TEXAS INSTRUMENTS INC
Form 424B2
March 06, 2014
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Filed pursuant to Rule 424(b)(2)
Registration No. 333-186803

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
0.875% Notes due 2017	$250,000,000	$32,200
2.750% Notes due 2021	$250,000,000	$32,200
Total	$500,000,000	$64,400

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

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PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 22, 2013)

$500,000,000

$250,000,000 0.875% Notes due 2017

$250,000,000 2.750% Notes due 2021

Texas Instruments Incorporated is offering the aggregate principal amount of each series of notes (collectively, the Notes), which will bear interest at the rate per year, in each case as set forth above. Interest on the Notes will be payable semi-annually in arrears on March 12 and September 12 of each year, beginning September 12, 2014.

The 2017 Notes will mature on March 12, 2017 and the 2021 Notes will mature on March 12, 2021.

We may redeem some or all of the Notes at any time, each at the redemption price indicated under the caption Description of the Notes Optional Redemption.

The Notes will be our unsecured senior obligations and will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness from time to time outstanding.

Investing in the Notes involves risks. See Risk Factors beginning on page S-6.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per 2017 Note	Per 2021 Note	Total
Public Offering Price	99.802%	99.294%	$ 497,740,000
Underwriting Discount	0.250%	0.400%	$ 1,625,000
Proceeds to us (before expenses)	99.552%	98.894%	$ 496,115,000

Interest on the Notes will accrue from March 12, 2014 to the date of delivery.

The underwriters expect to deliver the Notes to purchasers on or about March 12, 2014, only in book-entry form through the facilities of The Depository Trust Company.

Joint Book-Running Managers

Citigroup **BofA Merrill Lynch** **Mizuho Securities**

J.P. Morgan **Mitsubishi UFJ Securities** **Morgan Stanley**

Senior Co-Managers

BNP PARIBAS

SMBC Nikko

The Williams Capital Group, L.P.

US Bancorp

Co-Managers

Barclays

Goldman, Sachs & Co.

HSBC

PNC Capital Markets LLC

March 5, 2014

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We are responsible for the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and any free-writing prospectus we prepare or authorize. We have not, and the underwriters have not, authorized anyone to provide you with different information, and we take no responsibility for any other information others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference into this prospectus supplement or the accompanying prospectus is accurate as of any date other than its date.

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CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and documents that are incorporated by reference in this prospectus supplement include 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 its management:

Market demand for semiconductors, particularly in markets such as personal electronics, especially the mobile phone sector, and industrial;

TI s ability to maintain or improve profit margins, including its ability to utilize its manufacturing facilities at sufficient levels to cover its fixed operating costs, in an intensely competitive and cyclical industry;

TI s ability to develop, manufacture and market innovative products in a rapidly changing technological environment;

TI s ability to compete in products and prices in an intensely competitive industry;

TI s ability to maintain and enforce a strong intellectual property portfolio and obtain needed licenses from third parties;

Expiration of license agreements between TI and its patent licensees, and market conditions reducing royalty payments to TI;

Violations of or changes in the complex laws, regulations and policies to which our global operations are subject, and economic, social and political conditions in the countries in which TI, its customers or its suppliers operate, including security risks, health conditions, possible disruptions in transportation, communications and information technology networks and fluctuations in foreign currency exchange rates;

Natural events such as severe weather and earthquakes in the locations in which TI, its customers or its suppliers operate;

Availability and cost of raw materials, utilities, manufacturing equipment, third-party manufacturing services and manufacturing technology;

Changes in the tax rate applicable to TI as the result of changes in tax law, the jurisdictions in which profits are determined to be earned and taxed, the outcome of tax audits and the ability to realize deferred tax assets;

Changes in laws and regulations to which TI or its suppliers are or may become subject, such as those imposing fees or reporting or substitution costs relating to the discharge of emissions into the environment or the use of certain raw materials in our manufacturing processes;

Losses or curtailments of purchases from key customers and the timing and amount of distributor and other customer inventory adjustments;

Financial difficulties of our distributors or their promotion of competing product lines to TI s detriment;

A loss suffered by a customer or distributor of TI with respect to TI-consigned inventory;

Customer demand that differs from our forecasts;

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The financial impact of inadequate or excess TI inventory that results from demand that differs from projections;

Impairments of our non-financial assets;

Product liability or warranty claims, claims based on epidemic or delivery failure or recalls by TI customers for a product containing a TI part;

TI s ability to recruit and retain skilled personnel;

Timely implementation of new manufacturing technologies and installation of manufacturing equipment, and the ability to obtain needed third-party foundry and assembly/test subcontract services;

TI s obligation to make principal and interest payments on its debt;

TI s ability to successfully integrate and realize opportunities for growth from acquisitions, and our ability to realize our expectations regarding the amount and timing of restructuring charges and associated cost savings; and

Breaches of our information technology systems.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or risks, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. New information, future events or risks could cause the forward-looking events we discuss in this prospectus supplement, the accompanying prospectus or the documents incorporated herein by reference not to occur. Additional information concerning these and other risks and uncertainties is contained in our periodic filings with the Securities and Exchange Commission.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this offering. This prospectus supplement also incorporates by reference the information described under Where You Can Find More Information. The second part is the accompanying prospectus dated February 22, 2013. The accompanying prospectus contains a description of our debt securities and gives more general information, some of which may not apply to this offering.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless we have indicated otherwise, references in this prospectus supplement to TI, we, us and our or similar terms are to Texas Instruments Incorporated and its consolidated subsidiaries; references in this prospectus supplement to Texas Instruments Incorporated excludes its consolidated subsidiaries.

