

TEXAS INSTRUMENTS INC
Form DEF 14A
March 07, 2008

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement Soliciting Material Under Rule 14a-12
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials

Texas Instruments Incorporated

(Name of Registrant as Specified In Its Charter)

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
APRIL 17, 2008**

Dear Stockholder:

You are cordially invited to attend the **2008 annual meeting of stockholders on Thursday, April 17, 2008**, at the cafeteria on our property at 12500 TI Boulevard, Dallas, Texas, at 10:00 a.m. (Dallas time). At the meeting we will:

- Elect directors for the next year.
- Consider and act upon a board proposal to ratify the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for 2008.
- Consider and act upon such other matters, including a stockholder proposal, as may properly come before the meeting.

Stockholders of record at the close of business on February 19, 2008, are entitled to vote at the annual meeting.

We urge you to vote your shares as promptly as possible by: (1) accessing the Internet web site, (2) calling the toll-free number or (3) signing, dating and mailing the enclosed proxy.

Sincerely,
Joseph F. Hubach
*Senior Vice President,
Secretary and
General Counsel*

Dallas, Texas
March 7, 2008

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MAILING ADDRESS: POST OFFICE BOX 660199, DALLAS, TEXAS 75266-0199

PROXY STATEMENT

March 7, 2008

VOTING PROCEDURES

TI's board of directors requests your proxy for the annual meeting of stockholders on April 17, 2008. If you sign and return the enclosed proxy, or vote by telephone or on the Internet, you authorize the persons named in the proxy to represent you and vote your shares for the purposes mentioned in the notice of annual meeting. This proxy statement and related proxy are being distributed on or about March 7, 2008.

If you come to the meeting, you can of course vote in person. But if you don't come to the meeting, your shares can be voted only if you have returned a properly signed proxy or followed the telephone or Internet voting instructions. If you sign and return your proxy but do not give voting instructions, the shares represented by that proxy will be voted as recommended by the board of directors. You can revoke your authorization at any time before the shares are voted at the meeting.

ELECTION OF DIRECTORS

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Directors are elected at the annual meeting to hold office until the next annual meeting and until their successors are elected and qualified. The board of directors has designated the following persons as nominees: JAMES R. ADAMS, DAVID L. BOREN, DANIEL A. CARP, CARRIE S. COX, DAVID R. GOODE, PAMELA H. PATSLEY, WAYNE R. SANDERS, RUTH J. SIMMONS, RICHARD K. TEMPLETON and CHRISTINE TODD WHITMAN.

If you return a proxy that is not otherwise marked, your shares will be voted FOR each of the nominees.

Nominees for Directorship

All of the nominees for directorship are now directors of the company. If any nominee becomes unable to serve before the meeting, the people named as proxies may vote for a substitute or the number of directors will be reduced accordingly.

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JAMES R. ADAMS *Director*

Member, Governance and Stockholder Relations Committee.

Chairman of the board of the company, 1996-98. Group president, SBC Communications Inc., 1992-95; president and chief executive officer of Southwestern Bell Telephone Company, 1988-92.

DAVID L. BOREN *Director*

Chair, Governance and Stockholder Relations Committee.

President of the University of Oklahoma since 1994. U.S. Senator, 1979-94; Governor of Oklahoma, 1975-79. Director, AMR Corporation and Torchmark Corporation; chairman, Oklahoma Foundation for Excellence.

DANIEL A. CARP *Director*

Chair, Compensation Committee.

Chairman of the board and chief executive officer of Eastman Kodak Company, 2000-2005; director, 1997-2005. President of Eastman Kodak, 1997-2001, 2002-2003; chief operating officer, 2002-2003. Chairman of the board, Delta Air Lines, Inc.; director, Liz Claiborne, Inc. and Norfolk Southern Corporation.

CARRIE S. COX *Director*

Member, Audit Committee.

Executive vice president and president of Global Pharmaceuticals at Schering-Plough Corporation since 2003. Executive vice president and president of Global Prescription Business at Pharmacia Corporation, 1997-2003.

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DAVID R. GOODE *Director*

Member, Governance and Stockholder Relations Committee.

Chairman of the board of Norfolk Southern Corporation, 1992-2006; chief executive officer, 1992-2005; president, 1991-2004. Director, Caterpillar, Inc., Delta Air Lines, Inc. and Russell Reynolds Associates, Inc.;

member, The Business Council.

PAMELA H. PATSLEY *Director*

Chair, Audit Committee.

Senior executive vice president of First Data Corporation, 2000-2007; president of its subsidiaries First Data International, 2002-2007 and First Data Merchant Services, 2000-2002. President and chief executive officer of Paymentech, Inc., 1991-2000. Director, Molson Coors Brewing Company and Tolleson Wealth Management, Inc.; national trustee, Boys and Girls Clubs of America.

WAYNE R. SANDERS *Director*

Member, Audit Committee.

Chairman of the board of Kimberly-Clark Corporation, 1992-2003; chief executive officer, 1991-2002; director, 1989-2003. Director, Belo Corporation; national trustee and governor, Boys and Girls Clubs of America.

RUTH J. SIMMONS *Director*

Member, Compensation Committee.

President of Brown University since 2001. President of Smith College, 1995-2001; vice provost of Princeton University, 1992-95. Director, The Goldman Sachs Group, Inc.; fellow, American Academy of Arts and Sciences; member, Council on Foreign Relations; trustee, Howard University.

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RICHARD K. TEMPLETON *Director, President and Chief Executive Officer*

President and chief executive officer of the company since 2004. Chief operating officer of the company, 2000-2004. Joined the company in 1980; elected president of the company's Semiconductor Group and executive vice president in 1996. Director, Semiconductor Industry Association; member, The Business Roundtable.

CHRISTINE TODD WHITMAN *Director*

Member, Compensation Committee.

Director and president of The Whitman Strategy Group. Administrator of the Environmental Protection Agency, 2001-2003; Governor of New Jersey, 1994-2000. Director, Council on Foreign Relations, S.C. Johnson & Son, Inc. and United Technologies Corp.

Retiring Director

Thomas J. Engibous, a highly valued leader and member of the board, will retire as chairman immediately after the annual meeting and, therefore, is not standing for reelection. Mr. Engibous has been chairman since 1998 and president and chief executive officer of the company from 1996-2004. He is also a director of J.C. Penney Company, Inc.

