Celebrating TI Contributions to the Information Age

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November 4, 2016
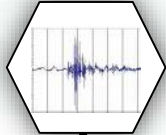
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What I will share with you today

- Update on TI's key technologies

- Business update

- Changes in IT (then and now)

- Cybersecurity at TI

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A history of innovation

1930s

Revolutionizes oil exploration by measuring reflected signals

1940s

Applies signal measurement to magnetic anomaly detection

1950s

Invents the integrated circuit

1960s

Invents the handheld calculator

1970s

Applies signal processing to consumer products

1980s

Introduces single-chip digital signal processor

1990s

Creates first apps processor for multi-media cell phones

2000s

Introduces world's fastest analog-to-digital converter and lowest-power DC-DC converter

2010s

Industry's first 300mm analog wafer fab

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The innovation and emerging trends continue...

Industrial
Bringing high tech electronics to manufacturing, chemical plants and more

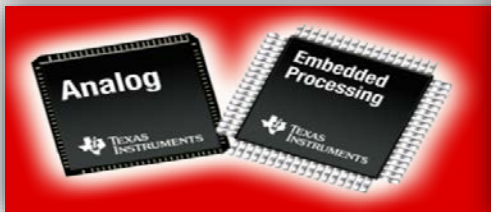**Smart Power & High Voltage**

HealthTech
Portable devices that monitor vital signs and send details to doctor via smartphone

Communications
Making it easier to enjoy & share information. Cloud and IoT

Personal Electronics
Enable new product features

Wireless Infrastructure
Improve Networks

Automotive
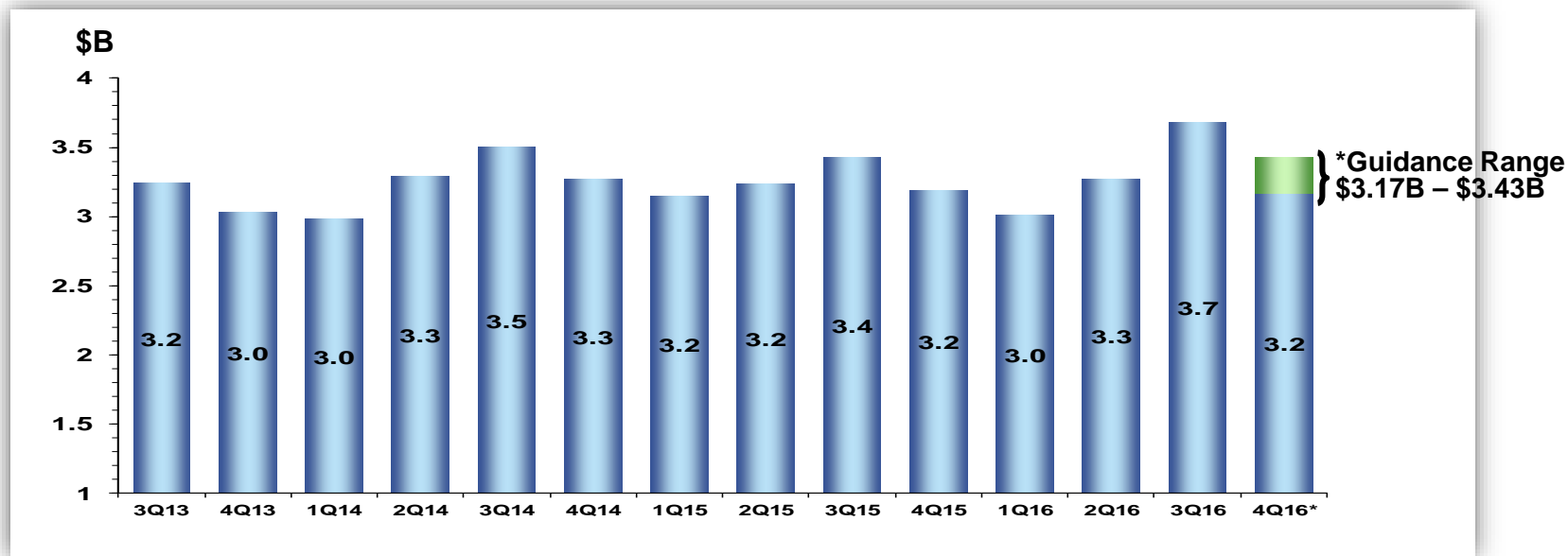Cars that brake or park automatically, enhanced safety & infotainment

Industrial and automotive make up 46 percent of our revenue. Over the next 10-20 years, they will be the fastest growing markets for semiconductors.

