necessary or desirable for the administration of this Plan.

[DESCRIPTION] Exhibit 11

EXHIBIT 11

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
PRIMARY AND FULLY DILUTED EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE
(In thousands, except per-share amounts.)

	For Three Months Ended		For Nine Months Ended	
	Sept 30 1997	Sept 30 1996	Sept 30 1997	Sept 30 1996
Income (loss) from continuing operations	$ 239,301	$(179,585)	$ 564,840	$ (6,538)
Add:				
Interest, net of tax and profit sharing effect, on convertible debentures assumed converted	--	--	--	--
Income (loss) from continuing operations	239,301	(179,585)	564,840	(6,538)
Discontinued operations:				
Income from operations	--	32,011	52,718	97,796
Gain on sale	1,472,710	--	1,472,710	--
Net income (loss)	$1,712,011	$(147,574)	$2,090,268	$ 91,258
Earnings (loss) per Common and Common Equivalent Share:				
Weighted average common shares outstanding	193,190	189,723	191,803	189,565
Weighted average common equivalent shares:				
Stock option and compensation plans	5,204	--	4,721	2,280
Convertible debentures	1,580	--	2,184	--
Weighted average common and common equivalent shares	199,974	189,723	198,708	191,845
Earnings (loss) per Common and Common Equivalent Share:				
Income (loss) from continuing operations	$ 1.20	$ (0.95)	$ 2.84	$ (0.03)
Discontinued operations:				
Income from operations	--	0.17	0.27	0.51
Gain on sale	7.36	--	7.41	--
Net income (loss)	$ 8.56	$ (0.78)	$ 10.52	$ 0.48
Earnings (loss) per Common Share Assuming Full Dilution:				
Weighted average common shares outstanding	193,190	189,723	191,803	189,565
Weighted average common equivalent shares:				
Stock option and compensation plans	5,635	--	6,094	2,662
Convertible debentures	1,580	--	2,184	--
Weighted average common and common equivalent shares	200,405	189,723	200,081	192,227
Earnings (loss) per Common Share Assuming Full Dilution:				
Income (loss) from continuing operations	$ 1.19	$ (0.95)	$ 2.82	$ (0.03)
Discontinued operations:				
Income from operations	--	0.17	0.27	0.50
Gain on sale	7.35	--	7.36	--
Net income (loss)	$ 8.54	$ (0.78)	$ 10.45	$ 0.47

[DESCRIPTION] Exhibit 12

EXHIBIT 12

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF
EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Dollars in millions)

						For Nine Months Ended Sept. 30	
	1992	1993	1994	1995	1996	1996	1997
Income (loss) before income taxes and fixed charges:							
Income (loss) before cumulative effect of accounting changes, interest expense on loans, capitalized interest amortized, and provision for income taxes.....	$ 242	$ 561	$ 943	$1,530	$ 65	$ 102	$ 955
Add interest attributable to rental and lease expense...........	42	38	40	41	44	33	31
	$ 284	$ 599	$ 983	$1,571	$ 109	$ 135	$ 986
Fixed charges:							
Total interest on loans (expensed and capitalized)......................	$ 57	$ 55	$ 58	$ 69	$ 108	$ 75	$ 91
Interest attributable to rental and lease expense....................	42	38	40	41	44	33	31
Fixed charges............................	$ 99	$ 93	$ 98	$ 110	$ 152	$ 108	$ 122
Combined fixed charges and preferred stock dividends:							
Fixed charges........................	$ 99	$ 93	$ 98	$ 110	$ 152	$ 108	$ 122
Preferred stock dividends (adjusted as appropriate to a pretax equivalent basis)...........	55	29	--	--	--	--	--
Combined fixed charges and preferred stock dividends..........	$ 154	$ 122	$ 98	$ 110	$ 152	$ 108	$ 122
Ratio of earnings to fixed charges.......	2.9	6.4	10.0	14.3	*	1.3	8.1
Ratio of earnings to combined fixed charges and preferred stock dividends........................	1.8	4.9	10.0	14.3	*	1.3	8.1

* Not meaningful. The coverage deficiency was $43 million in 1996.

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This schedule contains summary financial information extracted from THE
CONSOLIDATED FINANCIAL STATEMENTS OF TEXAS INSTRUMENTS INCORPORATED
AND SUBSIDIARIES AS OF SEPTEMBER 30, 1997, AND FOR THE NINE MONTHS
THEN ENDED, and is qualified in its entirety by reference to such
financial statements.

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9-MOS
DEC-31-1997
SEP-30-1997
2,727
1,509
1,766
66
758
7,342
7,212
3,054
12,074
3,069
1,540
0
0
195
6,125
12,074
7,322
7,322
4,587
4,587
795
0
73
869
304
565
1,525
0
0
2,090
10.52
0