

Investor overview



Executive summary

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.

Our ambitions

For decades, Texas Instruments has operated with a passion to create a better world by making electronics more affordable through semiconductors. We were pioneers in the transition from vacuum tubes to transistors and then to integrated circuits. As each generation has become more reliable, more affordable and lower in power, semiconductors are used by a growing number of customers and markets. Our passion continues to be alive today as we help our customers develop electronics and new applications.

Three ambitions guide our decisions

Our founders had the foresight to know that passion alone was not enough and that building a great company required a special culture to thrive for the long term. For many years, we've run our business with three overarching ambitions in mind. First, we will act like owners who will own the company for decades. Second, we will adapt and succeed in a world that's ever changing. And third, we will be a company that we're personally proud to be a part of and would want as our neighbor. When we're successful in achieving these ambitions, our employees, customers, communities and shareholders all win.

Contents

Executive summary.....	2
Our ambitions.....	2
Our objective and strategy.....	2
Our products and markets.....	5
Our financial segments.....	6
Summary	6

Financial performance highlights

- 22 consecutive years of dividend increases (2004-2025)
- 47% share count reduction (2004-2025)
- 87th percentile in S&P 500 operating cash flow as percent of revenue (2025)
- 94th percentile in S&P 500 cash returns as percent of revenue (2025)
- 70th percentile in S&P 500 return on invested capital (2025)

Our ambitions guide how we run our business and are foundational to ensuring that we operate in a sustainable and responsible manner. Semiconductors will play a critical role in creating a better world. Our semiconductor products are core to the development of electric vehicles, renewable energy applications, medical devices and many other critical technologies. For nearly two decades, TI has disclosed its strategies, programs and performance in various areas relevant to our business in our annual [Corporate Citizenship Report](#).

With our ambitions guiding our decision-making for the long term and our products helping to create a better world, we are confident that our collective efforts will be impactful and long-lasting. For more detail about our ambitions and values and how they guide our decisions and behavior, visit [Living our values](#).

Our objective and strategy

As engineers, we're fortunate to work on exciting technology which helps our customers innovate to create a better world. Technology is the foundation of our company, but ultimately, our objective and the best metric for owners to measure our progress is through the growth of free cash flow per share over the long term.

Our strategy to maximize long-term free cash flow per share growth has three elements:

- 1. A great business model** focused on analog and embedded processing products and built around four sustainable competitive advantages.
- 2. Discipline in allocating capital** to the best opportunities. This spans how we select R&D projects, develop new capabilities, invest in manufacturing capacity or how we think about acquisitions and returning cash to our owners.
- 3. Efficiency**, which means constantly striving for more output for every dollar spent.

Business model built on competitive advantages

The first element of our strategy is a business model that's focused on analog and embedded processing products and built on four competitive advantages. This business model is the result of a series of strategic decisions made over the years and that continue today. In combination, these four competitive advantages provide tangible benefits, are difficult to replicate and ultimately separate us from our best peers.

The four sustainable competitive advantages are:

- A strong foundation of **manufacturing and technology**.
- A **broad portfolio** of analog and embedded processing products.
- The **reach of our market channels**.
- **Diversity and longevity** of our products, markets and customer positions.

Together, these competitive advantages help position TI in a unique class of companies capable of generating and returning significant amounts of cash for our owners. We make our investments with an eye towards long-term strengthening and leveraging of these advantages.

Manufacturing and technology

We invest to make manufacturing and technology a core competitive advantage because it provides us with tangible benefits of lower manufacturing costs and greater control of our supply chain and provides our customers with geopolitically dependable capacity.

Our most recognized manufacturing advantage is 300mm wafer production, which describes the diameter of the wafer on which our chips are produced. An unpackaged chip built on a 300mm wafer costs about 40% less than an unpackaged chip built on a 200mm wafer, the size used by most of our competitors.