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Director Nomination Process

The board is responsible for approving nominees for election as directors. To assist in this task, the board has designated a standing committee, the Governance and Stockholder Relations Committee (the Committee), which is responsible for reviewing and recommending nominees to the board. The Committee is comprised solely of independent directors as defined by the rules of the New York Stock Exchange (NYSE) and the board's corporate governance guidelines. Our board of directors has adopted a written charter for the Committee. The charter can be found on our web site at www.ti.com/corporategovernance.

It is a long-standing policy of the board to consider prospective board nominees recommended by stockholders. A stockholder who wishes to recommend a prospective board nominee for the Committee's consideration can write to the Secretary of the Governance and Stockholder Relations Committee, Texas Instruments Incorporated, Post Office Box 655936, MS 8658, Dallas, Texas 75265-5936. The Committee will evaluate the stockholder's prospective board nominee in the same manner as it evaluates other nominees.

In evaluating prospective nominees, the Committee looks for the following minimum qualifications, qualities and skills:

- Outstanding achievement in the individual's personal career.
- Breadth of experience.
- Soundness of judgment.
- Ability to make independent, analytical inquiries.
- Ability to contribute to a diversity of viewpoints among board members.
- Willingness and ability to devote the time required to perform board activities adequately (in this regard, the Committee will consider the number of other boards on which the individual serves as a director).
- Ability to represent the total corporate interests of TI (a director will not be selected to, nor will he or she be expected to, represent the interests of any particular group).

Stockholders, non-management directors, management and others may submit recommendations to the Committee. The board prefers a mix of experience among its members to maintain a diversity of viewpoints. For example, some board members may have spent much of their careers in business, some in government and some in academia. The board's current size is within the desired range as stated in the board's corporate governance guidelines.

Communications with the Board

Stockholders and others who wish to communicate with the board as a whole, or to individual directors, may write to them at: Post Office Box 655936, MS 8658, Dallas, Texas 75265-5936. All communications sent to this address will be shared with the board or the individual director, if so addressed.

Annual Meeting Attendance

It is a policy of the board to encourage directors to attend each annual meeting of stockholders. Such attendance allows for direct interaction between stockholders and members of the board. In 2007, all directors attended TI's annual meeting of stockholders.

Director Independence

The board has adopted the following standards for determining independence.

A. In no event will a director be considered independent if:

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1. He or she is a current partner of or is employed by the company's independent auditors; or
 2. An immediate 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 participates in the auditors' audit, assurance or tax compliance (but not tax planning) practice.
- 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) or any of its subsidiaries;
 2. He or she received more than \$100,000 during any twelve-month period in direct compensation from TI (other than (a) director and committee fees and pension or other forms of deferred compensation and (b) compensation received for former service as an interim chairman of the board, chief executive officer or other executive officer);
 3. An immediate family member of the director was employed as an executive officer by the company or any of its subsidiaries;
 4. An immediate family member of the director received more than \$100,000 during any twelve-month period in direct compensation from TI (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 personally worked on the company's audit within that time;
 6. An immediate family member of the director was (but is no longer) a partner or employee of the company's independent auditors and personally worked on the company's audit within that time;
 7. He or she was an executive officer of another company, at which any of TI's current executive officers at the same time served on that company's compensation committee;
 8. An immediate family member of the director was an executive officer of another company at which any of TI's current executive officers at the same time served on that company's compensation committee;
 9. He or she was, and remains at the time of the determination, an executive officer or employee of a company that made payments to, or received payments from, TI for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2 percent of the other company's consolidated gross revenues for its last completed fiscal year (for purposes of this standard, charitable contributions are not considered "payments"); or
 10. An immediate family member of the director was, and remains at the time of the determination, an executive officer of a company that made payments to, or received payments from, TI for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2 percent of the other company's consolidated gross revenues for its last completed fiscal year (for purposes of this standard, charitable contributions are not

considered [payments]).

- C. Audit Committee members may not accept any consulting, advisory or other compensatory fee from TI, other than in their capacity as members 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 TI (provided that such compensation is not contingent in any way on continued service).

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- D. The following relationships will not be considered material relationships with the company for the purpose of determining director independence:

1. A director is an employee, director or trustee of a charitable organization and TI or the TI Foundation makes discretionary contributions to that organization that are less than the greater of \$50,000 or 2 percent of the organization's latest publicly available consolidated gross revenue.
2. A director is an employee, director or trustee of another entity that is indebted to TI or to which TI is indebted, and the total amount of either company's indebtedness to the other is less than 2 percent of the total consolidated assets of the entity he or she serves as an executive officer, director or trustee.

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, [immediate family member] will have the same meaning as under the NYSE rules.

Applying these standards, the board has determined that the following directors have no material relationship with the company other than as a director and are, therefore, independent: Mr. Adams, Mr. Boren, Mr. Carp, Ms. Cox, Mr. Goode, Ms. Patsley, Mr. Sanders, Ms. Simmons and Ms. Whitman. In its deliberations, the board considered Mr. Adams's employment by the company in the role of independent chairman of the board from 1996 to 1998, and noted that the board's independence standards specifically permit employment of an independent director as interim chairman with no effect on that director's status (please see B.1. above). The board also considered a charitable contribution the company made to an organization for which Ms. Patsley and Mr. Sanders serve as national trustees. The amount of the contribution was well within the [safe harbor] for charitable contributions contained in the independence standards (please see D.1. above). Gerald W. Fronterhouse, who served as a director of the company before reaching the age of 70 and becoming ineligible to stand for reelection in April 2007, also had been determined by the board to be independent.

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Directors' Ages, Service and Stock Ownership

The table below shows the directors' ages and beneficial ownership of common stock of the company and the year each became a director.

