

TI Update

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Agenda

Overview of our strategy and competitive advantages

Update on capital allocation

Strengthening our sustainable competitive advantages

- 300-mm investment

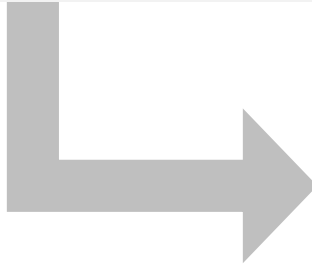
Free cash flow per share* results and cash returns

* Free cash flow (FCF) = Cash flow from operations minus capital expenditures

Our company objective and strategy

Objective:

Maximize long-term growth of free cash flow per share

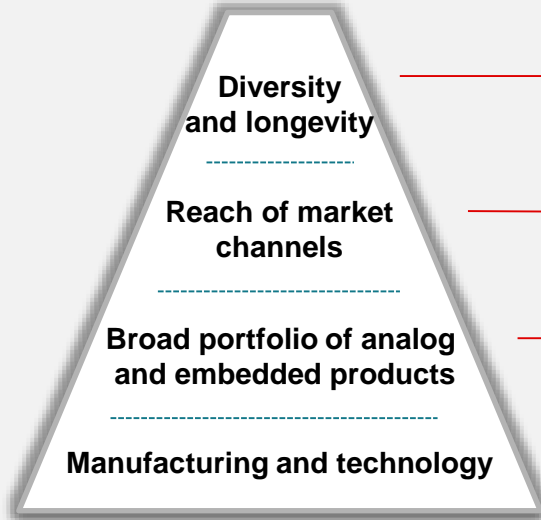


Strategy:

1. **Great business model** focused on analog and embedded products and built around four sustainable competitive advantages
2. **Discipline in allocating capital** to the best opportunities
3. **Efficiency**, which means constantly striving for more output for every dollar spent

Building competitive advantages unique to TI

Business model built on competitive advantages



What we get (tangible benefit)

Less single point dependency and longer returns on our investments

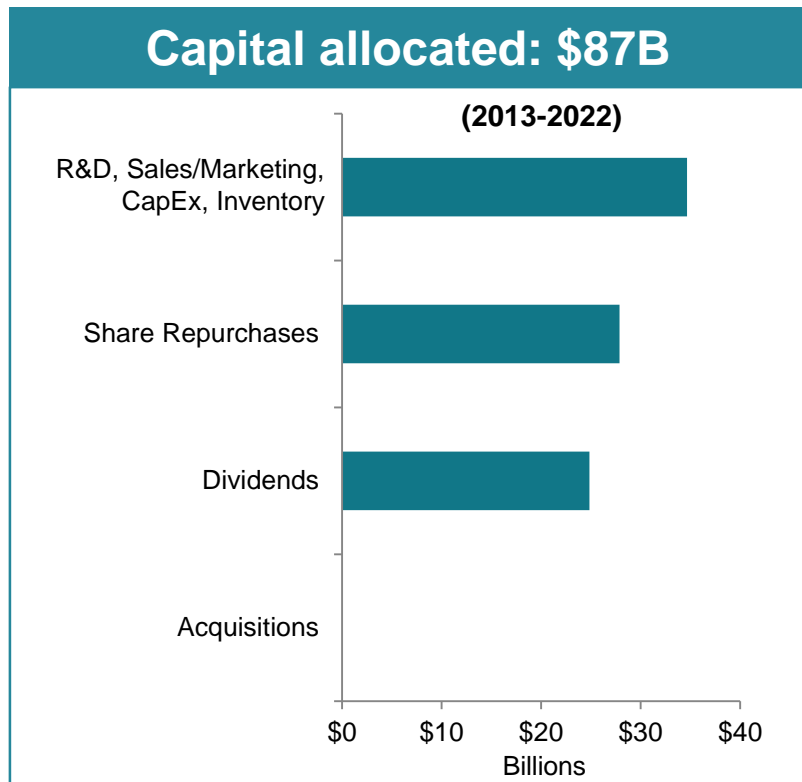
Access to more customers, projects, sockets per project, and insight