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TI Business Update

TI revenue

$B

Quarter	Revenue
3Q13	3.2
4Q13	3.0
1Q14	3.0
2Q14	3.3
3Q14	3.5
4Q14	3.3
1Q15	3.2
2Q15	3.2
3Q15	3.4
4Q15	3.2
1Q16	3.0
2Q16	3.3
3Q16	3.7
4Q16*	3.2

*Guidance Range $3.17B – $3.43B

*For the fourth quarter of 2016, TI expects:

❖ **Revenue: range of $3.17 billion to $3.43 billion**

❖ **Earnings per share: between 76 and 86 cents**

* Note: Guidance ranges as released by TI on and as of 10/26/2016. This presentation does not update or reaffirm those ranges or any other information included in that release.

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How we did in 3Q16

- Revenue increased 7% YoY; demand for our products continued to be strong in automotive, and improved in industrial. Demand in personal electronics was about even from a year ago.

- Combined, Analog and Embedded Processing comprised 85% of 3Q16 revenue.

- Continued focus on operational execution resulted in record gross margin of 62% which reflects the quality of our product portfolio and the efficiency of our manufacturing strategy, including the benefit of 300mm Analog production.

- Free cash flow for the last 12 months was up 8% YoY to $3.8B, representing 29% of revenue.

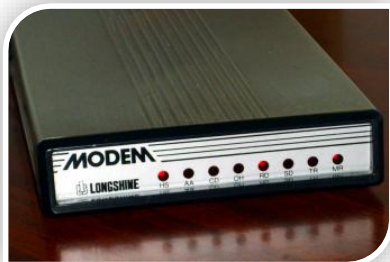- Increased dividend 32% to 50 cents per share per quarter, or $2 annualized.

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A few IT changes (and perks for employees) over the last few years….

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Ability to work remotely

Then

Now

Need to work after hours?

- Drive in to work
- VPN was eventually available, but remember the speed of your modem?
- Security of the connection was limited

It's almost too easy to work remotely now

- Check email on your phone
- Use VPN on high-speed internet
- Security of the connection – no problem - login with a two-factor passcode from a phone app

Evolution of the desk…

Non-collaborative work spaces

- Open, collaborative work spaces
- Sit/stand desks (better for their health)

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Computers at TI for employees have improved…

Then

Now

Dell touch screens

Macs are coming to TI!

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Conference rooms have improved!

Then	Now

Then

- Small displays
- Multiple ways to schedule rooms – admins, Across, spreadsheets, etc..
- Tower computers in every room
- Overhead projector for transparencies (aka foils)

Now

- Flat screen mounted displays
- Schedule rooms directly from Outlook (invite a person, invite a room) or use touch screen outside the doors to schedule room and see room status
- Bring your laptop to display slides
- On line presentations

Other changes!

Then	Now
• Punch cards!	• Computer code – everything online
• Spreadsheets or universal planning forms for lot starts	• Robust Supply Chain systems
• Modplan	• Finally replaced this year!
• TIOLR (documentation portal)	• SharePoint, Wiki's, servers
• MSG, Beyond Mail	• Outlook, including web access
• Desktop printers	• "Follow Me" badge scanning printers
• Sales force driving to visit customers	• Sales force + TI.com web presence
• Paper receipts for expense reports	• Online expense system, including phone app

And, probably the most significant change in the last 3 years – **Cybersecurity**…

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Cybersecurity

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You've seen it in the news - cybersecurity threats are growing

TI is a target of sophisticated and persistent threats from outside groups.

Phishing (email to scam a user) is the most common threat from hackers

How does malware get installed?

E-MAIL ATTACHMENT	Phishing — 39.9%
E-MAIL LINK	Phishing — 37.4%
WEB DRIVE-BY	16.6%
DIRECT INSTALL	3.6%
DOWNLOAD BY MALWARE	2.8%
WEB DOWNLOAD	2.2%
REMOTE INJECTION	1.9%
NETWORK PROPOGATION	0.3%

