

# News To Use

Information to Welcome Chipcon to Texas Instruments

January 2006

## Your TI Health Benefits

**COUNTDOWN** to February 21, 2006 – Are you ready to enroll? You’ve received a ton of information about TI’s benefits programs. As a reminder, here are the four most important things to do before you enroll to ensure your elections meet your personal benefit needs.

**NETWORKS** – Do you want to nominate your doctor or dentist for the TI networks? You can nominate your doctor to join the BCBS PPO and/or your dentist to join MetLife’s network. Doctors and dentists who satisfy the credentialing criteria may be eligible. Follow these steps:

1. Ask if your doctor/dentist is interested in joining the network.
2. If the answer is yes, take the appropriate nomination form at the end of this newsletter to your doctor/dentist.
3. Ask him or her to complete and return the form as soon as possible. The nomination process can take up to three months, so it is best to get started early.

### 4 - REVIEW

Review the Benefits section of the eXceleration binder you received at orientation. These materials contain most of the details you’ll need to evaluate your options and make your benefit choices.

### 3 - COMPARE

Use the comparison tool on the YBR Web site to review your medical options. Compare these options and any other healthcare options you might have to decide what’s best for you.

### 2 - ESTIMATE

Walk through the worksheet in your eXceleration binder to estimate your benefit costs. Remember, this is not an enrollment form; it’s a worksheet for you to use to make your decisions.

### 1 - ENROLL

Enroll in TI benefits on-line through the YBR Web site. The enrollment is on-line only. You must enroll by 2:30 p.m. PT on February 21, 2006, or you will have default benefits for the rest of this year.

### Will you need healthcare services in the next few weeks?

TI sends your enrollment information to the healthcare plans each week during enrollment. But it may still take the plans several weeks to process your enrollment. If you know that you’ll need access to healthcare services (doctor visits, prescription drugs, medical procedures, etc.) within the next three weeks, your provider may call TI Smartlink (800) 890-2600. From the main menu, they will say “TI Benefit Center” and stay on the line to verify your (or your dependents’) eligibility for health coverage through the TI Benefits Center. You will need to provide your Social Security number to verify eligibility.

**REMEMBER:** Default benefits include:

- Employee-only BCBS PPO coverage
- Employee life insurance equal to one times your annual base pay
- Employee-only MetLife Dental Basic Plan coverage
- Basic Disability Pay Continuance (DPC) coverage

It may take up to two weeks to get your information into the healthcare providers’ systems, therefore, make elections early.

When you enroll in health benefits coverage, your elections will be retroactive to your date of hire. If you need emergency health care, get help at the nearest medical facility.

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The TI Benefits Center is available to help you verify coverage with your health care provider. If you seek treatment when the TI Benefits Center is unavailable to verify coverage, you may be required to pay the entire cost of the service up-front, and then request reimbursement.

To contact the TI Benefits Center, call TI SmartLink at (800) 890-2600. From the main menu say "TI Benefits Center."

### HIPAA Certificates

After close, you will be receiving a HIPAA certificate (notification that indicates if you have had continuous insurance coverage over the preceding 18 months) to assist in eligibility for future insurance, should another employer require it. You should keep this certificate. Although you don't need it for TI because none of the health options have pre-existing condition limitations, you might need it for a future employer. This is also referred to as a "certificate of creditable coverage."

### BCBS PPO Transition Period

(for persons who enroll in BCBS PPO during the initial 30 day enrollment period) During the 120-day transition period, employees have time to do the following:

- A.** Nominate their personal physician to the doctor network
- B.** Transition to a network provider
- C.** Manage continuity of care issues such as maternity care

During this transition period, if employees use a network provider or a non-network provider, the employee's reimbursement will be at the "in-network" level of 90/10, 80/10 or 70/10, depending on the physician/hospital coinsurance option selected through Build Your Own Options. At end of transition period, reimbursement of non-network providers will be reduced to 50/50.

*\* This transition period does not apply to the Pharmacy Network*

### Filing Claims

Any healthcare claims for services prior to January 23, 2006, should be filed with your previous carrier. Please ensure that these claims are submitted for reimbursement as soon as possible, and no later than March 23, 2006. Any Flexible Spending Account (FSA) claims for 2005, should be filed with your previous carrier. Please ensure that these claims are submitted for reimbursement as soon as possible and not later than March 31, 2006.

# DETAILS, DETAILS:

## How to Read Your TI Paychecks

### Payroll Transition

You will receive your last check from Chipcon on January 31, paying you for the period January 16, 2006 through January 22, 2006. This Chipcon payment will be direct deposited as usual and will contain your normal paycheck deductions. You will also receive a paper, negotiable check from TI for the period January 23, 2006 through January 31, 2006. This check will not be direct deposited and will only include deductions for applicable taxes.

