

<https://www.ti.com/info/covid-19-response.html>

COVID-19 order fulfillment update from Texas Instruments

March 30, 2020

Valued TI customer,

Our focus is always on making our customers around the world successful, by providing the best products and the best support. Given the evolving COVID-19 situation, we want to give you an update on TI's order fulfillment capabilities, so that you can plan and act accordingly.

TI has invested to minimize customer disruptions

TI has long had a business continuity plan (BCP) in place to handle unforeseeable situations, like we are experiencing with COVID-19. Additionally, over the past several years, TI has invested in building inventory and expanding our globally diverse manufacturing footprint to improve customer service levels and minimize customer disruptions in these types of situations. Investing in these capabilities has given us even more flexibility, such as an increased ability to source products from multiple manufacturing sites to meet customer demand. These investments will minimize disruptions, but not completely eliminate them.

Background on TI manufacturing disruptions

Following government guidance in locations where we operate, we are continuing our operations (including manufacturing) given the need for our products in many critical infrastructure industries and applications. TI experienced minimal disruptions to our China-based operations (TI Chengdu site and our subcontractors) in early 2020 at the start of the COVID-19 crisis. More recently, we began experiencing disruptions to our operations in Malaysia and the Philippines. We have been approved to operate at significantly reduced levels in these two countries through mid-April when current government restrictions expire, and we remain in active dialogue with local officials in both countries. We have used these assumptions in our updated planning models, but we are cautious that the situation is fluid, which could result in un-forecasted disruptions due to extensions or additional restrictions.

Lead times and estimated ship dates (ESDs)

Based on current assumptions, we are not extending our lead times. We will be updating delivery dates on fewer than 3% of the line items scheduled in the month of April, primarily caused by limitations in the Philippines (TI Clark). Customers will be notified if there is a change to their ESD.

Continuity of supply

As a reminder, TI is making changes to our authorized distribution network and encourages our customers to transition to one of the following long-term options for doing business with TI:

- Directly with TI or through TI.com.
- Through Arrow, as an authorized TI distributor in all regions, with the exception of Japan.
- Through Macnica or TED, who will continue to be authorized TI distributors in Japan.
- Through Digi-Key or Mouser, our authorized catalog distributors.

Our near-term operating plan

Using the current assumptions of evolving restrictions in Malaysia and the Philippines being lifted, our operating plan for Q2 2020 is to manufacture at levels similar to what we ran in Q1 2020. Our focus will be on broad-based catalog

products, those that are used across a diverse set of applications and customers. This means we should be able to respond to short term un-forecasted demand, preventing the need for customers to over order. Needs for new TI devices that are ramping and/or have a limited customer base are being worked on a case-by-case basis.

Demand beyond 2020

We also have our eye on demand for 2021 through the 2023 timeframe. Using the 2009 financial crisis as a historical data point, the semiconductor industry drastically decelerated its manufacturing capacity only to get way behind. The industry demand returned to trend line demand within one year and grew from there. We have capacity planned within our current footprint at least through 2022, and construction is underway for our next 300mm wafer fab in Richardson, Texas. The building shell is expected to be completed in late 2021 and will be ready to install tools when needed to meet market demand.

Thank you for your continued confidence in TI. We are working diligently to continue to support you during this unprecedented time. If you have specific needs that are not addressed in this update, please work with your TI representative. We will continue to keep you updated, as warranted, as the situation evolves.

Best regards,

TI Global Business Operations