

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 2012, 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 United States, we worked successfully with industry partners to secure passage of legislation that implements permanent normal trade relations with Russia, allowing U.S. companies to fully benefit from Russia's accession to the World Trade Organization.

TI continues to work with industry partners to monitor and address the proliferation of discriminatory indigenous innovation policies such as mandatory technology transfer, local sourcing requirements and unique standards.

We also continued efforts with other U.S. and global semiconductor industry partners within the World Semiconductor Council (WSC) to drive for a zero-tariff agreement on multicomponent devices (MCOs). After six years of negotiations, five of six WSC members agreed on a definition for MCOs that sets the stage for a tariff elimination agreement.

Through our involvement in the Semiconductor Industry Association (SIA), we actively participated in updating the Wassenaar Arrangement on export control policies related to the mass marketing of components containing encryption, and efforts to reform the U.S. export control system. We made progress with key agencies to address the radiation hardening issue that, without change, could subject certain commercial chips to munitions controls in the coming years simply due to improved performance.

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 consistent 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.

For example, TI participated in European Union efforts to promote worldwide collaboration on sustainable standards for smart grids and engaged in smart grid collaborations in India. We also consulted with business leaders of relevant government agencies about developing key vertical markets.

## **Innovation**

TI advocated for federal and state investments in fundamental research at U.S. universities and national physical sciences and engineering labs, and for collaborative programs of particular relevance to the semiconductor industry. Given a budget climate where cuts dominate the discussion, TI and its allies focused on educating policymakers about the critical importance of such investments to long-term economic growth and innovation through a series of events on Capitol Hill. We also engaged with European research programs that promote public/private collaborations in research.

TI actively promoted educational excellence with federal, state and local governments, particularly focused on initiatives that improve math and science proficiency, enhance teaching effectiveness, and ensure accountability. TI was an active member of Change the Equation, a U.S. private-sector organization of more than 100 chief executive officers focused on improving math and science education. 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 the successful passage of legislation through the U.S. House of Representatives that would create a new green card category for foreign-born science, technology, engineering and math (STEM) graduates of U.S. universities. Unfortunately, the U.S. Senate did not consider the bill.

## **Tax**

TI encouraged sound U.S. federal and state tax policies, including a successful extension of the federal R&D tax credit in the American Taxpayer Relief Act.

We also joined other companies in a multiyear effort to advocate for comprehensive tax reform that would lower the corporate tax rate; embrace a competitive, international market-based 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.

At the state level, TI advocated for the continuation of tax policies that ensure a competitive business environment for its operations.

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 laws and regulations that place undue burdens on our operations or undermine our international competitiveness. In particular, we worked closely with the SIA in an ongoing dialogue with the U.S. Environmental Protection Agency to successfully address key concerns in proposed greenhouse gas accounting and reporting regulations.

We also worked to harmonize new regulations in China and India that restrict the use of certain substances to align them with global norms, and to ensure that any updates to existing requirements, such as those in Europe, took into account the unique concerns of the chip industry.

## **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. TI assembled a multifunctional group within the company to assess and prepare for compliance and reporting required by Securities and Exchange Commission regulations on the use of conflict minerals, and closely monitored developments on this issue in Europe.

## **Human resources**

We evaluated policy proposals that could affect our ability to offer flexible and cost-effective health and retirement benefit policies for our employees. We continued to focus 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 continued to advocate for policies that protect the company's significant R&D investments. We also joined with a number of semiconductor stakeholders in an effort to pass specific legislation to make it easier for customs agents to identify and stop counterfeit chips from entering the country and provided input to U.S. government agencies on product authentication proposals.