Regular paydays for salaried employees are the 15th and the last day of each month. Therefore, next regular payday for salaried Tiers is February 15, 2006. Your direct deposit will be in place for this paycheck.

### Deductions and Your Paycheck

Deductions for "enrolled" benefits, such as insurance and spending accounts, may begin as soon as your February 15th paycheck, depending on when you enroll. All 401(k) deductions will begin with this paycheck if you enrolled before 1:00 p.m. Pacific Time on February 2nd.

### Social Security and Your Paycheck

Social Security (FICA) taxes are withheld from your pay up to the limit set each year by the federal government. The taxable wage limit for 2006 is \$94,200. Generally, if you do not change employers during the year, your Social Security taxes (6.2% of pay) stop once you reach that limit, while the Medicare portion of the tax (1.45% of pay) continues, as the Medicare portion is not subject to a limit). Beginning with your first TI paycheck, your Social Security taxes will start from the beginning again because TI is a new employer for you. As a result, if your income would normally exceed the taxable wage base of \$94,200, you may pay too much in FICA taxes during 2006. If you exceed the maximum FICA taxes in 2006 (\$5,840.40), you can claim a refund for the excess when you file your federal income tax return. You are responsible for reviewing your W-2s (from TI, Chipcon and any other employers) before filing your 2006 tax return in case you paid too much in FICA

taxes, so you can file the appropriate paperwork. To claim excess Social Security tax withholding, you must file Form 1040 or Form 1040A. You cannot file Form 1040EZ. For more information, please go to:

<http://www.irs.gov/taxtopics/tc608.html>

### ONLINE TOOLS: Watch Your Pay Online with MYPAY

*Want to see your paycheck as early as possible?*

*Want to have your paycheck history at your fingertips anytime you need it?*

TI's default method for notifying employees about payments is an online tool called **MYPAY**. You will not receive a paper check stub with the details of your payments from TI. Instead, you may access a secure, online tool that provides you with all this information and a number of other financial tools.

This useful tool allows direct deposit participants to view current paychecks, as well as the previous two years' of pay history. If your PC has a printer you may print your pay information at any time. To view a paycheck, please follow these steps:

- 1.** Go to **my.ti.com**
- 2.** Click on My Tools under Comp & Career
- 3.** Under Payroll, click on MYPAY
- 4.** Log in using your employee number and your TI password
- 5.** Your most recent check will be displayed. If you want to select another check use the drop down menu at the top.

In addition to your pay stubs online, **MYPAY** users may access some financial tools, including a year-to-date statement and an annual tax summary. You also have the option to select an e-mail notification when a check has been processed for you. If you are interested in this feature please notify Laura Davis at [l-davis@ti.com](mailto:l-davis@ti.com).

*Note: Information on your paychecks from Chipcon will not be available through MYPAY.*

# TI 401(k)

You have been automatically enrolled in TI's 401(k) savings plan at a contribution rate of 2 percent. You may change your contribution rate at any time. You may elect to contribute up to 50 percent of your eligible earnings (subject to IRS limits) from each paycheck on a pretax basis. You can change your contribution rate yourself through the Your Benefits Resources™ (YBR) Web site or you can speak with a TI Benefits Center representative. You will need to update your contribution rate by 3:00 pm central time on Thursday, February 2 to impact your February 15th paycheck.

TI will match the amount you contribute, dollar for dollar, up to 4 percent of your eligible earnings. You are immediately eligible for, and always 100 percent vested in, TI's matching contributions. You may decide how to invest this money among the 11 core investment funds offered by the Plan. You may also open a self-directed brokerage account and move money into this account. If you do not create an investment election, your contributions and the company matching contributions will be invested in the Lifestyle 2010 fund.

In 2006, IRS regulations limit your contributions to \$15,000, and the amount of annual compensation from which deductions can be taken to \$220,000. If by December 31, 2006 you will be age 50 or older, you may contribute additional amounts above the \$15,000. The maximum annual "catch-up" contribution for 2006 is \$5,000.

## Figure 8 -W 401(k): What now

### 1. What will happen to my account in the Figure 8 401(k) Plan?

The Figure 8 401(k) Plan was terminated on January 20, 2006. TI will submit a Form 5310 - Application for Determination for Terminating Plan to the Internal Revenue Service (IRS). Once we receive final approval from the IRS you will be able to take a distribution from this plan. Until IRS approval is received, your account remains in the Figure 8 plan and Bisy continues as the record keeper. You continue to manage your account as before. You may transfer between investment options on a daily basis. You may request a withdrawal from the plan as provided by plan provisions. In our experience with acquisitions it usually takes 12 – 15 months from the date of acquisition to obtain IRS approval.