77.3%

Source: Verizon Data Breach Investigations Report, 2015
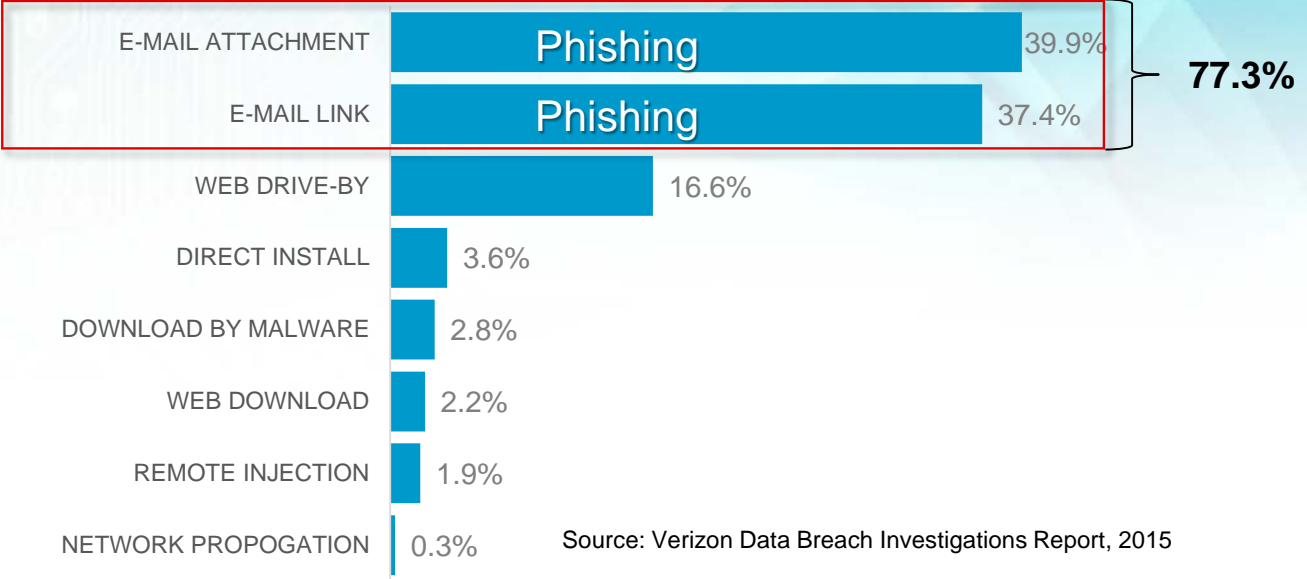
Because of the increase in phishing, we now send 'simulated phishing email tests' at TI

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Recent Phishing Campaign at TI
Purpose is to get individuals to take action

From: IT-DESK@ti.com [mailto:it-desk@ti.com]
Sent: Wednesday, June 15, 2016 10:47 AM
Subject: Your password is expired

Your account was recently signed in from a unknown Location, please CLICK HERE for verification to avoid account being suspended.

http://pdxx.weebly.com/

pdxx.weebly.com

WARNING! We strongly advise you to prevent your account from being Terminated!

EMAIL

U$ERNAME *

PASSWORD *

VERIFY PASSWORD *

Submit

Proudly powered by Weebly

If you hover your cursor over the CLICK HERE link, you can see this is not a TI.com link.

Once you click, it takes you to a site and tries to trick you into entering your userid and password.

Spear phishing at TI

It may not always be about links or malware.

From:	March, Kev
To:	██████@ti.cc
Cc:	
Subject:	SALARY RE

Hello

Kindly send me th

Thanks

From:	Rich Templeton <rich@ti.com>
To:	██████████
Cc:	
Subject:	New Project

█████,

We have been working on acquiring an overseas company. We finally are the last stage.

I have asked Andrew from Greenberg Traurig Maher LLP to get in contact with you.

He will need to gather the remaining accounting details for his filing. You have my full approval to process with any of his requests.

The SEC is overlooking the operation. Please keep the matter strictly confidencial until we publicly announce it.

Thank you.

Rich

What you can do to help reduce phishing.

- **How to identify a phishing email (look for common tactics)**
  - Stress urgency and/or threats
  - Unusual requests
  - Spelling and bad grammar
  - URL / links do not match the actual target

1 Hover over links to verify the actual destination

2 Don't open attachments in unsolicited emails

3 If an email seems suspicious, delete it or call the sender to verify

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Summary

BEWARE of the domino effect

Click _responsibly.

Don't be fooled by online scams.
One small online security mistake can
have a big effect on TI.

Think before you click.

- **Remember, YOU are a target:** Hackers are getting increasingly sophisticated (they will pretend to be the IRS, your bank, a friend)

- **Beware of phone calls**: You don't have to answer your phone if you don't recognize the number (hackers use phone calls to try to get you to take action)

- Beware of people **who appeal to your emotions** or **create a sense of urgency**

- If something seems suspicious, **there is probably a reason**

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Thank you!

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