



October 6, 2006

Dear TI benefit plan participant:

This year's annual enrollment for the TI Employees Health Benefit Plan is rapidly approaching, Oct. 23 to Nov. 3. The attached document summarizes the changes to the plan effective as of Jan. 1, 2007. You can add this document to the *2006 Retiree Health Benefits Guide* mailed last year and be confident you have a detailed explanation of the TI benefits programs which apply to you.

The changes detailed in the attachment include:

- Improvements to certain coverages for Blue Cross Blue Shield PPO participants.
- New wording in the explanation of Medicare Prescription Drug Coverage.
- New contact information for two HMOs.

We often send you a completely new benefits guide when there are numerous program changes to consider during annual enrollment. The small number of changes for 2007 allows us to provide you this summary instead.

If you need to request another copy of the *2006 Retiree Health Benefits Guide*, you can contact the TI Benefits Center through TI SmartLink at 800-890-2600. Representatives are available 8:30 a.m. to 4:30 p.m. Central time, Monday through Friday.

You can also access the *2006 Retiree Health Benefits Guide* through:

- the Your Benefits Resources™ (YBR) Web site at resources.hewitt.com/ti. Click on "Benefits Manual" on the left-hand side of the screen. Then click "View or Print Summary Plan Descriptions".
- the TI Alumni Association Web site at tialumni.org.

Regards,

TI Health Benefits



Update to the 2006 Retiree Health Benefits Guide (2007 Summary of Material Modifications)

Texas Instruments Incorporated (TI) is required to provide each participant with a notification of important changes to the TI Employees Health Benefit Plan (the "Plan"). This notification is called a Summary of Material Modifications (SMM) and is intended to update the Summary Plan Description (SPD), also known as the *2006 Retiree Health Benefits Guide*, which you received last year. Please keep this notice with your SPD to have a current description of the Plan and its benefits.

Benefits under the Plan were modified effective January 1, 2007, as follows.

CHANGE #1: Expanded preventive healthcare benefits in the Blue Cross Blue Shield PPO

(Refer to pages 45-48 of the *2006 Retiree Health Benefits Guide*)

- Meningococcal and pneumococcal immunizations have been added to the lists of covered immunizations for both children and adults.
- The age at which annual breast cancer screens (screening mammogram) will be covered has been lowered to age 35. Formerly, annual screenings were covered starting at age 40.
- For papanicolaou (pap) tests, Thin Prep™ and HPV testing have been added to the list of covered procedures.
- A colonoscopy will now be covered every five years for ages 50 and older. Formerly, it was covered every ten years.

CHANGE #2: Improved behavioral healthcare benefits in the Blue Cross Blue Shield PPO

(Refer to pages 23-25 and pages 39-42 of the *2006 Retiree Health Benefits Guide*)

- The separate annual Behavioral Healthcare deductible of \$300 individual/\$600 family will be eliminated for 2007.
- The Behavioral Healthcare Hospital Copay of \$300 per admission will be eliminated for 2007.

CHANGE #3: Updated Medicare Prescription Drug Coverage Information

(The following text updates pages 65-71 of the *2006 Retiree Health Benefits Guide*)

Medicare began offering prescription drug coverage in 2006. This coverage will only be available to individuals who are enrolled in Medicare Part A and/or Part B. **It is important to note that you may have medical coverage through the TI Employees Health Benefit Plan (the “TI Plan”) or Medicare Prescription Drug Coverage, but not both.**

If you decide to enroll in Medicare Prescription Drug Coverage, be aware that this will affect your TI Plan coverage. Your current coverage under the TI Plan pays for other health expenses in addition to prescription drug coverage. Detailed below is more information about what happens to your coverage if you enroll in a Medicare Prescription Drug Plan.

- **If you terminated employment on or after January 1, 1998:**
 - If **you** choose to enroll in Medicare Prescription Drug Coverage, you and any covered family members will lose coverage under the TI Plan, and WILL NOT be eligible to re-enroll at any time. *This means medical and prescription drug coverage under the TI Plan ends for you and any covered family members. Once coverage ends, it cannot be reinstated.* Please plan carefully, because if you enroll for Medicare Prescription Drug Coverage, your family members will be left without medical and prescription drug coverage if they don't have coverage elsewhere.
 - If **any of your covered family members** choose to enroll in Medicare Prescription Drug Coverage, they will lose their coverage under the TI Plan. *This means their medical and prescription drug coverage under the TI Plan ends.* If they drop their Medicare Prescription Drug Coverage, you will be able to re-enroll them for prescription drug coverage through the TI Plan during any annual enrollment period or within 30 days of an appropriate qualified status change (provided that you notify TI through Your Benefits Resources™ (YBR) Web site or the TI Benefits Center within the same thirty day period of the status change), as long as you remain enrolled in the TI Plan. If you drop coverage under the TI Plan, neither you nor your dependents can re-enroll in the TI Plan.

