

**Annual Meeting of Stockholders
Texas Instruments Incorporated**

**Prepared Remarks
by
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Chairman, President and CEO**

April 26, 2018

Having the right strategy at the right time is fundamental to a company's success. And thanks to the hard work and effort of TI employees around the world, that's where we find ourselves today. We have a solid strategy in place with 30,000 people working toward common objectives designed to continue to position TI well among its peers and to make TI stronger in the years ahead.

Let's take a closer look at what we've done and where we are going, in what, I believe, is one of the most exciting periods in TI's history.

Focus on Analog, Embedded and Industrial, Automotive

At TI, we are focused on the best products – analog and embedded processing – and the best markets – industrial and automotive. We've made tremendous progress on centering up the company's resources and energies on these areas. At year-end, about 90 percent of TI revenue came from analog and embedded processing, up from 79 percent in 2013, and about 54 percent of our revenue was sold into the industrial and automotive markets, up 12 percentage points from 2013.

Why the emphasis on these products and markets? Simply put, we think they're the best ones in the semiconductor industry, and will be for years to come. While not always high-profile products and markets, the payoffs they provide to TI and its owners are steady...substantial...and sustainable. Here's why we like them.

Analog and embedded processing are pervasive technologies; they underpin most electronic products today and, more importantly, are the enablers of the electronics of tomorrow. That, combined with their long product life cycles, intrinsic diversity and need for less capital-intensive manufacturing make them extremely attractive products with a demonstrated history of stability, profitability and strong cash generation that spans decades.

While we see good opportunities in all the markets we serve, we believe that industrial and automotive will be the primary growth drivers in our industry, and at TI, over the next decade or more. These markets are in the early stages of semiconductor adoption, as manufacturers make their products smarter, safer, more connected and more efficient.

We're all familiar with the growing electronic content in our own cars, and that trend will accelerate as the number of hybrid and electric vehicles increases and as more safety features are added to vehicles that operate more autonomously.

The potential in industrial is even greater as it is larger, more diverse and still in its infancy of chip adoption. Industrial applications are broad ranging – from smart thermostats that sense motion, humidity and temperature, to more complex applications like smart factories with motors that use less energy, robotic assembly lines that operate more autonomously and accurately, and sensors that gauge fluid levels and dispatch an alert when a refill is required. These capabilities are finding their way into hundreds of

industrial applications, which require analog and embedded processing technology. And that translates into new, exciting opportunities.

Bottom line, we expect analog and embedded, and industrial and automotive, to outperform the overall semiconductor market and be our primary growth engines in the coming years. As such, we've made accelerating their growth a priority.

Sustainable Competitive Advantages

Over time, we've invested in four sustainable competitive advantages that combined with our business model, which focuses on the best products and the best markets, are designed to create long-term value for our owners:

1. A strong foundation of manufacturing and differentiated technology
2. A broad portfolio of differentiated analog and embedded products
3. The broadest reach of market channels
4. The diversity and longevity of our products, markets and customer positions.

Each of these advantages has served TI well. For example, we do most of our manufacturing in-house and on 300-millimeter wafers, cost-advantaged capacity that our peers cannot match. Our broad product portfolio means we have more differentiated parts to meet our customers' need than our competitors, giving us more access to more customers and more opportunities to solve their problems. Similarly our market reach, whether through direct sales and applications teams or through TI.com, gives us access to more customers, more projects and more sockets for each project than our peers. Finally, we also see strength in diversity – whether it's products, markets or customers – as we are not singularly dependent on the next hot product or market. And longevity with life cycles that can be measured in years, or even decades, translates into a higher return on investment. We intend to strengthen and leverage these advantages with a view toward the long term.

Taken together, our competitive advantages provide tangible benefits such as growth, profitability and strong cash generation that few of our peers can match. And after investing for growth, we are committed to returning all our free cash flow to our owners.

2017: Solid Performance, More Left to Do

2017 marked a year of solid performance for our company:

- Top-line revenue grew 12 percent compared with 2016, driven by Analog and Embedded Processing.
- Gross margin and operating margin grew to 64 percent and 41 percent, respectively.
- We converted 31.2 percent of our revenue into free cash flow.
- And we generated \$4.7 billion of free cash flow and returned \$4.7 billion to our owners through a combination of dividends and stock repurchases.

As most of you know, we announced in first quarter that Brian Crutcher will assume the role of president and CEO, effective June 1, and that I will continue as chairman. I have every confidence in Brian's leadership, strategic thoughtfulness and competitive drive, and I know the company will be in great hands. One objective for most CEOs is to leave the company better positioned than when you began. With that as the benchmark, I look forward to watching the progress that Brian and his team will make during their years of stewardship: making TI stronger; fostering the ethical and innovative culture that is at the core of this company and exemplified by our people every day; and delivering more value to our customers and our owners.

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