



August 15, 2006

Chairman Grassley
Ranking Member Baucus
Members of the Finance Committee

RE: Opposition to S 3732; S 3733

Dear Chairman Grassley, Ranking Member Baucus, and Members of the Committee:

I am writing to express strong opposition to the bills referenced above. Texas Instruments, DLP® Products is a domestic manufacturer of a competing display technology to LCD and plasma technologies. In addition to our opposition to the bills referenced above, TI continues to oppose S 789 and S 791 for the same reasons articulated below. Our opposition to S 789 and S 791 was communicated in a letter to the Committee on August 2, 2006

DLP® technology is based on a digital mirror device or DMD. The DMD was first developed by TI in the 1980s. It is a semiconductor light switch or a spatial light modulator. It is known and widely referred to as an integrated circuit, or as a micromechanical monolithic single-chip integrated circuit. Each device has on its surface up to two million tiny mirrors, each of which measures one-fifth the thickness of a human hair, fabricated on hinges atop a static random access memory region of a complementary metal oxide semiconductor substrate. Each mirror is capable of switching a pixel of light, from “on” to “off” more than 1000 times a second. This rapid speed allows digital gray scale and color production.

DMDs are at the heart of TI’s DLP® technology and are used in various flat panel projection display applications, such as data and video projectors, high definition television, and digital cinema. It holds a great promise for the future in such applications 3D display and many medical equipment.

Within TI’s semiconductor business segment – which, last year, accounted for approximately \$10.7 billion, or 85 percent, of TI’s total sales revenues — the DMD has been one of the company’s brightest, rising stars. It has rapidly gained in commercial popularity and is expected to continue to experience dramatic sales and usage growth well into the future.

At the time of the DMD’s development, there was virtually no U.S. flat panel display industry; LCD and plasma were then, as they are now, being developed and manufactured exclusively in Asia. TI alone responded meaningfully to U.S. expressions of interest in fostering flat panel technology in the United States, by developing the DMD in Dallas. Today, DMD (or DLP® technology) is unquestionably one of the premier and fastest growing flat panel technologies in the world. It is a uniquely American

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technology in an industry dominated by Asian competitors. The DMD research, development, fabrication and related activities at TI's facilities in Dallas Texas and San Jose CA represent a staggering investment and current employment of over 1,000 people.

The bills referenced above would suspend duties on assemblies or components for TVs assembled in the US and competing in the US market. Industry projections indicate that there is a fundamental change going on in the TV market. The incumbent technology based on cathode ray tubes (CRTs) is giving way to new digital TVs. There are three primary technologies competing to replace CRT: plasma, LCD and DLP® technology. The US is the primary marketplace for large screen digital TVs. In this market there is extremely intense price competition among LCD, plasma and DLP technologies. That is why we have consistently opposed a duty suspension bill referenced above which would benefit either LCD or plasma.

TI is the ONLY producer of DLP® technology. This is not true of plasma or LCD. We are uniquely responsible for the success of the technology. We continue to invest millions of dollars in Texas and California to develop it and hold over 500 US patents for DLP® technology. Any DLP® TV sold contains TI's technology developed and manufactured in Dallas, Texas. So we are very interested in DLP® technology's ability to compete with plasma and LCD.

TI is investing heavily in national ad campaigns through NASCAR and the NFL Superbowl to create awareness of DLP® technology among consumers. Of course the ads are not targeted to a rear projection consumers they are meant to reach TV consumers. Again unique to DLP® Products these are independent of marketing activities by our customers.

Thank you for your consideration of this issue. On behalf of Texas Instruments and our employees, I ask that you exclude these bills from any future Miscellaneous Duty Suspension Legislation.

Sincerely,



Greg Chalkley

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