More opportunity per customer, more value for our investments

Lower costs and greater control of our supply chain

Capital allocation update

Where and why we've allocated our capital



Organic growth of business



Accretive capture of future free cash flow for long-term investors



Appeal to broader set of investors



Inorganic growth

Strengthening our competitive advantages

300-mm investment

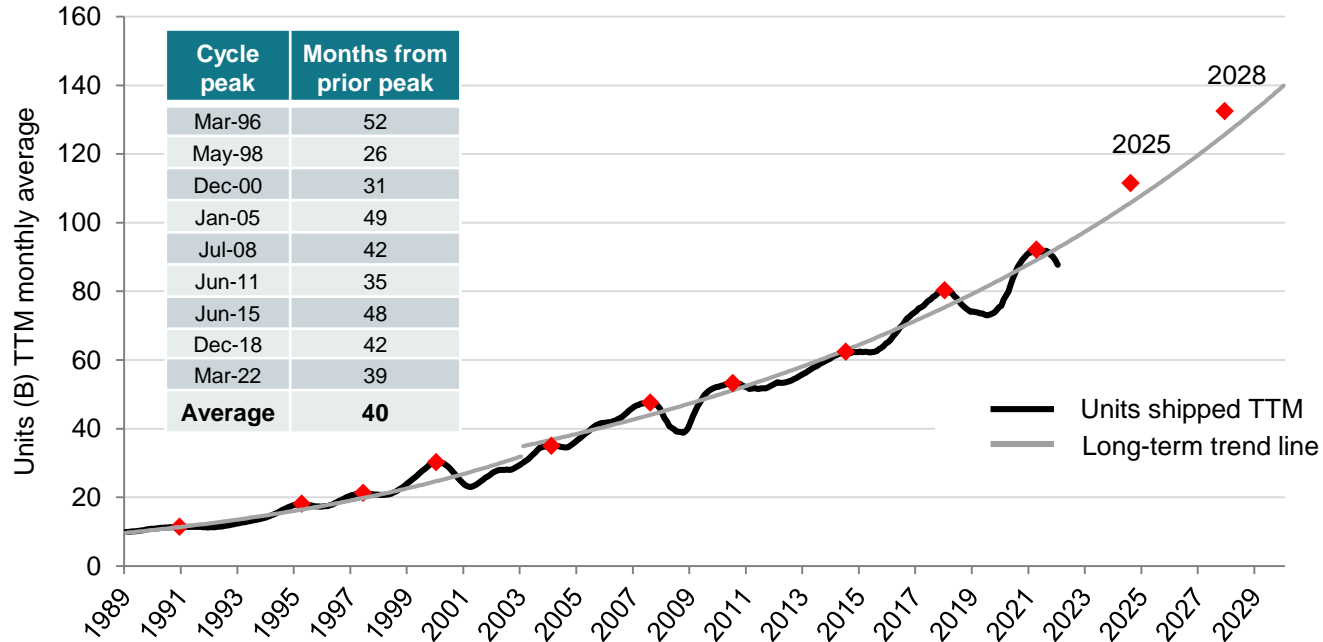
Chip cost is ~40% less on 300-mm

Illustration of the GPM impact from 300-mm

		Built on 200-mm wafer	Built on 300-mm wafer
Sales price of example part		\$1.00	\$1.00
Cost of goods:	Chip cost	\$0.20	\$0.12
	Assembly, test, other	\$0.20	\$0.20
	Total	\$0.40	\$0.32
Gross margin %		60%	68%

Semiconductor cycles: planning for the long term

Semiconductor market units shipped *



* Source: WSTS excluding memory trailing twelve months

New 300-mm fabs support 10 to 15 years of growth

RFAB2: Richardson, Texas



- RFAB2 production underway.
- Tool installations continue as we ramp over the coming months.

LFAB & LFAB2: Lehi, Utah



- LFAB production underway.
- Construction on LFAB2 beginning in 2H23; production as early as 2026.

