

TI carefully aligns its global public policy priorities with the company's strategic business priorities and ethical values. This approach ensures continued growth and profitability and supports our commitment to corporate citizenship. In 2011, we focused on the following priorities:

**Growth**

TI supported open trade policies and sound export control regulations, and advocated for policies and incentives relevant to the company's growth priorities in global regions. In the U.S., we worked successfully with industry partners to secure passage of legislation that implements trade agreements with Korea, Colombia and Panama. We also continued efforts with other U.S. and global semiconductor industry partners within the World Semiconductor Council to drive for a zero-tariff agreement on multicomponent devices. Through our involvement in the Semiconductor Industry Association, we actively participated in various regulatory proceedings associated with President Obama's ongoing efforts to update the U.S. export control system.

As various countries around the world encourage energy-efficient or clean energy technologies to reduce energy consumption and greenhouse gas emissions, TI has worked to identify opportunities and policies congruent with the company's solutions for lighting, smart grid and meter technologies, electric and hybrid vehicles, solar generation and distribution, and motor controls, among others.

**Innovation**

TI advocated for federal and state investments in basic research at U.S. universities and national physical sciences and engineering labs, and for programs of particular relevance to the semiconductor industry. Given the tough budget climate, TI and its allies had reasonable success in educating policymakers about the critical importance of such investments to long-term economic growth and innovation, and with securing adequate funding for the current fiscal year. We also assessed European research programs that promote public/private collaborations in research.

We engaged actively with federal, state and local governments to promote educational excellence at all grade levels in the U.S., particularly on initiatives that improve math and science proficiency and teaching effectiveness. TI was an active member of Change the Equation, a private-sector organization of more than 100 chief executive officers established in the U.S. to improve math and science teaching and achievement, and to enhance student interest in these fields. In addition, we actively supported programs designed to increase the pipeline of scientists and engineers through such organizations as the Semiconductor Research Corporation.

We continued efforts to reform U.S. immigration policies affecting highly educated foreign professionals who

graduate with advanced science and engineering degrees from U.S. universities, working to facilitate their transitions from student to permanent resident and to reduce backlogs for permanent resident visas. Specifically, we supported legislation that would remove per-country caps on employment-based visas to help clear the backlog of students from high-demand countries. That bill passed the U.S. House of Representatives by an overwhelming majority.

## **Tax**

TI supported U.S. federal and state tax policies to encourage R&D, including an extension of the R&D tax credit. We also joined other companies in a multiyear effort to advocate for comprehensive tax reform that would lower the corporate tax rate, embrace a territorial system of taxation in line with that of our foreign competitors, and continue to provide incentives for investing in R&D in the United States. We also worked in various geographies to understand, protect or (when possible) leverage incentives available to the company to reduce costs and increase competitiveness.

## **Environment, safety and health**

TI has a strong record of commitment to worker safety, ensuring a safe workplace and operating as a responsible steward of the environment. In the legislative and regulatory area, we worked to promote laws and regulations at the global, federal and state level that are well-informed and responsible. We sought to modify or discourage those that place undue burdens on our operations or undermine our international competitiveness. In particular, we worked closely with the U.S. Environmental Protection Agency to resolve concerns regarding greenhouse gas regulations and reporting rules. We also worked to harmonize new regulations in China and India that restrict the use of certain substances to align them with global norms.

## **Operational flexibility**

TI monitored and (as necessary) participated in policy debates that affected the company's operational flexibility, particularly in areas involving corporate governance, confidential business information, supply-chain integrity, and access to reliable and affordable sources of energy.

## **Human resources**

We closely monitored policy proposals that could affect our ability to offer flexible and cost-effective health and retirement benefit policies for our employees. In the U.S. health care debate, we focused our attention on the implementation of the Patient Protection and Affordable Care Act to ensure increased safety, efficiency, accountability and quality of care.

Additionally, we supported flexible workforce policies to ensure effective deployment of resources, encourage diversity, and offer employees stimulating and rewarding career opportunities.

**Intellectual property**

TI worked successfully with other industry and university partners in the United States to secure enactment of patent-reform legislation that modernizes the U.S. patent system while protecting the company's significant R&D investments. We also joined with a number of semiconductor stakeholders in a successful effort to pass legislation that makes it easier for customs agents to identify and stop counterfeit chips from entering the country.