### 2. Why is the plan submitted to the IRS?

Recent changes in legislation require that all plans be updated and submitted to the IRS for a favorable determination letter. A determination letter is simply a statement from the IRS that they have reviewed the plan and agree that the plan has been administered according to all applicable regulations. Terminated plans must also be updated and submitted at the time of termination.

### 3. Why must we wait until the IRS approval is received before taking a distribution?

If distributions are made and, upon review of the plan, the IRS requires changes, it would be difficult to go back and make those changes. During the time it takes to obtain the IRS approval, you can manage your account in the plan just as you did before the plan termination process began. The only difference is that no new contributions can be made to the plan. You will have gains and losses based on your choice of investment funds offered by the plan. For information on managing your account or to initiate a transaction, please visit the Web site at [www.openheimerfunds.com](http://www.openheimerfunds.com).

### 4. What happens if I terminate employment?

You will be eligible to take a distribution from the plan upon your separation from service, subject to the terms of the plan. For information regarding distribution of your account, please contact Kirsten Graff.

### 5. Will I be able to roll my Figure 8 plan account balance into the TI Plan?

Yes. Once IRS approval is received, you will have several options. You may:

- Roll over your balance into the TI Contribution and 401(k) Savings Plan (for active employees only)
- Roll over your balance into an Individual Retirement Account
- Have your account balance paid to you as a cash distribution. The gross amount of the distribution is considered income to you in the year of distribution. You would owe incomes taxes and possibility early withdrawal penalties on this distribution.

The first two choices allow you to avoid any current tax consequences that could otherwise result from the distribution.

## TI Stock Options:

### What to Expect

All replacement stock options are subject to a "blackout" period of approximately two weeks beginning January 23rd while they are converted to TI options. During this time you will not be able to view or trade your options. TI will notify all employees when the blackout period has been lifted and your options are available to view at TI's stock option administrator, UBS Financial Services. You will also receive a welcome letter at the end of the blackout period from UBS Financial Services that contains your Personal Identification Number used to access your account directly at UBS. Once your account is available at UBS Financial Services you may access your account from [my.ti.com](http://my.ti.com), select Compensation & Financial, and then Stock Options (UBS One Source) or directly at:

[www.ubs.com/onesource/TXN](http://www.ubs.com/onesource/TXN)

## eXceleration

Welcome again to TI! Hopefully the time you spent in orientation was well worth it. We know that you heard a lot of information and probably have many more questions. Please remember the eXceleration Web site is a great resource. When connected to the TI intranet, just click on this link:

<http://infolink.ti.com/exceleration/xlmain.html>

Or, if you are browsing through [my.ti.com](http://my.ti.com) you can go to Employee Services – Americas, and then click on New Employee then on New Employee Arrival site.

This site contains most of the presentations you saw during orientation. Please note that the versions on this site are those used in orientation in Dallas and these will vary slightly from the ones you were presented. However, the benefits information will be the same.

# Blue Choice Physician Nomination Form

Name of Provider: \_\_\_\_\_

Address: \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Specialty (Check One):

- Family Practice
- Internal Medicine
- Pediatric
- Obstetrician/Gynecologist
- Other \_\_\_\_\_

Your Name: \_\_\_\_\_

This is strictly a nomination form. We cannot guarantee physician participation. Blue Cross and Blue Shield of Texas network representatives will contact your provider regarding the Blue Choice program. If your physician is interested, he/she may apply to become a Blue Choice provider and undergo the standard credentialing process.

***After you complete this form, please return it to:***

**Mail:** BlueCross BlueShield of Texas  
 Major/National Accounts  
 901 South Central Expressway  
 North Building B  
 Richardson, TX 75080  
 Attention: Siri Spradling  
 OR