- **If you terminated employment prior to January 1, 1998:**
 - If **you** choose to enroll in Medicare Prescription Drug Coverage, you and any covered family members will lose coverage under the TI Plan. *This means medical and prescription drug coverage under the TI Plan ends for you and any covered family members.* Please plan carefully because if you enroll for Medicare Prescription Drug Coverage, your family members will be left without medical and prescription drug coverage if they don't have coverage elsewhere. However, under the current provisions of the TI Plan, you will be able to re-enroll yourself and any eligible family members for coverage under the TI Plan at the next annual enrollment if Medicare Prescription Drug Coverage is dropped.
 - If **any of your covered family members** choose to enroll in Medicare Prescription Drug Coverage, they will lose their coverage under the TI Plan. *This means their medical and prescription drug coverage under the TI Plan ends.* However, under the current provisions of the TI Plan, you will be able to re-enroll them in the TI Plan if they drop Medicare Prescription Drug Coverage. You can re-enroll your family members in the TI Plan during any annual enrollment period or within 30 days of an appropriate qualified status change (provided that you notify TI through Your Benefits Resources™ (YBR) Web site or the TI Benefits Center within the same thirty day period of the status change), as long as you are enrolled in the TI Plan.

IMPORTANT NOTE: If you elect Medicare Prescription Drug Coverage, you cannot elect medical coverage through the TI Plan. If you elect Medicare Prescription Drug Coverage and you terminated employment on or after January 1, 1998, you WILL NOT be eligible to re-enroll in medical coverage through the TI Plan.

Creditable Prescription Drug Coverage Notice

Below is a sample of the Creditable Prescription Drug Coverage Notice. You should have received a personalized copy of this notice. If you didn't receive a personalized copy of this notice, you can contact the TI Benefits Center at 800-890-2600 to request one.

**Welfare Plan
Creditable Prescription Drug
Coverage Notice**

Statement Date [MM-DD-CCYY]

JANE M SAMPLE and Family
123 MAIN STREET
CITY STATE ZIP

**Important Notice from Texas Instruments (“TI”) About Your
Prescription Drug Coverage and Medicare**

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage under the TI Employees Health Benefit Plan (the “TI Plan”) and prescription drug coverage for people with Medicare. It also explains the options you have under Medicare Prescription Drug Coverage and can help you decide whether or not you want to enroll. At the end of this notice is information about where you can get help to make decisions about your prescription drug coverage. This notice applies to you and/or your covered family members that are covered by Medicare.

- **Medicare Prescription Drug Coverage became available in 2006 to everyone with Medicare through Medicare Prescription Drug Plans and Medicare Advantage Plans that offer prescription drug coverage. All Medicare Prescription Drug Plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.**
- **TI has determined that the prescription drug coverage options listed in the Creditable Coverage section of this notice are, on average for all plan participants, expected to pay out as much as the standard Medicare Prescription Drug Coverage will pay and is considered Creditable Coverage.**
- **You have decisions to make about Medicare Prescription Drug Coverage that may affect how much you pay for that coverage, depending on if and when you enroll. Read this notice carefully – it explains your options.**

Creditable Coverage

TI has determined that the options listed below are, on average for all plan participants, expected to pay out as much as the standard Medicare Prescription Drug Coverage will pay and is considered Creditable Coverage:

- BCBS PPO
- UHC Medicare Complete HMO
- PacifiCare Secure Horizons HMO

Because these prescription drug options are, on average, at least as good as the standard Medicare Prescription Drug Coverage, you can keep this coverage under the TI Plan and you will not have to pay extra if you later decide to enroll in Medicare Prescription Drug Coverage.

Enrolling in a Medicare Prescription Drug Plan

Individuals can enroll in a Medicare Prescription Drug Plan when they first become eligible for Medicare and each year from November 15 through December 31. Beneficiaries leaving employer coverage may be eligible for a Special Enrollment Period to sign up for a Medicare Prescription Drug Plan.

You should compare your current coverage, including which drugs are covered, with the coverage and cost of the plans offering Medicare Prescription Drug Coverage in your area.

If you decide to enroll in a Medicare Prescription Drug Plan, be aware that this will affect your TI coverage. Your current coverage under the TI Plan pays for other health expenses in addition to prescription drug coverage. Detailed below is more information about what happens to your coverage if you enroll in a Medicare Prescription Drug Plan.

