

TEXAS INSTRUMENTS INCORPORATED  
CORPORATE GOVERNANCE GUIDELINES\*

**PREFACE**

Texas Instruments (“TI” or “the Company”) is organized under the General Corporation Law of the State of Delaware. Section 141 of that law reads in part as follows:

“The business and affairs of every corporation organized under this chapter shall be managed by or under the direction of the Board of Directors.”

TI will be managed under the direction of the Board rather than managed by the Board. Direction will include:

- Establishing these corporate governance guidelines and other broad policies for guidance of the organization, such as those contained in the publication “Code of Conduct.”
- Implementing those policies by delegation of authority and assignment of responsibility to Board Committees, the Chief Executive Officer, and other officers and employees as appropriate.
- Monitoring and evaluating performance to assure that the stated policies are being followed.
- Monitoring and evaluating operating performance and functioning of the Board to assure progress toward achieving the Company’s strategic objectives and respect for the ethics of TI.

In furtherance of the broad policies for guidance of the organization referred to above, the Chief Executive Officer may, as he deems appropriate, approve standard procedures that provide instructions and interpretations for the guidance of employees.

Performance of Board Duties

1. To fulfill his or her responsibilities, each Board member is expected to be so acquainted with the business of TI and with the functioning of management as to satisfy such Board member’s duty of care. Such duty of care may be stated as follows:

A director shall perform his or her duties as director, including his or her duties as a member of any committee of the board upon which he or she may serve, in good faith, in a manner he or she reasonably believes to be in the best interests of the corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.

\*These guidelines represent the current position of the Board on various corporate governance matters; the Board may, in its sole discretion, amend the guidelines from time to time if it deems it appropriate to do so in order to serve the best interests of the company and its stockholders.

2. Each director is also expected to satisfy his or her duty of loyalty to TI. Such duty of loyalty may be stated as follows:

A director shall exercise his or her own powers in the interests of the corporation and not in the director's own interest or in the interest of another person or organization.

3. In accordance with TI's Standard Policies and Procedures on Conflict of Interest, each Board member will avoid any activity, interest, or relationship that would create, or might appear to others to create, a conflict with the interests of the Company.
4. Members of the Board must act at all times in accordance with the Company's Code of Conduct, which is applicable to each director in connection with his or her activities relating to the Company.

### **COMPOSITION OF THE BOARD AND COMMITMENTS OF BOARD MEMBERS**

The Governance and Stockholder Relations Committee will from time to time review and recommend to the Board (a) potential nominees (including incumbent directors and those recommended by stockholders) for election as directors at the annual meeting of stockholders and (b) persons to fill vacancies on the Board, taking into account the following qualifications: demonstrated outstanding achievement in the prospective Board member's personal career; relevant commercial expertise; international operations experience; financial acumen; government experience; standards of integrity and soundness of judgment; ability to make independent, analytical inquiries; Board diversity (viewpoints, gender and ethnicity); willingness and ability to devote the time required to perform adequately Board activities (considering, for example, the number of other boards of directors on which a prospective Board member serves); and such other factors as the Governance and Stockholder Relations Committee deems appropriate given the current needs of the Board and the Company, to maintain a balance of the foregoing knowledge, experience, background, and capability.

#### Composition of the Board

1. The size of the Board will range generally from nine to twelve directors, but the Board may from time to time determine that circumstances warrant a higher or lower number.
2. Board members will stand for election annually.
3. A majority of the Board will be members who are "independent" as defined by the rules of The NASDAQ Stock Market ("NASDAQ") and as further defined by the Board in the section hereof entitled Director Independence.
4. The Board from time to time will determine the leadership structure that serves it best. Such structure may involve the Chief Executive Officer's simultaneously serving as Chairman, or may involve a separation of the roles of Chief Executive Officer and Chairman, depending on current and anticipated circumstances. There will be a Lead

Director elected by the independent directors and having a term of at least one year. The Lead Director will have the following responsibilities:

- Preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Serve as liaison between the Chairman and the independent directors;
- Approve information sent to the Board;
- Approve meeting agendas for the Board;
- Approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- If requested by major shareholders, ensure that he or she is available for consultation and direct communication.

