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[21552001]

Reflecting the impact of lower semiconductor prices and cuts in defense spending , Texas Instruments Inc. said third-quarter net income fell 31 % and sales dropped slightly from a year earlier .

[21552003]

Sales fell 2.5 % to \$ 1.54 billion from \$ 1.58 billion .

[21552004]

For the nine months , the electronics and defense concern had net of \$ 255.8 million , or \$ 2.70 a share , down 5.6 % from \$ 271 million , or \$ 3.01 a share , in the year-ago period .

[21552005]

Sales were \$ 4.66 billion , up 1.3 % from \$ 4.6 billion .

[21552006]

Jerry Junkins , chairman , president and chief executive officer , said sluggish consumer-electronics sales reduced demand for semiconductors .

[21552007]

That , coupled with lower semiconductor prices and higher semiconductor-depreciation expense , contributed to the decline in sales and profit .

[21552008]

In addition , cost increases related to fixed-price defense contracts and a \$ 10 million charge to reduce the work force of Texas Instruments ' defense-electronics division also reduced net .

[21552009]

However , the quarter results included \$ 28 million in royalty income from patent licenses , up from \$ 21 million in the year-earlier period .

[21552010]

The nine months include \$ 125 million of royalty income , up from \$ 98 million last year .

[21552011]

Mr. Junkins was n't optimistic about the short-term outlook , hinting that further workforce reductions may be needed .

[21552012]

" We expect near-term sluggishness in the electronics market , " he said , " and we will take ongoing cost-reduction actions as necessary to keep operations aligned with demand . "

[21552013]