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SUMMARY

The following summary highlights information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. It may not contain all of the information that you should consider before investing in the Notes. You should carefully read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference herein that are described under Where You Can Find More Information.

Texas Instruments Incorporated

At TI, we design and make semiconductors that we sell to electronics designers and manufacturers all over the world. We began operations in 1930. We are incorporated in Delaware, headquartered in Dallas, Texas, and have design, manufacturing or sales operations in 35 countries.

Our principal executive offices are located at 12500 TI Boulevard, Dallas, Texas 75266-0199, and our telephone number is (214) 479-3773. We maintain a website at www.ti.com where general information about us is available. Again, we are not incorporating the contents of the website into this prospectus supplement or the accompanying prospectus.

For a description of our business, financial condition, results of operations and other important information regarding us, see our filings with the Securities and Exchange Commission incorporated by reference in this prospectus supplement. For instructions on how to find copies of these and our other filings incorporated by reference in this prospectus supplement, see Where You Can Find More Information.

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The Offering

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Notes section of this prospectus supplement and the Description of Debt Securities section of the accompanying prospectus contain a more detailed description of the terms and conditions of the Notes.

Issuer	Texas Instruments Incorporated
Securities Offered	$250,000,000 aggregate principal amount of 0.875% Notes due 2017
	$250,000,000 aggregate principal amount of 2.750% Notes due 2021
Maturity Dates	March 12, 2017 for the 2017 Notes
	March 12, 2021 for the 2021 Notes
Original Issue Date	March 12, 2014
Interest Rates	Fixed rate of 0.875% for the 2017 Notes
	Fixed rate of 2.750% for the 2021 Notes
Interest Payment Dates	Each March 12 and September 12 beginning on September 12, 2014, and on the maturity date for each series of Notes.
Ranking	The Notes will be the senior unsecured obligations of Texas Instruments Incorporated and will rank equally with all of its existing and future senior indebtedness from time to time outstanding. All existing and future liabilities of subsidiaries of Texas Instruments Incorporated will be effectively senior to the Notes.
	As of December 31, 2013, Texas Instruments Incorporated had approximately $5.2 billion of outstanding indebtedness. As of December 31, 2013, we had approximately $8.1 billion of total liabilities on a consolidated basis. Of this amount, subsidiaries of Texas Instruments Incorporated had approximately $1.8 billion of liabilities (including trade payables and excluding intercompany debt) to which the Notes will be effectively subordinated.
Form and Denomination	The Notes will be issued in the form of one or more fully registered global securities, without coupons, in denominations of $2,000 in principal amount and integral multiples of $1,000 in excess thereof. These global notes will be deposited with the trustee as custodian for, and registered in the name of, a nominee of The Depository Trust Company, or DTC. Except in the limited circumstances described under Description of the Notes Book-Entry; Delivery and Form; Global Note, Notes in certificated form will not be issued or exchanged for interests in global securities.
Governing Law	The internal laws of the State of New York.

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Use of Proceeds	We expect to use the net proceeds of this offering for repayment of a portion of the notes due May 15, 2014 bearing interest at a fixed rate of 1.375%. See Use of Proceeds. In connection with the issuance of the Notes, we may enter into interest rate swap agreements with financial institutions, which may include one or more of the underwriters or their affiliates.
Further Issuances	Texas Instruments Incorporated may create and issue further notes of a series ranking equally and ratably with the applicable series of Notes offered by this prospectus supplement in all respects, so that such further notes of each series will be consolidated and form a single series with the applicable series of Notes offered by this prospectus supplement.
Sinking Fund	None
Optional Redemption	Texas Instruments Incorporated may redeem some or all of the Notes at any time at the redemption prices indicated under the heading Description of the Notes Optional Redemption.
Trading	The Notes are new issues of securities with no established trading market. We do not intend to apply for listing of the Notes on any securities exchange. The underwriters have advised us that they intend to make a market in each series of the Notes, but they are not obligated to do so and may discontinue market-making at any time without notice. See Underwriting in this prospectus supplement for more information about possible market-making by the underwriters.
Trustee	U.S. Bank National Association
Risk Factors	You should carefully consider all of the information in this prospectus supplement and the accompanying prospectus and the documents incorporated herein by reference. In particular, you should evaluate the information set forth under Cautionary Note on Forward-Looking Statements and Risk Factors before deciding whether to invest in the Notes.