Director	Age	Director Since	Common Stock Ownership at December 31, 2007*
J. R. Adams	68	1989	436,112
D. L. Boren	66	1995	76,611
D. A. Carp	59	1997	131,936

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C. S. Cox	50	2004	26,465
T. J. Engibous	55	1996	5,681,496
D. R. Goode	67	1996	130,550
P. H. Patsley	51	2004	33,110
W. R. Sanders	60	1997	114,515
R. J. Simmons	62	1999	99,651
R. K. Templeton	49	2003	5,110,403
C. T. Whitman	61	2003	41,887

* Included in the common stock ownership shown above are:

Director	Shares	Shares	Restricted	Shares
	Obtainable	Credited	Stock Units	Credited
	Within 60 Days	To 401(k) and	(in shares)	To Deferred
		Profit Sharing	(1)	Compensation
		Accounts		Account (2)
J. R. Adams	95,500	3,482	21,012	24,219
D. L. Boren	48,000	0	25,380	3,231
D. A. Carp	95,500	0	11,164	25,272
C. S. Cox	20,500	0	4,500	0
T. J. Engibous	5,559,697	18,296	0	0
D. R. Goode	95,500	0	16,132	18,918
P. H. Patsley	20,500	0	4,500	8,110
W. R. Sanders	95,500	0	12,100	1,315
R. J. Simmons	75,500	0	10,500	13,651
R. K. Templeton	4,477,697	11,198	620,000	0
C. T. Whitman	35,500	0	4,500	1,887

(1) The non-employee directors' restricted stock units granted before 2007 are settled in TI stock generally upon the director's termination of service provided he or she has served at least eight years or has reached the company's retirement age for directors. Restricted stock units granted after 2006 are settled in TI stock generally upon the fourth anniversary of the grant date.

(2) The shares in deferred compensation accounts are issued following the director's termination of service.

Excludes shares held by a family member if a director has disclaimed beneficial ownership. Each director owns less than 1 percent of TI's common stock. No director has pledged shares of TI common stock.

CORPORATE GOVERNANCE

The board has a long-standing commitment to responsible and effective corporate governance. A full description of our board's corporate governance practices is available at www.ti.com/corporategovernance.

TI's board of directors first adopted written governance guidelines and committee charters in 1973. Its policies and practices have evolved over time, adapting to meet the needs of TI and our stockholders, although some practices, such as maintaining a majority of independent directors, are of long standing. Our board's commitment to governance is evidenced by the time members devote to TI matters. Historically the board has met at least eight

times a year. TI directors have also long participated in strategic planning conferences in addition to the regular board meetings. Directors interact directly with managers other than the chief executive officer at board meetings and the strategic planning conferences. This practice facilitates the directors' oversight efforts and also gives directors opportunities to evaluate those managers, aiding directors in succession planning considerations. The board and each of its committees conduct evaluations annually; changes to processes such as agenda setting, and expanded presentations to the board on certain topics, are examples of improvements that have resulted from those evaluations.

The Governance and Stockholder Relations Committee typically considers and makes recommendations to our board on governance matters. Membership of the committee is determined by our board and the committee consists entirely of independent directors. On page 13 of this proxy statement is a summary of the committee's responsibilities.

Our board regularly undertakes an assessment of its governance practices. Following are examples of significant governance practices at TI:

- Majority voting. Under TI's by-laws, a director nominee must receive an affirmative vote from a majority of the shares present at the company's annual meeting of stockholders in order to be elected. The board believes this majority vote standard appropriately gives stockholders a greater voice in the election of directors than does plurality voting. Under Delaware law, an incumbent director who fails to receive the required vote "holds over," or continues to serve as a director, until his or her successor is elected and qualified. In order to address this "holdover" issue, board policy requires an incumbent nominee who fails to receive the required vote to tender a resignation. Following receipt of such a resignation, the board is required to act on it within 90 days of the certification of the vote. In considering whether to accept or reject the resignation, the board will consider all factors it deems relevant, including the underlying reason for the vote result, the director's contributions to the company during his or her tenure, and the director's qualifications. The board may accept or reject the resignation. Only independent directors will participate in the deliberations regarding a tendered resignation.
- The roles of chairman and chief executive officer. The board has no fixed policy on whether the roles of chairman and chief executive officer should be separated or held by the same person. Instead, the board prefers to maintain the flexibility to determine the leadership structure that serves the company best at any given time. As a result, the board has at times separated the roles of chief executive officer and chairman, and at times it has preferred that the chief executive officer simultaneously serve as chairman. Factors that can influence the board's determination include the chief executive officer's tenure in that position and his level of experience with the board and its activities.
- Retirement age and term limits. Our board maintains a retirement age of 70 for directors. The board has considered whether to institute term limits but concluded that term 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.
- Executive sessions and "lead director." Non-management directors of the board meet in executive session at each regularly scheduled meeting and at such other times as the committee recommends. Any management director, such as the chief executive officer, is excluded from these executive sessions. The chair of the appropriate board committee acts as chair at executive sessions at which the principal item to be considered is within the scope of authority of his or her committee or, if there is no single principal item, the chair of the Governance and Stockholder Relations Committee. This practice, by providing opportunities for leadership to more than one independent director, more fully engages the board members. Our board prefers this approach to the selection of one "lead director."

- Director independence. Our board has historically been comprised almost entirely of independent directors. In accordance with the NYSE listing standards, the committee has developed specified standards for determining independence. Those standards are listed beginning on page 6.

Governance Documents

The board's corporate governance guidelines, the charters of the board's committees, TI's code of business conduct and our code of ethics for its chief executive officer and senior financial officers are available on our web site at www.ti.com/corporategovernance. Stockholders may request copies of these documents free of charge by writing to Texas Instruments Incorporated, P.O. Box 660199, MS 8657, Dallas, Texas, 75266-0199, Attn: Investor Relations.

BOARD ORGANIZATION

Board and Committee Meetings

During 2007, the board held nine meetings. The board has three standing committees described below. The committees of the board collectively held 24 meetings in 2007. Overall attendance at board and committee meetings was approximately 99 percent.

