

TI's Japan factories on track for full recovery

Aizu factory back in initial production, Miho to restart in mid-April

DALLAS, March 29, 2011 /PRNewswire/ -- Just over two weeks after a major earthquake in Japan, Texas Instruments Incorporated (TI) (NYSE: TXN) reports that recovery at its manufacturing sites in Miho and Aizu is progressing well and is on schedule to return to full production.

The site in Miho, about 40 miles northeast of Tokyo, achieved a significant milestone this past Sunday as repairs were completed on the infrastructure systems that deliver water, gases, chemicals and air, and recertified the cleanroom. Additionally, more than 90 percent of the equipment has been electrically checked out.

TI now estimates that initial production lines at Miho will resume in mid-April, and full production will resume in mid-July. This translates to full shipment capability in September. In the first few days after the earthquake, TI had identified alternate manufacturing sites for about 60 percent of Miho's work in process, and has since increased that to more than 80 percent. Alternate sites include TI factories in Dallas and Richardson, Texas, and Freising, Germany.

TI's fab in Aizu, about 150 miles north of Tokyo, has resumed initial production and is on track for full production by mid-April or earlier. Production recovery schedules at both Miho and Aizu assume a stable source of electrical power.

The state of supply for raw materials remains dynamic, particularly for the components used in rigid substrates and for 300-millimeter wafers. Operations of some existing suppliers are just beginning to recover, and TI is working closely with them to define and avoid potential supply chain disruptions. We also are working in parallel to ensure an independent supply of raw materials. While information is improving each day, TI believes the full scope of supply challenges is still unknown and will remain cautious until sources fully return to normal.

As previously stated on March 14, TI expects some loss of revenue in the first quarter and more lost revenue in the second quarter. Multiple factors may affect revenue loss, including TI's ability to move production to other factories, existing inventory from which to meet customers' needs, the level of demand from customers taking delivery of products in Japan, availability of raw materials, and the ability to incrementally increase production each month at Miho. TI expects to describe the financial impact in detail at the time of its first-quarter earnings report on April 18.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995:

This release includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as TI or its management "believes," "expects," "anticipates," "foresees," "forecasts," "estimates" or other words or phrases of similar import. Similarly, statements herein that describe TI's business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements.

We urge you to carefully consider the following important factors that could cause actual results to differ materially from the expectations of TI or its management:

- Market demand for semiconductors, particularly in key markets such as communications, computing, industrial and consumer electronics;
- TI's ability to maintain or improve profit margins, including its ability to utilize its manufacturing facilities at sufficient levels to cover its fixed operating costs, in an intensely competitive and cyclical industry;
- TI's ability to develop, manufacture and market innovative products in a rapidly changing technological environment;
- TI's ability to compete in products and prices in an intensely competitive industry;
- TI's ability to maintain and enforce a strong intellectual property portfolio and obtain needed licenses from third parties;
- Expiration of license agreements between TI and its patent licensees, and market conditions reducing royalty payments to TI;
- Economic, social and political conditions in the countries in which TI, its customers or its suppliers operate, including security risks, health conditions, possible disruptions in transportation networks and fluctuations in foreign currency exchange rates;
- Natural events such as severe weather and earthquakes in the locations in which TI, its customers or its suppliers operate;
- Availability and cost of raw materials, utilities, manufacturing equipment, third-party manufacturing services and

manufacturing technology;

- Changes in the tax rate applicable to TI as the result of changes in tax law, the jurisdictions in which profits are determined to be earned and taxed, the outcome of tax audits and the ability to realize deferred tax assets;
- Changes in laws and regulations to which TI or its suppliers are or may become subject, such as those imposing fees or reporting or substitution costs relating to the discharge of emissions into the environment or the use of certain raw materials in our manufacturing processes;
- Losses or curtailments of purchases from key customers and the timing and amount of distributor and other customer inventory adjustments;
- Customer demand that differs from our forecasts;
- The financial impact of inadequate or excess TI inventory that results from demand that differs from projections;
- Impairments of our non-financial assets;
- Product liability or warranty claims, claims based on epidemic or delivery failure or recalls by TI customers for a product containing a TI part;
- TI's ability to recruit and retain skilled personnel; and
- Timely implementation of new manufacturing technologies, installation of manufacturing equipment and the ability to obtain needed third-party foundry and assembly/test subcontract services.

For a more detailed discussion of these factors, see the Risk Factors discussion in Item 1A of TI's most recent Form 10-K. The forward-looking statements included in this release are made only as of the date of this release, and TI undertakes no obligation to update the forward-looking statements to reflect subsequent events or circumstances.

About Texas Instruments

Texas Instruments semiconductor innovations help 80,000 customers unlock the possibilities of the world as it could be — smarter, safer, greener, healthier and more fun. Our commitment to building a better future is ingrained in everything we do — from the responsible manufacturing of our semiconductors, to caring for our employees, to giving back inside our communities. This is just the beginning of our story. Learn more at www.ti.com.

TXN-F

SOURCE Texas Instruments Incorporated

News Provided by Acquire Media