- If **you** choose to enroll in Medicare Prescription Drug Coverage, you and any covered family members will lose coverage under the TI Plan, and **WILL NOT** be eligible to re-enroll at any time (unless you terminated employment prior to January 1, 1998). This means medical and prescription drug coverage under the TI Plan ends for you and any covered family members. Please plan carefully, because if you enroll for Medicare Prescription Drug Coverage, your family members will be left without medical and prescription drug coverage if they don't have coverage elsewhere. You will be able to enroll for TI coverage at the next annual enrollment if Medicare Prescription Drug Coverage is dropped, unless you terminated employment on or after January 1, 1998 in which case **once TI coverage ends, it cannot be reinstated.**

- If **any of your covered family members** choose to enroll in Medicare Prescription Drug Coverage, they will lose their coverage under the TI Plan. This means their medical and prescription drug coverage under the TI Plan ends. If they drop their Medicare Prescription Drug Coverage, you will be able to re-enroll them for prescription drug coverage through the TI Plan during any annual enrollment period or within 30 days of an appropriate qualified status change (provided that you notify TI through Your Benefits Resources™ or the TI Benefits Center within the same thirty day period of the status change), as long as you remain enrolled in the TI Plan. If you drop coverage under the TI Plan, neither you nor your dependents can re-enroll in the TI Plan (unless you terminated employment prior to January 1, 1998).

When TI Prescription Drug Coverage Ends

You should also know that if you drop or lose your coverage under the TI Plan and don't enroll in Medicare Prescription Drug Coverage after your current coverage ends, you may pay more (a penalty) to enroll in Medicare Prescription Drug Coverage later.

If you go 63 days or longer without prescription drug coverage that's at least as good as Medicare's Prescription Drug Coverage, your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what many other people pay. You'll have to pay this higher premium as long as you have Medicare Prescription Drug Coverage. In addition, you may have to wait until the following November to enroll.

For more information about this notice or your current prescription drug coverage...

If you need additional information, access the *Your Benefits Resources™* Web site at <http://resources.hewitt.com/ti> or call the TI Benefits Center toll-free at **1-800-890-2600**. TI Benefits Center Representatives are available between **8:30 a.m.** and **4:30 p.m.**, Central Time, Monday through Friday. The automated telephone system is available 24 hours a day, Monday through Saturday, and after 12:00 p.m., Central Time, on Sunday. Please have your Social Security number and password available when you call.

Please address any written correspondence to:

TI Benefits Center
100 Half Day Road
P.O. Box 1542
Lincolnshire, IL 60069-3242

NOTE: You will receive this notice annually and at other times in the future such as before the next period you can enroll in Medicare Prescription Drug Coverage, and if this coverage through TI changes. You also may request a copy.

For more information about your options under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare Prescription Drug Plans. For more information about Medicare Prescription Drug Plans:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see your copy of the Medicare & You handbook for their telephone number) for personalized help,
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for Medicare Prescription Drug Coverage is available. Information about this extra help is available from the Social Security Administration (SSA) online at www.socialsecurity.gov, or you can call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this notice. If you enroll in one of the new plans approved by Medicare which offer prescription drug coverage, you may be required to provide a copy of this notice when you join to show that you are not required to pay a higher premium amount.

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CHANGE #4: Updated Contact Information

(Refer to page 3 of the *2006 Retiree Health Benefits Guide*)

- The phone number for the CIGNA HMO (Dallas/North Texas) has changed to 800-244-6224.
- The phone number for the UHC Medicare Complete HMO (Rhode Island) has changed to 888-867-5548.

OTHER INFORMATION

Special Notice. As required by the Women’s Health and Cancer Rights Act of 1998, your medical plan provides benefits for mastectomy-related services, including all stages of reconstruction and surgery to achieve a symmetrical appearance between the breasts, prostheses and treatment of physical complications of all stages of mastectomy, including swelling associated with the removal of lymph nodes. Call your medical plan through TI SmartLink at 800-890-2600 for more information.

Questions. If you have any questions about the information contained in this SMM or would like to request another copy of the *2006 Retiree Health Benefits Guide*, contact the TI Benefits Center through TI SmartLink at 800-890-2600. You can also access the *2006 Retiree Health Benefits Guide* via the Your Benefits Resources™ Web site (resources.hewitt.com/ti). First, click on “Benefits Manual” on the left-hand side of the screen. Then, click “View or Print Summary Plan Descriptions”. It can also be found at tialumni.org.



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