Committees of the Board

Audit Committee. The Audit Committee is a separately designated standing committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. All members of the Audit Committee are independent under the rules of the NYSE and the board's corporate governance guidelines. From January 1, 2007, to April 19, 2007, the Committee members were Ms. Patsley (Chair), Ms. Cox, Mr. Fronterhouse and Mr. Sanders. Mr. Fronterhouse, having reached the age of 70, was ineligible under the company's by-laws to stand for reelection at the company's 2007 annual meeting. Since April 19, 2007, the members of the Committee have been Ms. Patsley (Chair), Ms. Cox and Mr. Sanders. The Audit Committee is generally responsible for:

- Appointing, compensating, retaining and overseeing TI's independent registered public accounting firm.
- Reviewing the annual report of TI's independent registered public accounting firm related to quality control.
- Reviewing TI's annual reports to the SEC, including the financial statements and the "Management's Discussion and Analysis" portion of those reports, and recommending appropriate action to the board.
- Reviewing TI's audit plans.
- Reviewing before issuance TI's news releases regarding annual and interim financial results and discussing with management any related earnings guidance that may be provided to analysts and rating agencies.
- Discussing TI's audited financial statements with management and the independent registered public accounting firm, including a discussion with the firm regarding the matters required to be discussed by Statement of Auditing Standards No. 61.
- Reviewing relationships between the independent registered public accounting firm and TI in accordance with Independence Standards Board Standard No. 1.
- Reviewing and discussing the adequacy of TI's internal accounting controls and other factors affecting the integrity of TI's financial reports with management and with the independent registered public accounting firm.
- Creating and periodically reviewing TI's whistleblower policy.
- Reviewing TI's risk assessment and risk management policies.

- Reviewing TI's compliance and ethics program.
- Reviewing a report of compliance of management and operating personnel with TI's code of business conduct, including TI's conflict of interest policy.
- Reviewing TI's non-employee-related insurance programs.
- Reviewing changes, if any, in major accounting policies of the company.
- Reviewing trends in accounting policy changes that are relevant to the company.
- Reviewing the company's policy regarding investments and financial derivative products.

The board has determined that all members of the Audit Committee are financially literate and have financial management expertise, as the board has interpreted such qualifications in its business judgment. In addition, the board has designated Ms. Patsley as the audit committee financial expert as defined in the Securities Exchange Act of 1934, as amended.

The Audit Committee met six times in 2007. The Audit Committee holds regularly scheduled meetings and reports its activities to the board. The dates on which meetings will occur are generally set three years in advance to coincide with board meetings. The committee also continued its long-standing practice of meeting directly with our internal audit staff to discuss the audit plan and to allow for direct interaction between Audit Committee members and our internal auditors. Please see page 49 for a report of the committee.

Compensation Committee. The Compensation Committee consists of three independent directors. Since January 1, 2007, the committee members have been Mr. Carp (Chair), Ms. Simmons and Ms. Whitman. The committee is responsible for:

- Reviewing and approving company goals and objectives relevant to CEO compensation.
- Evaluating the CEO's performance in light of those goals and objectives.
- Setting the compensation of the CEO and other executive officers.
- Overseeing administration of employee benefit plans.
- Making recommendations to the board regarding:
 - Institution and termination of, revisions in and actions under employee benefit plans that (i) increase benefits only for officers of the company or disproportionately increase benefits for officers of the company more than other employees of the company, (ii) require or permit the issuance of the company's stock or (iii) the board must approve.
- Reservation of company stock for use as awards of grants under plans or as contributions or sales to any trustee of any employee benefit plan.
- Purchase of company stock in connection with employee benefit plans.
- Taking action as appropriate regarding the institution and termination of, revisions in and actions under employee benefit plans that are not required to be approved by the board.

The Compensation Committee holds regularly scheduled meetings, reports its activities to the board, and consults with the board before setting annual executive compensation. The dates on which meetings will occur are generally set three years in advance to coincide with board meetings. During 2007, the committee met nine times. Please see page 30 for a report of the committee.

In performing its functions, the committee is supported by the company's Human Resources organization. The committee has the authority to retain any advisors it deems appropriate to carry out its responsibilities. The committee retained Pearl Meyer & Partners as its compensation consultant for the 2007 compensation cycle. The

committee instructed the consultant to advise it directly on executive compensation philosophy,

strategies, pay levels and decision-making processes. Additionally, the committee instructed the consultant to assist the company's Human Resources organization in its support of the committee on such items as identifying peer-group companies, analyzing the market level of compensation and developing compensation recommendations relating to the CEO and other executive officers.

The Compensation Committee considers it important that its compensation consultant's objectivity not be compromised by other business engagements with the company or its management. In support of this belief, the committee adopted a policy in June 2007 on compensation consultants. In summary, the policy states:

- The committee's executive compensation consultant will act pursuant to directions and instructions of the Compensation Committee, and be subject to retention and dismissal only by the committee. The committee will have sole authority to set the consultant's fees and other terms of the engagement, although the committee Chair may approve increases in the budget for the engagement, subject to informing the committee of any such approval.
- If it is proposed that the consultant (or any affiliate) perform services to TI beyond the engagement for the committee, then the proposal must be submitted to the committee or its Chair for approval before those services begin. Those services will be approved only if the committee or Chair, as applicable, is satisfied that they will not compromise the consultant's objectivity and that a reasonable alternative does not exist.
- At least once annually, the committee will confirm that in its judgment, the consultant is independent of the company and its management. In this connection, the committee will consider (i) the amount of fees paid to the consultant and any affiliated firm for all services rendered during the past three years, (ii) whether the consultant or any affiliate provided services beyond those for the committee during the preceding year and, if so, the extent of those services, and (iii) any other factors that the committee considers relevant to the independence of the consultant.

During 2007, neither the consultant nor any of its affiliates performed services for TI other than pursuant to the engagement by the committee.

The Compensation Committee considers executive compensation in a multistep process that involves the review of market information, performance data and possible compensation levels over several meetings leading to the annual determinations in January. Before setting executive compensation, the committee reviews the total compensation and benefits of the executive officers and considers the impact that their retirement, or termination under various other scenarios, would have on their compensation and benefits.

The CEO and the senior vice president responsible for Human Resources, who is an executive officer, are regularly invited to attend meetings of the committee. The CEO is excused from the meeting during any discussion of his own compensation. No executive officer determines his or her own compensation or the compensation of any other executive officer. As members of the board, the members of the committee receive information concerning the performance of the company during the year and interact with our management. During the committee's deliberations on executive compensation, the CEO gives the committee and the board an assessment of his own performance during the year just ended. He also reviews the performance of the other executive officers (except the chairman) with the committee and makes recommendations regarding their compensation. The senior vice president responsible for Human Resources assists in the preparation of and reviews the compensation recommendations made to the committee other than for her compensation.