While 300mm is our most recognized manufacturing advantage, owning and controlling our supply chain is an important element of this advantage. First, our investments have provided the capacity necessary to support growth. Second, we have more control of our supply chain, and our goal is to have more than 95% of our wafer manufacturing and 90% of our assembly and test sourced internally by 2030. Third, our process technology is focused on 28nm to 130nm, which is optimal for analog and embedded processing products. All of these benefits allow us to provide geopolitically dependable capacity for our customers, with equipment and process technologies that last for decades.

We continue to invest to strengthen our competitive advantage in manufacturing and technology as part of our long-term capacity plan. In the semiconductor industry, given the time required to expand capacity, it is important to have a long-term capacity roadmap.

Today, we have wafer fabrication facilities dedicated to 300mm production in Dallas, Richardson and Sherman, Texas, and Lehi, Utah. Our expanded 300mm manufacturing capacity will allow us to support our customers over the long term, as semiconductor growth in electronics is expected to grow well into the future.

Broad portfolio of analog and embedded processing chips

Our second competitive advantage is the breadth of our product portfolio.

We have one of the broadest portfolios in the industry, with more than 80,000 products. Just as importantly, we have leadership positions across the hundreds of product families that make up the analog and embedded processing markets. Our broad portfolio is about quantity and quality of our products.

Most customers' applications use tens, if not hundreds, of analog and embedded processing chips in each system. Our breadth of product portfolio gives us access to more customers, which also means that we have the opportunity to sell more chips into each customer application.

We invested about \$2 billion in R&D in 2025 to develop new products. This investment expands the portfolio by about 600 products annually, increases the number of leadership products and ensures long-term return on investment, given that many of our products live for 10 to 15 years, and often longer.

Reach of market channels

Our third competitive advantage is the reach of our market channels, which allows us to have closer direct relationships with our customers. We market and sell our products through direct sales channels, including our website and broad sales and marketing team, and, to a lesser extent, through distributors.

We believe that our customers increasingly desire the convenience and productivity of direct relationships along with skilled technical and commercial support. Over the past several years, we have been investing in new capabilities to build closer direct customer relationships. In 2025, more than 80% of our revenue was direct, which includes TI.com. This compares to about a third of our business transacting directly in 2019. Our investments in new and improved capabilities to directly support our customers include order fulfillment services, inventory programs, business processes and logistics and website and e-commerce capabilities.

Closer direct relationships with our customers help to strengthen our reach of market channel advantage and give us access to more customers and more of their design projects, leading to opportunities to sell more of our products into each design. Additionally, broader and deeper access gives us better insight and knowledge into customer needs.

Diversity and longevity

Our fourth competitive advantage is the diverse and long-lived positions with our products, markets and customers.

Diversity means we're not overly reliant on any one chip, customer or market. Over 100,000 customers across the world use our chips. Diversity allows us to participate in a wide variety of growing markets and somewhat insulates us from the rise or fall of any one customer or market. Diversity is especially important in the industrial market, where secular trends are increasing the semiconductor content across a broad customer base.

Longevity has two dimensions. It refers to the investments we make in manufacturing equipment and process technologies, which are typically used for 20 years or more and therefore result in good returns on our capital investments. Longevity also means the revenue associated with products and customer design sockets we win typically lives for a long period of time. Depending on the market,

products and customer, sockets can last from several years to several decades, with personal electronics cycles being shorter and industrial and automotive cycles much longer.

Because of the diversity and longevity of our products, markets and customer positions, owners can have confidence in the high terminal value for our portfolio.

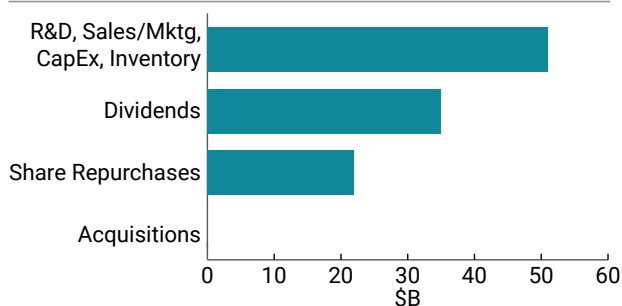
We believe that our business model with the combined effect of our four competitive advantages – manufacturing and technology, a broad portfolio of analog and embedded processing chips, the reach of our market channels, and diversity and longevity – sets TI apart from our peers and will for a long time to come.