**FAX:** 972-766-4983, Attention: Siri Spradling  
 OR

**E-mail:** [Siri\\_Spradling@bcbstx.com](mailto:Siri_Spradling@bcbstx.com)

## TI in the News January 18-23, 2006

- 23 Jan 2006** — **TI completes acquisition of Chipcon**  
 TI announced it has finalized its previously announced acquisition of Chipcon, a leading company in the design of short-range, low-power wireless RF (radio frequency) transceiver devices. This acquisition will expand TI's high-performance analog portfolio and will enable TI to provide customers with industry-leading ZigBee™ -compliant solutions and a broad range of proprietary radio frequency integrated circuits that enable innovative low-power wireless applications.
- 23 Jan 2006** — **TI reports 4Q05 and 2005 financial results**  
 TI reported revenue for the fourth quarter of 2005 of \$3.59 billion, up 14 percent from the year-ago quarter as growth in the semiconductor segment accelerated. Fourth-quarter revenue was even with the third quarter of 2005 as growth in semiconductors was offset by the expected seasonal decline of graphing calculator sales in the Educational & Productivity Solutions segment. For the year, TI revenue reached a record \$13.39 billion, an increase of 6 percent. TI also set a new high for operating margin of 20.8 percent.
- 23 Jan 2006** — **TI's new isolators speed data transmission and increase signal integrity**  
 A family of high-performance digital isolators being introduced by TI features on-chip capacitors to improve system performance and reduce cost in high-voltage, noisy applications. The ISO721 and ISO721M capacitive isolators, from TI's High Performance Analog group, lead the industry with the fastest data rates combined with higher signal integrity. They provide six orders of magnitude higher magnetic immunity than existing inductive devices and use 60 percent less power than high-performance optocouplers. See [www.ti.com/iso721](http://www.ti.com/iso721)
- 19 Jan 2006** — **Texas Instruments board declares quarterly dividend**  
 The Board of Directors of TI declared a quarterly cash dividend of \$0.03 per share of common stock, payable February 13, 2006, to stockholders of record on January 31, 2006.
- 19 Jan 2006** — **Industry experts recognize TI's award-winning MCU and digital signal controller portfolio**  
 Providing leading products for embedded control designers, TI announced that MSP430 ultra-low power microcontrollers (MCUs) and TMS320C2000 digital signal controllers have received awards from five leading electronics industry publications, Control Engineering, Electronic Products, analogZONE, EE Product News and ECN Magazine. TMS320F280x controllers have been awarded Control Engineering's prestigious 2005 Editors' Choice Award as well as being named analogZONE's 2005 best Green Power Converter/Controller while MSP430F20xx MCUs were named as one of Electronic Products 2005 Products of the Year and recognized for technical innovation in EE Product News' 2005 Product Review and Outlook Semiconductor Review. MSP430 MCUs and C2000™ controllers are part of TI's embedded control portfolio, offering a broad range of control solutions for embedded applications including motor control, sensing, e-metering, power line communications, handheld and low power applications, medical and digital power management. For more information on TI's award winning controllers, please see: [www.ti.com/controllers](http://www.ti.com/controllers)
- 18 Jan 2006** — **TI introduces 3-A SWIFT™ converter for digital TV and industrial point-of-load systems**  
 TI announced a high efficiency, 500-kHz, step-down DC/DC integrated circuit (IC) with integrated FET that delivers 3-A of continuous output current and supports input voltages of 5.5 V to 36 V. The small, simple-to-design switcher speeds time to market for point-of-load systems, such as industrial applications, digital television, DVD, battery charging and 12 V/24 V distributed power systems. See: [www.ti.com/sc06013](http://www.ti.com/sc06013)

## Rich Templeton

**President and Chief Executive Officer  
 Texas Instruments Incorporated**

Rich Templeton became president and chief executive officer of Texas Instruments in May 2004. He also serves on the company's board of directors, to which he was elected in July 2003. From April 2000 through April 2004, Rich was chief operating officer of TI. He was executive vice president of the company and president of TI's Semiconductor business from June 1996 through April 2004.

Rich is credited with helping to define and execute TI's strategy to focus on semiconductors for signal processing. Operationally, he guided TI during the worst downturn in semiconductor history, while maintaining the company's strategic investments in R&D and advanced manufacturing. His leadership helped TI to emerge in stronger strategic, technological and product positions, and as a result the company has gained market share for each of the last two years. Rich joined the company in 1980 after earning a bachelor's of science degree in electrical engineering from Union College in New York. He spent his operational career in the company's Semiconductor business, beginning in sales and eventually becoming president of the entire business. In addition to his TI duties, Rich is a director of the Semiconductor Industry Association, and is a member of the Business Roundtable and the Dallas Chief Executive Roundtable.

## TI Acronyms Database

**HPA and HPL DAV, PIP, PPM,  
 SPM, DAP HSC, LPW and OWS**

It's enough to drive anyone crazy. Like many high technology companies, Texas Instruments uses acronyms very frequently in our communications. These can quickly become confusing, so we have created several databases to capture the acronyms invented by, or used in, TI, along with their meanings.

**Main TI Acronyms Database**  
<http://infolinknews.ti.com/tinews/acronyms.tsp>

**TI France Acronyms Database**  
<http://web.tif.ti.com/agora/acromania>

We hope it will be useful but please remember it is not intended to be a full dictionary or glossary of technical terms. If you are still confused, ask your manager or another Tler until you're satisfied.