The Compensation Committee's charter provides that it may delegate its power, authority and rights with respect to TI's long-term incentive plans, employee stock purchase plan and employee benefit plans to (i) one or more committees of the board established or delegated authority for that purpose; or (ii) employees or committees of employees except that no such delegation may be made with respect to compensation of the company's executive officers.

Pursuant to that authority, the Compensation Committee has delegated to a special committee established by the board the authority to grant stock options and restricted stock units under the company's long-term incentive plans, subject to limits established by the committee. The sole member of the special committee is

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Mr. Templeton. With respect to each of TI's two long-term incentive plans, the special committee is authorized to grant, amend or terminate (i) up to 500,000 restricted stock units per year and (ii) stock options and restricted stock units for an aggregate amount up to 2 million shares per year. The special committee has no authority to grant, amend or terminate any form of compensation to TI's executive officers. The special committee has typically used its delegated authority to make grants of stock options as needed between regularly scheduled meetings of the Compensation Committee to meet the requirements under certain foreign laws that the grants be made only during certain periods as a condition to qualifying for favorable tax treatment. The Compensation Committee reviews the grant activity of the special committee.

Governance and Stockholder Relations Committee. All members of the Governance and Stockholder Relations Committee are independent. Since January 1, 2007, the committee members have been Mr. Boren (Chair), Mr. Adams and Mr. Goode. The Governance and Stockholder Relations Committee is generally responsible for:

- Making recommendations to the board regarding:
 - The development and revision of our corporate governance principles.
 - The size, composition and functioning of the board and board committees.
 - Candidates to fill board positions.
 - Nominees to be designated for election as directors.
 - Compensation of board members.
 - Organization and responsibilities of board committees.
 - Succession planning by the company.
 - Issues of potential conflicts of interest involving a board member raised under TI's conflict of interest policy.
 - Election of executive officers of the company.
 - Topics affecting the relationship between the company and stockholders.
 - Public issues likely to affect the company.
 - Responses to proposals submitted by stockholders.
- Reviewing:
 - Contribution policies of the company and of the TI Foundation.
 - Revisions to TI's code of ethics.
 - Electing officers of the company other than the executive officers.
 - Overseeing an annual evaluation of the board and the committee.

The Governance and Stockholder Relations Committee met nine times in 2007. The Governance and Stockholder Relations Committee holds regularly scheduled meetings and reports its activities to the board. The dates on which meetings will occur are generally set three years in advance to coincide with board meetings. Please see page 5 for a discussion of stockholder nominations and communications with the board.

DIRECTOR COMPENSATION

The Governance and Stockholder Relations Committee has responsibility for reviewing and making recommendations to the board on compensation for non-employee directors. The board makes the final determination of compensation for non-employee directors. The committee has no authority to delegate its responsibility regarding director compensation. In carrying out this responsibility it is supported by TI's Human Resources organization. The chairman, the CEO, the senior vice president responsible for Human Resources and the Secretary also review the committee's recommendations. The chairman and CEO also vote, as members of the board, on the compensation of non-employee directors.

The compensation arrangements for the non-employee directors are:

- Annual retainer of \$80,000 for board and committee service.
- Additional annual retainer of \$20,000 for the chair of the Audit Committee.
- Additional annual retainer of \$10,000 for each of the chairs of the Compensation Committee and the Governance and Stockholder Relations Committee.
- Annual grant of a 10-year stock option to purchase 7,000 shares of TI common stock pursuant to the terms of the Texas Instruments 2003 Director Compensation Plan (Director Plan), which was approved by stockholders in April 2003. The exercise price of the option is the closing price of the company's common stock on the date of grant. These nonqualified options become exercisable in four equal annual installments beginning on the first anniversary of the grant and also will become fully exercisable in the event of a change in control (as defined in the Director Plan) of TI.
- Annual grant of 2,500 restricted stock units pursuant to the terms of the Director Plan. The restricted stock units vest on the fourth anniversary of their date of grant and upon a change in control as defined in the Director Plan. If a director is not a member of the board on the fourth anniversary of the grant, restricted stock units will nonetheless settle on such anniversary date if the director had completed eight years of service prior to termination or the director's termination was due to death, disability or ineligibility to stand for reelection under the company's by-laws. The director may defer settlement of the restricted stock units at his or her election. Upon settlement, the director will receive one share of TI common stock for each restricted stock unit. Dividend equivalents are paid on the restricted stock units at the same rate as dividends on TI common stock.
- \$1,000 per day compensation for other activities designated by the chairman.

The board has determined that grants of equity compensation to non-employee directors should be timed to occur when grants are made to our U.S. employees in connection with the annual compensation review process. Accordingly, equity grants to non-employee directors are made in January. Please see the discussion regarding the timing of equity compensation grants in the Compensation Discussion and Analysis on pages 26-27.

Directors are not paid a fee for meeting attendance, but we reimburse non-employee directors for their travel, lodging and related expenses incurred in connection with attending board, committee and stockholders meetings and other designated TI events. In addition, non-employee directors may travel on company aircraft to and from these meetings and other designated events. On occasion, directors' spouses are invited to attend board events; the spouses' expenses incurred in connection with attendance at those events are also reimbursed.

Under the Director Plan, some directors have chosen to have all or part of their cash compensation deferred until they leave the board (or certain other specified times). These deferred amounts were credited to either a cash account or stock unit account. Cash accounts earned interest from TI at a rate currently based on Moody's Seasoned Aaa Corporate Bonds. For 2007, that rate was 5.42 percent. Stock unit accounts fluctuated in value with the underlying shares of TI common stock, which will be issued after the deferral period. Dividend equivalents are paid on these stock units. Beginning in 2007, directors were given the opportunity to defer their annual grant of restricted stock units.

We have arrangements with certain customers whereby our employees may purchase specific consumer products containing TI manufactured components at discounted pricing. Under these arrangements, directors were entitled to participate on the same terms and conditions available to employees.

Non-employee directors are not eligible to participate in any TI-sponsored pension plan.

2007 Director Compensation

The following table shows the compensation of all persons who were non-employee members of the board during 2007 for services in all capacities to TI in 2007, except as otherwise indicated.