SM1-4: Sherman, Texas

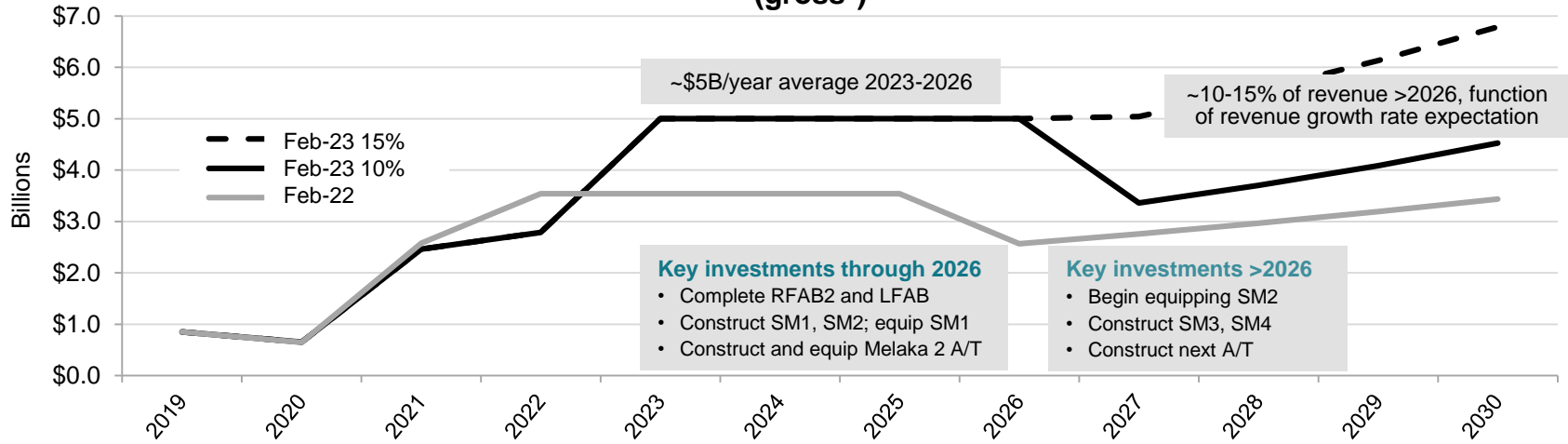


- Construction of SM1 & SM2 underway.
- Production from SM1 in 2025.

45-nm to 130-nm process technology nodes, optimal for our analog and embedded products

Capital expenditures support long-term growth

Estimated capital expenditure (gross*)

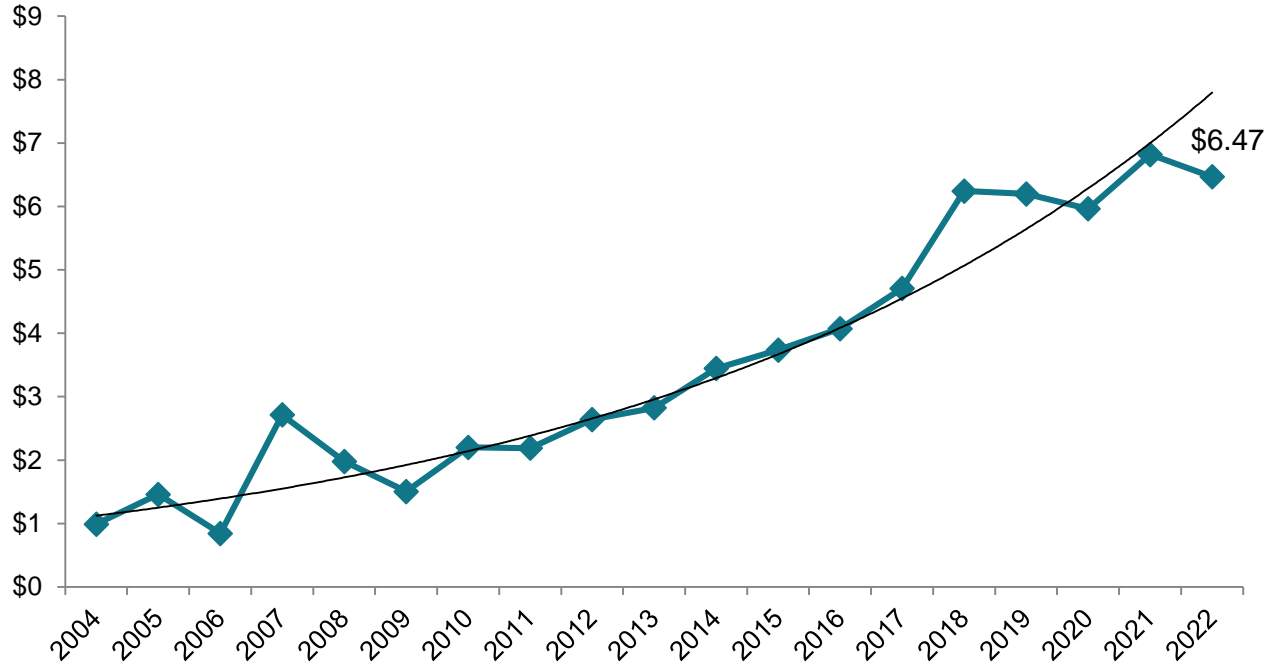


Key metrics	2022	2026	2030
Revenue supported	~\$20 billion	~\$30 billion	~\$45 billion
% of wafers internal	80%	>85%	>90%
% of internal wafers 300-mm	40%	>65%	>80%
% of assembly internal	60%	>75%	>90%