In addition, the Lead Director has authority to call meetings of the independent directors.

5. Each Board member will be selected to represent the total corporate interests of TI; he or she will not be selected to, nor will he or she be expected to, represent the interests of any particular group.
6. A Board member will not be eligible to stand for reelection to the Board after attaining the age of 70. The Board of Directors has considered implementation of term limits for service on the Board but believes that such limits can result in the loss of directors who have developed, over a period of time, an in-depth understanding of the Company and its strategic objectives, operations and challenges and, therefore, provide a valuable contribution to the Board as a whole.
7. Non-management directors are subject to the following stock ownership guidelines: each should hold stock with a value of at least three times the annual Board and Committee retainers combined. A newly elected director will have five years to reach the target ownership level. Directors who are also TI executives are subject to stock ownership guidelines for certain of TI's executive officers. Those guidelines provide that each such director should hold the lesser of (a) four times base salary or 125,000 shares, for the CEO or COO, or (b) three times base salary or 25,000 shares, for any other executive officer.
8. Board members should not serve on the boards of more than four other public companies or on the audit committees of more than two other public companies, except for reasonable transition periods relating to changes in board service.

#### Director Resignation Policy

1. Elections at Annual Meetings of Stockholders

Promptly following the certification by the independent inspectors of election of the vote taken at each annual meeting of stockholders relating to the election of directors (other than elections in which the number of nominees exceeds the number of directors to be

elected), any incumbent director nominee who fails to receive the majority vote required by the By-Laws for the election of directors will tender his or her resignation for consideration by the Board. The Governance and Stockholder Relations Committee will meet within the next three regularly scheduled Board meetings, but no later than 90 days following the receipt of the inspectors' certification, to consider the tendered resignation and recommend to the Board the action, if any, to be taken with respect to the resignation.

The Board will act on the Governance and Stockholder Relations Committee's recommendation within 90 days of certification of the vote at the annual meeting. In considering whether the Board should accept or reject the resignation, the Committee and the Board will consider all factors they deem relevant, including, without limitation, the underlying reason for the vote result, if known, the director's contributions to the company during his or her tenure, and the director's qualifications. The Board may accept the resignation, refuse the resignation, or refuse the resignation subject to such conditions designed to cure the underlying cause as the Board may impose.

Subject to the last sentence of this paragraph, any director nominee who fails to receive the required majority vote will not participate, as a member of either the Governance and Stockholder Relations Committee or of the Board, in any deliberations concerning his or her resignation or the resignation of any other director nominee who similarly failed to receive the required vote at the same annual meeting of stockholders. If with respect to the same annual meeting a majority of the members of the Governance and Stockholder Relations Committee fail to receive the required vote, then consideration by such Committee of any resignation tendered under this section of the guidelines will be bypassed and those directors whom the Board has determined are independent pursuant to these guidelines and who did receive the required vote at the same annual meeting will consider and act on the tendered resignations. Notwithstanding the foregoing, in the event that only three or fewer director nominees receive the required vote in connection with the same annual meeting of stockholders, then all the independent directors will participate in the consideration whether to accept or reject the tendered resignations, provided that a director will not participate in deliberations concerning his or her own resignation.

For purposes of this section 1 of the director resignation policy, no director who is also a TI employee will participate in the deliberations of the Board.

Within four business days of the decision regarding the tendered resignation, TI will file with the Securities and Exchange Commission a report on Form 8-K disclosing the decision, describing the deliberative process and, if applicable, the specific reasons for rejecting the tendered resignation.

## 2. Changes during tenure

A director will promptly notify the Company and tender his or her resignation for consideration by the Board if (a) his or her principal occupation or business association

changes substantially during his or her tenure as a director, or (b) he or she engages in conduct that could result in public disrepute or scandal or could otherwise reflect unfavorably upon the Board member or the Company. In either case, the Governance and Stockholder Relations Committee will recommend to the Board the action, if any, to be taken with respect to the resignation. The Board would not necessarily be expected to accept the resignation.