Name	Fees		Option Awards	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Non-qualified		Total (\$)
	Earned or Paid in Cash (\$)(2)	Stock Awards (\$)(3)			Deferred Compensation Earnings	All Other Compensation (\$)(5)	
J. R. Adams	\$ 80,000	\$70,800	\$67,830	0	0	\$ 7,699	\$226,329
D. L. Boren	\$ 90,002	\$70,800	\$67,830	0	0	\$ 20,290	\$248,922
D. A. Carp	\$ 90,000	\$70,800	\$67,830	0	0	\$ 12,227	\$240,857
C. S. Cox	\$ 80,000	\$64,900	\$76,990	0	0	\$ 1,450	\$223,340
G. W. Fronterhouse (1)	\$ 26,668	\$70,800	\$67,830	0	0	\$ 6,796	\$172,094
D. R. Goode	\$ 80,000	\$70,800	\$67,830	0	0	\$ 17,146	\$235,776
P. H. Patsley	\$100,000	\$64,900	\$76,990	0	0	\$ 1,450	\$243,340
W. R. Sanders	\$ 80,000	\$70,800	\$67,830	0	0	\$ 12,545	

(17) The address of the Selling Stockholder is Suite 305, Zeyang Tower, No. 166 Fushi Road, Shijingshan District, Beijing, China 100043. 5,684 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.

(18) The address of the Selling Stockholder is 1238 Waterford Road, West Chester, PA 19380. 37,753 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.

(19) Voting and dispositive power with respect to the shares held by the Selling Stockholder is exercised by Lisbeth Bond, who is a Partner of the Selling Stockholder. The business address of the Selling Stockholder is 501 Madison Avenue 12A, New York, NY 10022. 99 of the shares registered hereby were placed into escrow until May 8 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.

(20) The address of the Selling Stockholder is 89 Davis Road, Port Washington, NY 11050. 109 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date. The Selling Stockholder indicated that he may be deemed to be an affiliate of Aegis Capital, a registered broker-dealer. The Selling Stockholder represented that he acquired the shares in the

ordinary course of business and, at the time of the acquisition of the shares, had no agreements or understandings, directly or indirectly, with any person to distribute the shares

- (21) The address of the Selling Stockholder is 13800 Outlook Street, Overland Park, KS 66223. 69 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (22) The address of the Selling Stockholder is 2339 Bentley Ridge Drive, San Jose, CA 95138. 49 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (23) Consists of: (i) 89,338 shares issued to the Selling Stockholder pursuant to the Stock Purchase Agreement and registered hereby, of which 17,867 were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement (depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date), (ii) 888 shares of common stock held directly by the Selling Stockholder, (iii) 14,901 shares held by Peng Ventures, LLC, an entity of

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- which the Selling Stockholder is a 50% owner and a Manager with voting and dispositive power over the shares held thereby, and (iv) 62,500 shares issuable upon exercise of options to purchase shares that are exercisable within 60 days of November 28, 2016. The Selling Stockholder is our Executive Vice President and Chief Legal Officer. The business address of the Selling Stockholder is c/o Sorrento Therapeutics, Inc., 9380 Judicial Drive, San Diego, CA 92121.
- (24) The address of the Selling Stockholder is 128 Margaret Avenue, Netley, NJ 07110. 158 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (25) The address of the Selling Stockholder is 21361 Scara Place, Ashburn, VA 20148. 124 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (26) Voting and dispositive power with respect to the shares held by the Selling Stockholder is exercised by Byron Keith Crowe, who is the CEO of the Managing Member of the Selling Stockholder. The business address of the Selling Stockholder is 566 W Adams St. Ste. 750, Chicago, IL 60661. 6,593 of the shares registered hereby were placed into escrow until May 8 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date. The Selling Stockholder indicated that it may be deemed to be an affiliate of Paulson Investment Company, LLC, a registered broker-dealer. The Selling Stockholder represented that it acquired the shares in the ordinary course of business and, at the time of the acquisition of the shares, had no agreements or understandings, directly or indirectly, with any person to distribute the shares.
- (27) Consists of: (i) 89,501 shares issued to the Selling Stockholder pursuant to the Stock Purchase Agreement and registered hereby, of which 17,900 were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement (depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date) and (ii) 14,901 shares held by Peng Ventures, LLC, an entity of which the Selling Stockholder is a 50% owner and a Manager with voting and dispositive power over the shares. The address of the Selling Stockholder is 23 Becker Drive, Ladera Ranch, CA 92694.
- (28) The address of the Selling Stockholder is 2005 Market Street, 18th Floor, Philadelphia, PA 19103. 60 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date. Voting and dispositive power with respect to the 303 shares held by the Selling Stockholder is held by Samuel Pond, who is a Managing Partner of the Selling Stockholder.
- (29) The address of the Selling Stockholder is 5546 Carrollwood Key Drive, Tampa, FL 33624. 36 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (30) The address of the Selling Stockholder is 406 Goodnight Drive, Georgetown, TX 78628. 1,169 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.

- (31) The address of the Selling Stockholder is 207 Peony Lane, Sewell, NJ 08080. 124 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (32) The address of the Selling Stockholder is 49 Quail Run, Randolph, NJ 07869. 99 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (33) The address of the Selling Stockholder is 125 Airdale Road, Bryn Mawr, PA 19010. 1 of the shares registered hereby was placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether this share is distributed to us under the terms of the Scilex Escrow Agreement, this share may be released to the Selling Stockholder on such date.
- (34) The address of the Selling Stockholder is 1050 Stoneham Street, Superior, CO 80027. 12 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (35) Consists of: (i) 17,470 shares issued to the Selling Stockholder pursuant to the Stock Purchase Agreement and registered hereby, of which 3,494 were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock

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- Purchase Agreement and the Scilex Escrow Agreement (depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date), and (ii) 31,933 shares held directly by the Selling Stockholder. The address of the Selling Stockholder is Suite 305, Zeyang Tower, No. 166 Fushi Road, Shijingshan District, Beijing, China 100043.
- (36) The address of the Selling Stockholder is 2463 N. 49th Street, Phoenix, AZ 85008. 218 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (37) The address of the Selling Stockholder is 4470 Philbrook Square, San Diego, CA 92130. 248 of the shares registered hereby were placed into escrow until May 8, 2017 in accordance with the terms and conditions of the Stock Purchase Agreement and the Scilex Escrow Agreement. Depending on whether any of these shares are distributed to us under the terms of the Scilex Escrow Agreement, these shares may be released to the Selling Stockholder on such date.
- (38) Consists solely of shares of Common Stock issuable upon exercise of the Warrant. The business address of the Selling Stockholder is 400 Hamilton Avenue, Suite 310, Palo Alto, CA 94301. Voting and dispositive power with respect to the up to 460,123 shares issuable upon exercise of the warrant held by the Selling Stockholder is held by Manuel A. Henriquez, Mark R. Harris and Scott Bluestein, who are the Chief Executive Officer, Chief Financial Officer and Chief Investment Officer of the Selling Stockholder, respectively.