* Gross CapEx, does not include CHIPS Act benefits

Free cash flow per share drives long-term value

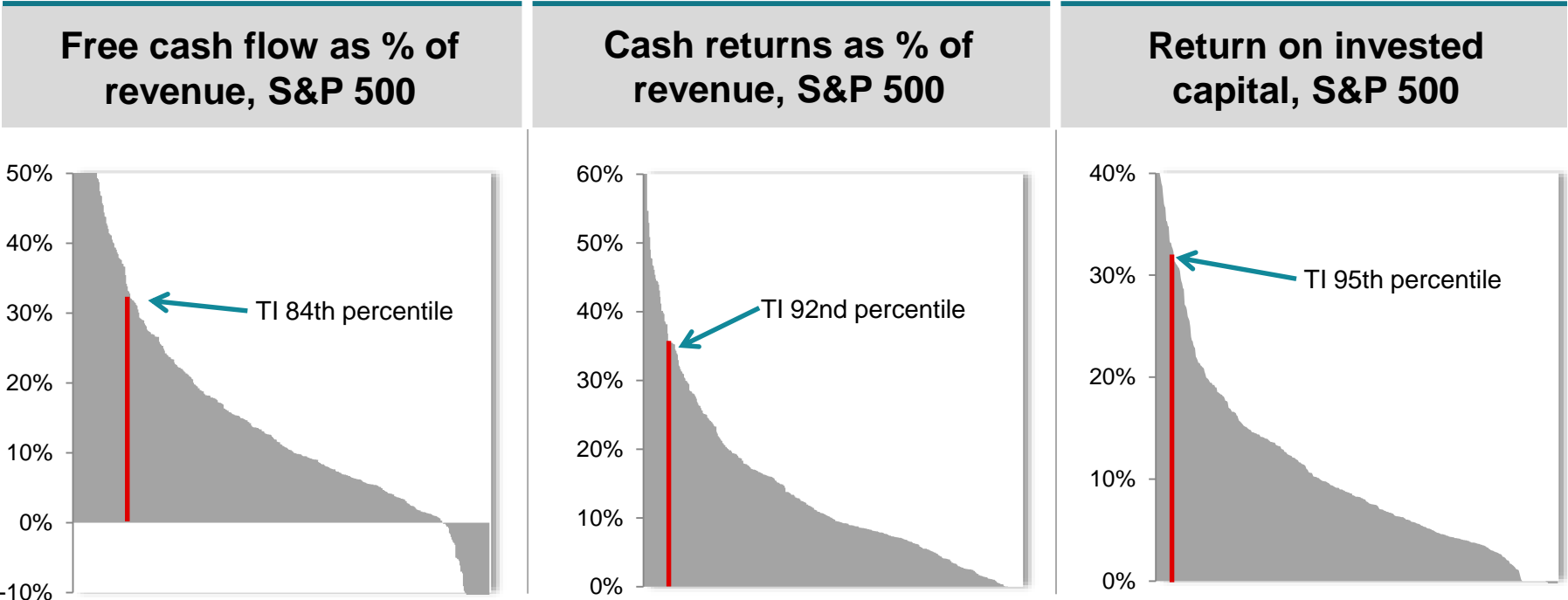
TXN free cash flow per share



2022 free cash flow per share of \$6.47:

- -5.1% versus 2021.
- Free cash flow margin 30%.
- 11% annual growth 2004-2022.

How TXN ranks on cash generation and returns



Source: S&P Capital IQ, Public filings as of 1/27/2023

Executive summary (from Investor Overview on TI.com)

At Texas Instruments:

- We run the company with the mindset of being a long-term owner.

- We believe that growth of free cash flow per share is the primary driver of long-term value.

- Our ambitions and values are integral to how we build TI stronger; when we're successful in achieving these ambitions, our employees, customers, communities and shareholders all win.

- Our strategy is comprised of a great business model, a disciplined approach to capital allocation and a focus on efficiency.

- Our business model is built around four sustainable competitive advantages: manufacturing and technology, broad product portfolio, reach of our market channels, and diverse and long-lived positions.

- After accretive investments in the business to grow free cash flow for the long term, the remaining cash will be returned over time via dividends and share repurchases.



TEXAS INSTRUMENTS