#### Determining Committee Assignments for Non-Management Board Members

1. At least once each year, the Chairman or chair of the Governance and Stockholder Relations Committee will query Board members concerning their continued service as a director and preferences with respect to service as a member or as a chair of Board Committees in the forthcoming year. It is expected that Committee and Committee chair assignments will be rotated from time to time, typically every three to four years.
2. The Chairman and the chair of the Governance and Stockholder Relations Committee will recommend Committee membership and chairs to the Governance and Stockholder Relations Committee for its recommendation to the Board for approval.

### **FUNCTIONING OF THE BOARD AND ITS COMMITTEES**

The TI Board of Directors will provide the opportunity for each Board member to be sufficiently informed about TI plans, operations and performance as to satisfy his or her duty of care.

Activities in which Board members are expected to participate include the following:

1. Board of Directors Meetings and Agenda Preparation

Regular and special meetings of the Board of Directors will be scheduled and held in accordance with the By-Laws. Attendance at Board meetings is expected of all Board members. The non-management directors of the Board will meet at each regularly scheduled meeting of the Board in executive session, and at such other times as the Lead Director recommends from time to time. The Lead Director will chair the executive sessions and all meetings of the Board at which the Chairman is not present.

Materials will be provided to Board members as necessary before meetings to enable members to prepare for discussion at the meetings. Board members are expected to review the materials in advance of Board meetings.

It will be the responsibility of the Secretary of the Company to prepare the agenda for Board meetings. This will be done in cooperation with the Chairman, the Lead Director and others having items that should be considered for presentation to or approval by the Board. Additionally, it is anticipated that the non-management directors, at their executive sessions, will consider whether to add items to the agenda for a future Board meeting, and will advise the Secretary or the Chairman accordingly. The Lead Director

and Chairman will approve the agenda for any Board meeting. Each year TI typically holds a strategic business review.

Board members will have full and free access to TI employees. The Board and each of its Committees may retain or consult independent legal, financial or other advisors as they deem necessary and appropriate.

## 2. Orientation and Continuing Education

New Board members will receive orientation materials and briefings that will familiarize new Board members with the Company's strategic plans, operations, ethical standards and procedures, and significant management and financial issues.

The Company will advise Board members of opportunities for continuing education about matters of relevance to their service on the Board, which may from time to time include training conducted in-house. A Board member will be reimbursed for fees and travel, lodging and related expenses incurred in connection with attendance at third-party educational programs that have been approved by the Chairman of the Board, the chair of the Governance and Stockholder Relations Committee or the Secretary of the Company.

## 3. Board Committees

a. The Board has established the following Committees:

Audit  
Governance and Stockholder Relations  
Compensation

The Board may also establish such special committees as it may from time to time deem necessary or appropriate.

b. Responsibilities of each Board Committee

It is the responsibility of each Board Committee through its chair (i) to maintain a statement of responsibilities for that Committee with assistance as to format from the Secretary of the Company, and (ii) to present such a statement or any revisions thereto to the Governance and Stockholder Relations Committee, which will review and recommend it to the Board for approval.

Each statement of responsibilities will include:

- 1) A general description of the Committee's purpose.
- 2) A listing of duties and responsibilities of the Committee in its area of emphasis.

- 3) The number of Committee members needed to be present to constitute a quorum for the transaction of business.

The statement of responsibilities (charter) for the Audit Committee (includes a discussion of that Committee's responsibility regarding risk oversight) may be found [here](#).

The whistleblower policy as adopted by the Audit Committee may be found [here](#).

The statement of responsibilities (charter) for the Compensation Committee may be found [here](#).

The recoupment (clawback) policy as adopted by the Compensation Committee may be found [here](#).