Indemnification

Under the Registration Rights Agreement, we have agreed to indemnify certain of the Selling Stockholders and each underwriter of the Securities against certain losses, claims, damages, liabilities, settlement costs and expenses, including liabilities under the Securities Act.

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PLAN OF DISTRIBUTION

We are registering the shares of Common Stock and shares of Common Stock issuable upon exercise of the Warrant previously issued to the Selling Stockholders to permit the resale of these shares of Common Stock by the holders of the Common Stock and the Warrant from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the Selling Stockholders of the shares of Common Stock. We will bear all fees and expenses incident to our obligation to register the shares of Common Stock.

The Selling Stockholders may sell all or a portion of the shares of Common Stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of Common Stock are sold through underwriters or broker-dealers, the Selling Stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of Common Stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. The Selling Stockholders will act independently of us in making decisions with respect to the timing, manner and size of each sale. These sales may be effected in transactions, which may involve cross or block transactions:

on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;

in the over-the-counter market;

in transactions otherwise than on these exchanges or systems or in the over-the-counter market;

through the writing of options, whether such options are listed on an options exchange or otherwise;

in ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

in block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

through purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

in an exchange distribution in accordance with the rules of the applicable exchange;

in privately negotiated transactions;

in short sales;

through the distribution of the Common Stock by any Selling Stockholder to its partners, members or stockholders;

through one or more underwritten offerings on a firm commitment or best efforts basis;

in sales pursuant to Rule 144;

whereby broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;

in a combination of any such methods of sale; and

in any other method permitted pursuant to applicable law.

If the Selling Stockholders effect such transactions by selling shares of Common Stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Stockholders or commissions from purchasers of the shares of Common Stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of Common Stock or otherwise, the Selling Stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of Common Stock in the course of hedging in positions they assume. The Selling Stockholders may also sell shares of Common Stock short and deliver shares of Common Stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The Selling Stockholders may also loan or pledge shares of Common Stock to broker-dealers that in turn may sell such shares.

The Selling Stockholders may pledge or grant a security interest in some or all of the shares of Common Stock or the Warrant owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell

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the shares of Common Stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus. The Selling Stockholders also may transfer and donate the shares of Common Stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders and any broker-dealer participating in the distribution of the shares of Common Stock may be deemed to be underwriters within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of Common Stock is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares of Common Stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the Selling Stockholders and any discounts, commissions or concessions allowed or reallocated or paid to broker-dealers. The Selling Stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares of Common Stock against certain liabilities, including liabilities arising under the Securities Act.

Under the securities laws of some states, the shares of Common Stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of Common Stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any Selling Stockholder will sell any or all of the shares of Common Stock registered pursuant to the registration statement of which this prospectus forms a part.

The Selling Stockholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of Common Stock by the Selling Stockholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares of Common Stock to engage in market-making activities with respect to the shares of Common Stock. All of the foregoing may affect the marketability of the shares of Common Stock and the ability of any person or entity to engage in market-making activities with respect to the shares of Common Stock.

We will pay all expenses of the registration of the shares of Common Stock pursuant to the Registration Rights Agreement and the Warrant, estimated to be \$120,753.40 in total, including, without limitation, SEC filing fees and expenses of compliance with state securities or Blue Sky laws; *provided, however*, that a Selling Stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the Selling Stockholders against certain liabilities, including certain liabilities arising under the Securities Act, or the Selling Stockholders will be entitled to contribution. We may be indemnified by the Selling Stockholders against civil liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the Selling Stockholder specifically for use in this prospectus, or we may be entitled to contribution.

Once sold under the registration statement, of which this prospectus forms a part, the shares of Common Stock will be freely tradable in the hands of persons other than our affiliates.

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DESCRIPTION OF CAPITAL STOCK

General Matters

As of November 28, 2016, our authorized capital stock consisted of 750,000,000 shares of Common Stock, \$0.0001 par value per share, and 100,000,000 shares of preferred stock, \$0.0001 par value per share. Our board of directors, or our Board, may establish the rights and preferences of the preferred stock from time to time. As of November 28, 2016, there were 58,696,678 shares of our Common Stock issued and outstanding and no shares of preferred stock issued and outstanding.

Common Stock

Holders of our Common Stock are entitled to one vote per share. Our Restated Certificate of Incorporation, as amended, or our Certificate of Incorporation, does not provide for cumulative voting. Holders of our Common Stock are entitled to receive ratably such dividends, if any, as may be declared by our Board out of legally available funds. However, the current policy of our Board is to retain earnings, if any, for our operations and potential expansion of our business. Upon liquidation, dissolution or winding-up, the holders of our Common Stock are entitled to share ratably in all of our assets which are legally available for distribution, after payment of or provision for all liabilities. The holders of our Common Stock have no preemptive, subscription, redemption or conversion rights.