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Summary Historical Financial Information

The following table sets forth our summary historical financial information. The summary historical financial information for the years ended December 31, 2013, 2012 and 2011 and as of December 31, 2013 and 2012 has been derived from our audited consolidated financial statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

Various factors will have an effect on our financial condition and results of operations. You should read the summary historical financial information in conjunction with the information under Risk Factors, Capitalization, Management s Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and the related notes, all included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Year Ended December 31,		
(Millions of dollars, except share and per-share amounts)	**2013**	**2012**	**2011**
Revenue	$ 12,205	$ 12,825	$ 13,735
Cost of revenue	5,841	6,457	6,963
Gross profit	6,364	6,368	6,772
Research and development	1,522	1,877	1,715
Selling, general and administrative	1,858	1,804	1,638
Acquisition charges	341	450	315
Restructuring charges/other	(189)	264	112
Operating profit	2,832	1,973	2,992
Other income (expense), net	17	47	5
Interest and debt expense	95	85	42
Income before income taxes	2,754	1,935	2,955
Provision for income taxes	592	176	719
Net income	$ 2,162	$ 1,759	$ 2,236
Earnings per common share:			
Basic	$ 1.94	$ 1.53	$ 1.91
Diluted	$ 1.91	$ 1.51	$ 1.88
Average shares outstanding (millions):			
Basic	1,098	1,132	1,151
Diluted	1,113	1,146	1,171

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(Millions of dollars, except share and per-share amounts)	December 31, 2013	2012
Assets		
Cash, cash equivalents and short-term investments	$ 3,829	$ 3,965
Accounts receivable, net of allowances	$ 1,203	$ 1,230
Inventories	$ 1,731	$ 1,757
Total current assets	$ 8,019	$ 8,230
Property, plant and equipment, net	$ 3,399	$ 3,912
Goodwill	$ 4,362	$ 4,362
Acquisition-related intangibles, net	$ 2,223	$ 2,558
Total assets	$ 18,938	$ 20,021
Liabilities and Stockholders Equity		
Total current liabilities	$ 2,747	$ 3,430
Long-term debt	$ 4,158	$ 4,186
Total liabilities	$ 8,131	$ 9,060
Total stockholders equity	$ 10,807	$ 10,961
Total liabilities and stockholders equity	$ 18,938	$ 20,021

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RISK FACTORS

In considering whether to purchase the Notes, you should carefully consider all the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. In addition, you should carefully consider the risk factors described below, which are not exhaustive.

Risks Related to Our Business

We hereby incorporate by reference risk factors in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2013.

Risks Related to the Offering

An active trading market for the Notes may not develop.

There is currently no public market for the Notes, and we do not currently plan to list the Notes on any national securities exchange. In addition, the liquidity of any trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for these Notes, prevailing interest rates, ratings assigned to the Notes, time remaining to the maturity of the Notes, outstanding amount of the Notes, the market for similar securities, prospects for other companies in our industry and changes in our consolidated financial condition, results of operations or prospects. A liquid trading market in the Notes may not develop, which could decrease the amounts you would otherwise receive upon a sale or disposition of the Notes.

The Notes are the unsecured obligations of Texas Instruments Incorporated and not obligations of its subsidiaries and will be effectively subordinated to the claims of its subsidiaries creditors. Structural subordination increases the risk that Texas Instruments Incorporated will be unable to meet its obligations on the Notes when they mature.

The Notes are exclusively the obligations of Texas Instruments Incorporated and are not obligations of its subsidiaries. A substantial portion of Texas Instruments Incorporated operations are conducted through its subsidiaries. As a result, Texas Instruments Incorporated s cash flow and ability to service its debt, including the Notes, depend upon the earnings of its subsidiaries and the distribution to it of earnings, loans or other payments by its subsidiaries.

Texas Instruments Incorporated s subsidiaries are separate and distinct legal entities. Its subsidiaries will not guarantee the Notes and are under no obligation to pay any amounts due on the Notes or to provide Texas Instruments Incorporated with funds for its payment obligations, whether by dividends, distributions, loans or other payments. Payments to Texas Instruments Incorporated by its subsidiaries will also be contingent upon such subsidiaries earnings and business considerations and may be subject to legal and contractual restrictions. As of December 31, 2013, we had approximately $8.1 billion of total liabilities on a consolidated basis. Of this amount, subsidiaries of Texas Instruments Incorporated had approximately $1.8 billion of liabilities (including trade payables and excluding intercompany debt) to which the Notes will be effectively subordinated.

Texas Instruments Incorporated s right to receive any assets of any of its subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including senior and subordinated debt holders and bank and trade creditors. The indenture governing the Notes does not limit the amount of additional indebtedness that Texas Instruments Incorporated s subsidiaries may incur and permits these subsidiaries to incur secured debt without restriction. In addition, even if Texas Instruments Incorporated were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by Texas Instruments Incorporated.

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The Notes will be subject to the prior claims of any future secured creditors.

The Notes are unsecured obligations, ranking effectively junior to any secured indebtedness Texas Instruments Incorporated may incur in the future. The indenture governing th