# TEXAS INSTRUMENTS & ANALOG OVERVIEW

**TI offers the broadest portfolio of differentiated and innovative analog chips to meet the market's growing needs.**

Texas Instruments Incorporated provides innovative DSP and analog technologies to meet our customers' real world signal processing requirements. In addition to Semiconductor, the company's businesses include Educational & Productivity Solutions. TI is headquartered in Dallas, Texas, and has manufacturing, design or sales operations in more than 25 countries.

## **Analog: A Fundamental Technology for the Internet Age**

Analog and digital signal processing (DSP) are the key technologies fueling innovative, high-growth applications for many of today's fast-growing markets such as digital wireless, broadband access, digital audio, high-resolution imaging and motor control. Texas Instruments specializes in these real-time technologies that are widely used in thousands of different end equipments.

Analog chips are an essential element of almost all applications in today's digital world. They convert "real-world" signals such as voice, sound, pressure, temperature and electricity into the 1s and 0s of the digital world, where the digital signals can be processed very fast by digital signal processors (DSPs) and back into real world signals again.

As the interface between digital and "real-world" signals, analog chips play an integral role in most electronic equipment. DSP and analog chips are the engines driving the Internet age. Texas Instruments is an established market leader in these technologies that are fueling innovative, high-growth applications such as:

- Wireless communications
- Broadband communications
- Consumer audio and video
- PC peripherals

## **TI's Analog Strategy**

To strengthen technology expertise and market position, TI has acquired and integrated a number of analog companies during the past

several years. With the acquisitions of Unitrode and Power Trends, TI has strengthened its technology position in power management integrated circuits (ICs). The acquisition of Burr-Brown demonstrates how important analog is to TI's company strategy and makes TI's analog product portfolio one of the best in the high-performance analog market. Most recently, the addition of Chipcon's technical capabilities and leading RF integrated circuits complement TI's existing low-power wireless product line and strengthen TI's high-performance analog portfolio.

The analog IC market comprises a critical part of TI's semiconductor revenue and an important area of growth for the company. For example, depending on the system, for every DSP in an electronic system, there are approximately ten analog components. The compatibility of TI's analog and DSP product portfolios, affords the company an exceptional opportunity to pull through analog business as a result of DSP wins, and high-performance analog is a critical differentiator for TI's customers.

TI offers the broadest portfolio of differentiated and innovative analog chips to meet the market's growing needs. TI's portfolio of data converters, amplifiers power management and interface products for high-performance and low-power applications is among the industry's strongest. Also, TI has more analog field specialists than any other supplier, with supporting tools and documentation to make analog design easier and faster. All in all, TI has what it takes to be a premier high-performance analog supplier: the innovation of an analog specialist, combined with the manufacturing muscle and advance process technology capabilities of a broad-spectrum supplier. TI's standard analog business addresses about 35,000 customers of different sizes requiring unique, off-the-shelf solutions.

## **Mixed Signal**

Mixed signal chips combine some of the functions of both analog and DSP chips. TI's

Mixed Signal business focuses on a small number of large customers that require custom application specific products. Those customers include Sony, Lucent, Cisco, Compaq, Dell, IBM, HP, Canon and Lexmark for products ranging from printers to Internet infrastructure. TI has the most complete offering of signal processing solutions, fueling new opportunities in existing and emerging high-growth markets.

## **Market Conditions and Growth**

The analog IC market is a highly fragmented and competitive sector of the semiconductor industry. Demand for analog has been fueled by the rapid growth of digital electronics. The Semiconductor Industry Association (SIA) estimated the analog market at \$31.7 billion in 2005 and forecasts it to grow to \$35.5 billion in 2006. The industry's broad application markets, the increasing need for high-performance analog in digital systems, relatively stable pricing and high gross margins suggest that the analog IC industry will continue its stable growth pattern in the future.

With diverse applications, analog chips are divided into two broad market categories: standard (mass market) and vertical (application-specific). Industry analyst Databeans, Inc., divides the standard and vertical markets into separate categories to distinguish their different uses. Standard products include data converters, amplifiers, power management and special function chips. Analog chips within vertical markets are used in data storage, multimedia and automotive components and communications integrated circuits.

According to Databeans Inc., in the analog IC industry, the top five suppliers control 50 percent of the market with combined reported analog revenue of \$15.7 billion in 2004. Holding an overall analog market share of 14 percent in 2004, Texas Instruments is a worldwide leading supplier of analog and mixed-signal components.