Disciplined allocation of capital

The second element of our strategy to maximize free cash flow per share growth is disciplined allocation of capital. Over the 10-year period from 2016 to 2025, we allocated \$109 billion, which reinforces the importance of discipline in capital allocation.

The largest allocation of capital over this period was to drive organic growth, with investments in R&D, sales and marketing, capital expenditures and working capital for inventory. In this period, we allocated about \$24 billion to capital expenditures.

\$109 billion allocated (2016-2025)



We also allocated capital to dividends and share repurchases. Dividends are designed to appeal to a broad set of investors, and share repurchases are made with the goal of the accretive capture of future free cash flow for long-term investors. Lastly, for inorganic growth, we consider acquisitions that meet our financial and strategic objectives. In 2026, we announced an agreement to acquire Silicon Labs, enhancing our leadership in embedded wireless connectivity solutions. The transaction is expected to close in the first half of 2027, subject to regulatory approvals and other customary closing conditions.

We provide investors with an annual [Capital Management](#) update. In this presentation we review our objective, strategy and capital allocation and provide prior year performance on the key financial and operational metrics.

Efficiency

The third element of our strategy is efficiency, which we think of as always striving to get more output per dollar of cost. The guiding thought on efficiency is best anchored in our first ambition, that we will act like owners who will own the company for decades. This is about getting our investments (spending) in the most impactful areas to maximize the growth of long-term free cash flow per share; it's not just about optimizing cost cutting to get to the last dollar of expense.

In manufacturing, the focus of this effort is driving higher yields, achieving better quality or developing new methods and automation to improve throughput or reduce material cost.

In R&D, the focus is on defining and developing great products and getting them to our customers on time. Efficiency manifests itself in many ways, including increased reuse of intellectual property, and robust methodologies, simulation and qualification to ensure first-pass success and a growing success rate for new products.

We also bring this philosophy of efficiency and continuous improvement to all areas of the company, including the corporate functions.

As owners, you will see this focus on efficiency contribute to revenue growth, improved gross margins, disciplined R&D and SG&A expense, free cash flow margins and ultimately to free cash flow per share growth.

Our products and markets

Our focus is on the best products in the semiconductor industry, analog and embedded processing, with a strategic emphasis on industrial, automotive and data center.

Analog and embedded processing

Analog and embedded processing chips are part of a \$100+ billion market within the semiconductor industry. They share characteristics that make them both very attractive businesses:

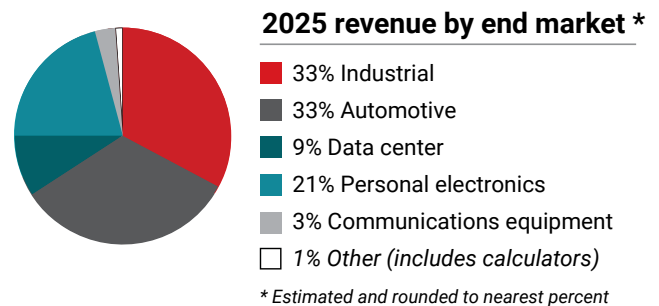
- They're pervasive; analog is used in every electronic device, and embedded processors are used in most.

- The markets are large, and while we enjoy leading positions, we have ample room to grow.
- They're highly fragmented and diversified markets, comprised of hundreds of thousands of products and customers.
- They're produced on manufacturing equipment that lives for decades, making the business less capital-intensive.
- Many of the products often last for decades, increasing stability of revenue and returns on investment.
- They both have contributed to decades of strong cash generation.

Today analog and embedded processing chips make up more than 90% of TI's revenue.