The statement of responsibilities (charter) for the Governance and Stockholder Relations Committee may be found [here](#).

c. Functioning of Committees

Functioning of Committees will be facilitated by adherence to the following:

- 1) Committee members are expected to attend meetings of their assigned Committees.
- 2) Any Board member may query chairs of Committees to which such member is not assigned whenever such member has an observation or concern.
- 3) By invitation of the Committee chairs, a Board member may attend meetings of Committees to which such member is not assigned. Each Committee chair is encouraged to invite Board members who are not Committee members when overlapping interests exist.
- 4) The Secretary of the Company, with concurrence of Committee chairs, will recommend to the Board a secretary for each Board Committee. All approved minutes of Committee meetings will be available from the Secretary of the Company when requested by any TI Board member.
- 5) Each assigned Committee member has the responsibility of staying informed, even when unable to attend meetings.
- 6) Each Committee has the authority to retain outside counsel and other experts of its own choosing at TI's expense.

4. Executive Compensation and CEO Performance Review

The Compensation Committee will review the performance of the Chief Executive Officer and determine his compensation. The Compensation Committee will consult with the non-management Board members before setting annual compensation for the Chief Executive Officer and other executive officers of the Company. The Chief Executive Officer will not be present during deliberations or voting concerning his or her compensation.

5. Annual Performance Evaluation

The Board will conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Governance and Stockholder Relations Committee will conduct this evaluation and review the results with the Board. Each Committee of the Board will conduct a self-evaluation at least annually to determine whether it is functioning effectively.

6. Attendance at Annual Stockholders Meetings and Communication with or by Directors

Directors are encouraged to attend each annual meeting of stockholders. Such attendance allows for direct interaction between stockholders and members of the Board.

Stockholders who wish to contact one or more Board members directly at other times may do so by sending a letter to Texas Instruments Incorporated, P.O. Box 655936, MS 8658, Dallas, Texas 75265-5936, Attn: Secretary. All communications sent to this address will be shared with the Board or the individual director, if so addressed.

The Board believes that as a general matter management should speak for the Company. It is suggested that each director refer inquiries from investors, analysts, the press or customers to the Chief Executive Officer or his or her designee. When management deems it appropriate, statements from the Board will be made by the Chairman. If the Chairman is an affiliated director or member of Company management, the Lead Director generally speaks for the Board, although there may be circumstances when the Board designates another director to participate and lead the communication effort.

7. Confidentiality

Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

### **SUCCESSION PLANNING**

The Board recognizes that one of its vital concerns is to ensure an orderly succession of the management chain.



TI will attract, develop and retain talented managers and assure a succession of those most talented for top management positions, in particular, the position of Chief Executive Officer. The Board's activities in connection with succession planning include:

1. Review, at least annually, by the Chief Executive Officer of the potential successors for each of the Company's senior managers. This will include emergency succession of the Chief Executive Officer.
2. Review, at least annually, of the Chief Executive Officer's evaluation of the performance of the Company's senior managers.
3. Attendance at the Company's strategic business reviews, and other opportunities, possibly initiated by Board members, to broaden their acquaintance with top TI managers.

### **COMPENSATION OF BOARD MEMBERS**

The Board, upon recommendation from the Governance and Stockholder Relations Committee, will establish appropriate compensation for Board members from time to time. Until a change appears appropriate, members of the Board of Directors who are not officers of TI will receive an annual retainer of \$110,000; the Chair of the Audit Committee will receive an additional annual retainer of \$30,000, the Chair of the Compensation Committee will receive an additional annual retainer of \$20,000 and the Chair of the Governance and Stockholder Relations Committee will receive an additional annual retainer of \$20,000; the Lead Director will receive an annual retainer of \$35,000 in addition to any retainers previously listed.

From time to time, the Chairman of the Board may designate additional activities for Board members. In the event designated activities are undertaken by a Board member, compensation will be \$1,000 per day, prorated based on time actually spent on such activities.

Under the Texas Instruments 2018 Director Compensation Plan, new members of the Board who are not officers of TI will be awarded a restricted stock unit award with a grant-date value of approximately \$200,000, rounded down to the nearest whole share. Also, each member of the Board who is not an officer of TI will be annually granted equity comprised of a 10-year option with a grant-date value of approximately \$100,000 determined using a Black-Scholes option-pricing model and a restricted stock unit award with a grant-date value of approximately \$100,000, in each case rounded down to the nearest whole share. Prior to each grant, the Board will have the right to reduce these awards, taking into consideration such factors as the Board may determine. Each restricted stock unit represents one share of Company common stock.