Our end markets

We sell our chips into five end markets that are grouped by their life cycles and market characteristics. The end markets are industrial, automotive, data center, personal electronics and communications equipment. In addition, we sell calculators, which is about 1% of our revenue.



We see good opportunities in all of our markets, but we place additional strategic emphasis on industrial, automotive and data center. Customers in these markets are increasingly turning to analog and embedded processing technology to make their end products more reliable, more affordable and lower in power. These trends have and will continue to result in growing chip content per application, which will drive faster growth compared to our other markets.

In industrial, we sell into 10 sectors and hundreds of end equipments in support of tens of thousands of customers. Examples include smart thermostats, door locks, and appliances that can sense motion, humidity or temperature and then transmit diagnostic information wirelessly to initiate a service call. More complex applications can range from smart motors that use less energy, to robotic assembly lines that use sensing technology to operate

more autonomously, to precision sensing, control and communications for grid automation and protection.

In automotive, we sell into five sectors: infotainment & cluster; advanced driver assistance systems (ADAS); body electronics & lighting; hybrid, electric & powertrain systems; and chassis control & safety.

In data center, we sell into three sectors: data center compute, data center networking, and rack power & thermal management.

Our strategic emphasis on industrial, automotive and data center revenues has produced long-term results. Revenue from the combined industrial, automotive and data center markets was about 75% of our revenue at the end of 2025 and has grown at about an 8% compound annual growth rate since 2013.

Our financial segments

TI has three financial segments: Analog, Embedded Processing and Other. Our segments align with how we manage the company.

Analog

Analog is our largest segment, with 2025 revenue of \$14.01 billion, or 79% of our total revenue. We hold a leading position in this segment, and we believe that we're well positioned to grow over time.

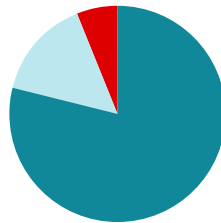
We often get asked why analog is a growing opportunity. Every electronic product requires analog technology because analog provides the power to run devices and is fundamental to how technology interfaces with human beings, the real world and other electronic devices.

Our Analog business includes power and signal chain types of products.

Power products help customers manage different voltage and current levels and requirements in electronic systems, and our portfolio does this both for battery-powered and plugged-in systems. Signal chain products sense, condition and measure real-world signals such as temperature, pressure, light and sound and convert these signals into data that can be transferred or converted for further processing and control.

Revenue 2025

- 79% Analog
- 15% Embedded
- 6% Other



Embedded Processing

Embedded Processing is also one of our core businesses, with 2025 revenue of \$2.70 billion, or 15% of our total revenue. We hold a leading position in this segment, and we believe we're well positioned to grow over time.

Embedded processors are the digital "brains" of many types of electronic equipment. They're designed to handle specific tasks and can be optimized for various combinations of performance, power and cost, depending on the application.

Other

Our third segment is titled "Other" and represented \$979 million of revenue in 2025. The Other segment is not expected to grow revenue, but these businesses do add value to TI with their profit contribution. Consistent with our commitment to disciplined capital allocation, these businesses receive minimal investments.

The Other segment includes DLP® products and calculators. In addition, it can include items such as acquisition, integration and restructuring charges as well as certain corporate-level items.

Summary

It is a privilege to get to pursue our passion of creating a better world by making electronics more affordable through semiconductors.

We were fortunate that our founders had the foresight to know that passion alone was not enough. Building a great company required a special culture to thrive for the long term, and we continue to build this culture stronger every day.

We will remain focused on the belief that long-term growth of free cash flow per share is the ultimate measure to generate value. We will invest to strengthen our competitive advantages, be disciplined in capital allocation and stay diligent in our pursuit of efficiencies.

You can count on us to stay true to our ambitions: to think like owners for the long term, adapt and succeed in a world that's ever changing and behave in a way that makes us and our stakeholders proud. When we're successful, our employees, customers, communities and shareholders all win.