## **DIRECTOR INDEPENDENCE**

To be considered “independent,” a director must be determined by the Board to have no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of the director. In accordance with NASDAQ listing rules, the Board has adopted the following standards for determining director independence.

- A. In no event will a director be considered “independent” if:
1. He or she is a current partner of or is employed by the Company’s independent auditors;
  2. A family member of the director is (a) a current partner of the Company’s independent auditors or (b) currently employed by the Company’s independent auditors and personally works on the Company’s audit;
  3. Within the current or preceding three fiscal years he or she was, and remains at the time of the determination, a partner in or a controlling shareholder, an executive officer or an employee of an organization that in the current year or any of the past three fiscal years (a) made payments to, or received payments from, the Company for property or services, (b) extended loans to or received loans from, the Company, or (c) received charitable contributions from the Company, in an amount or amounts which, in the aggregate in any such year, exceeded the greater of \$200,000 or 2% of the recipient’s consolidated gross revenues for that year (for purposes of this standard, “payments” excludes payments arising solely from investments in the Company’s securities and payments under non-discretionary charitable contribution matching programs); or
  4. Within the current or preceding three fiscal years a family member of the director was, and remains at the time of the determination, a partner in or a controlling shareholder or an executive officer of an organization that in the current year or any of the past three fiscal years (a) made payments to, or received payments from, the Company for property or services (b) extended loans to or received loans from the Company, or (c) received charitable contributions from the Company, in an amount or amounts which, in the aggregate in any such year, exceeded the greater of \$200,000 or 2% of the recipient’s consolidated gross revenues for that year (for purposes of this standard, “payments” excludes payments arising solely from investments in the Company’s securities and payments under non-discretionary charitable contribution matching programs).
- B. In no event will a director be considered “independent” if, within the preceding three years:
1. He or she was employed by the Company (except in the capacity of interim Chairman of the Board, Chief Executive Officer or other executive officer, provided the interim employment did not last longer than one year);

2. He or she received more than \$120,000 during any twelve-month period in compensation from the Company (other than (a) compensation for board or board committee service, (b) compensation received for former service lasting no longer than one year as an interim Chairman of the Board, Chief Executive Officer or other executive officer and (c) benefits under a tax-qualified retirement plan, or non-discretionary compensation);
  3. A family member of the director was employed as an executive officer by the Company;
  4. A family member of the director received more than \$120,000 during any twelve-month period in compensation from the Company (excluding compensation as a non-executive officer employee of the Company);
  5. He or she was (but is no longer) a partner or employee of the Company's independent auditors and worked on the Company's audit within that time;
  6. A family member of the director was (but is no longer) a partner or employee of the Company's independent auditors and worked on the Company's audit within that time;
  7. He or she was an executive officer of another entity at which any of the Company's current executive officers at any time during the past three years served on that entity's compensation committee; or
  8. A family member of the director was an executive officer of another entity at which any of the Company's current executive officers at any time during the past three years served on that entity's compensation committee.
- C. No member of the Audit Committee may accept directly or indirectly any consulting, advisory or other compensatory fee from the Company, other than in his or her capacity as a member of the Board or any Board Committee. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (provided that such compensation is not contingent in any way on continued service). In addition, no member of the Audit Committee may be an affiliated person of the Company except in his or her capacity as a director.
- D. With respect to service on the Compensation Committee, the Board will consider all factors that it deems relevant to determining whether a director has a relationship to the Company that is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including but not limited to:

1. The source of compensation of the director, including any consulting, advisory or other compensatory fee paid by the Company to the director; and
  2. Whether the director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company.
- E. For any other relationship, the determination of whether the relationship is material and consequently whether the director involved is independent, will be made by directors who satisfy the independence criteria set forth in this section.

For purposes of these independence determinations, “family member” and “Company” will have the same meaning as under the NASDAQ rules.