Preferred Stock

As of the date of this prospectus, no shares of preferred stock are issued and outstanding. Our Certificate of Incorporation provides that our Board may by resolution, without further vote or action by the stockholders, establish one or more classes or series of preferred stock having the number of shares and relative voting rights, designation, dividend rates, liquidation, and other rights, preferences, and limitations as may be fixed by them without further stockholder approval. Once designated by our Board, each series of preferred stock will have specific financial and other terms that will be set forth in the applicable certificate of designation for the series. Prior to the issuance of shares of each series of preferred stock, our Board is required by the General Corporation Law of the State of Delaware, or the DGCL, and our Certificate of Incorporation to adopt resolutions and file a certificate of designation with the Secretary of State of the State of Delaware. The certificate of designation fixes for each class or series the designations, powers, preferences, rights, qualifications, limitations and restrictions, including, but not limited to, some or all of the following:

- (a) The distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by our Board in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by resolution of our Board;
- (b) The rate and manner of payment of dividends payable on shares of such series, including the dividend rate, date of declaration and payment, whether dividends shall be cumulative, and the conditions upon which and the date from which such dividends shall be cumulative;
- (c) Whether shares of such series shall be redeemable, the time or times when, and the price or prices at which, shares of such series shall be redeemable, the redemption price, the terms and conditions of redemption, and the sinking fund provisions, if any, for the purchase or redemption of such shares;
- (d) The amount payable on shares of such series and the rights of holders of such shares in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company;

(e) The rights, if any, of the holders of shares of such series to convert such shares into, or exchange such shares for, shares of Common Stock, other securities, or shares of any other class or series of preferred stock and the terms and conditions of such conversion or exchange;

(f) The voting rights, if any, and whether full or limited, of the shares of such series, which may include no voting rights, one vote per share, or such higher or lower number of votes per share as may be designated by our Board; and

(g) The preemptive or preferential rights, if any, of the holders of shares of such series to subscribe for, purchase, receive, or otherwise acquire any part of any new or additional issue of stock of any class, whether now or hereafter authorized, or of any bonds, debentures, notes, or any of our other securities, whether or not convertible into shares of our Common Stock.

In connection with the adoption of a rights agreement, dated November 7, 2013, we filed a Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, or the Certificate of Designation, with the Secretary of State of the State of Delaware, which designated 1,000,000 shares of Preferred Stock as Series A Junior Participating Preferred Stock. The rights, preferences and privileges of the Series A Junior Participating Preferred Stock are as set forth in the Certificate of Designation. The rights agreement was amended and restated in December 2015 and is described below under [Anti-Takeover Effects of Certain Provisions of our Certificate of Incorporation, Bylaws and the DGCL Stockholder Rights Agreement](#) .

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Anti-Takeover Effects of Certain Provisions of our Certificate of Incorporation, Bylaws and the DGCL

Certain provisions of our Certificate of Incorporation and Bylaws, which are summarized in the following paragraphs, may have the effect of discouraging potential acquisition proposals or tender offers or delaying or preventing a change in control, including changes a stockholder might consider favorable. Such provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. In particular, our Certificate of Incorporation and Bylaws and Delaware law, as applicable, among other things:

provide our Board with the ability to alter our Bylaws without stockholder approval;

place limitations on the removal of directors; and

provide that vacancies on our Board may be filled by a majority of directors in office, although less than a quorum.

These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of our company to first negotiate with our Board. These provisions may delay or prevent someone from acquiring or merging with us, which may cause the market price of our Common Stock to decline.

Blank Check Preferred. Our Board is authorized to create and issue from time to time, without stockholder approval, up to an aggregate of 100,000,000 shares of preferred stock in one or more series and to establish the number of shares of any series of preferred stock and to fix the designations, powers, preferences and rights of the shares of each series and any qualifications, limitations or restrictions of the shares of each series.

The authority to designate preferred stock may be used to issue a series of preferred stock, or rights to acquire preferred stock, that could dilute the interest of, or impair the voting power of, holders of the Common Stock or could also be used as a method of determining, delaying or preventing a change of control.

Advance Notice Bylaws. The Bylaws contain an advance notice procedure for stockholder proposals to be brought before any meeting of stockholders, including proposed nominations of persons for election to our Board. Stockholders at any meeting will only be able to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of our Board or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given the Company's corporate secretary timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting. Although our Bylaws do not give our Board the power to approve or disapprove of stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, our Bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

Interested Stockholder Transactions. We are subject to Section 203 of the DGCL, which prohibits business combinations between a publicly-held Delaware corporation and an interested stockholder, which is generally defined as a stockholder who is a beneficial owner of 15% or more of a Delaware corporation's voting stock for a three-year period following the date that such stockholder became an interested stockholder, unless: (i) the transaction is

approved by the board of directors before the date the interested stockholder attained that status; (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or (iii) on or after the date of the transaction, the transaction is approved by the board of directors and authorized at a meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder. In general, the DGCL defines a business combination to include the following: (a) any merger or consolidation involving the corporation and the interested stockholder; (b) any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder; (c) subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder; (d) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or (e) the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Stockholder Rights Agreement. In December 2015, we entered into an Amended and Restated Rights Agreement, or the Amended Rights Agreement, with Philadelphia Stock Transfer, Inc., as Rights Agent. The Amended Rights Agreement provides that in the event of (i) an acquisition of 15% or more of our outstanding Common Stock by any person other than a beneficial owner of

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15% of our outstanding Common Stock as of December 21, 2015, (ii) an acquisition of one or more shares of our Common Stock by any person who beneficially owned 15% or more of our outstanding Common Stock as of December 21, 2015, or (iii) an announcement of an intention to make a tender offer or exchange offer for 15% or more of our outstanding Common Stock, our stockholders, other than the potential acquiror, shall be granted rights enabling them to purchase additional shares of our Common Stock at a substantial discount to the then prevailing market price. The Amended Rights Agreement could significantly dilute such acquiror's ownership position in our shares, thereby making a takeover prohibitively expensive and encouraging such acquiror to negotiate with our Board. Therefore, the Amended Rights Agreement could make it more difficult for a third party to acquire control of us without the approval of our Board.

Warrants

In addition to the Warrant, as of November 28, 2016, warrants to purchase 6,763,566 shares of Common Stock with a weighted-average exercise price of \$8.05 per share were outstanding. The Warrant to purchase an aggregate of up to 460,123 shares of Common Stock is currently exercisable, and has a term of seven years from the date of issuance. We are registering all of the shares of Common Stock issuable upon exercise of the Warrant pursuant to the registration statement of which this prospectus forms a part. All of our other outstanding warrants are currently exercisable, except to the extent that certain of them may be subject to a blocker provision, which restricts the exercise of a warrant if, as a result of such exercise, the warrant holder, together with its affiliates and any other person whose beneficial ownership of Common Stock would be aggregated with the warrant holder's for purposes of Section 13(d) of the Exchange Act, would beneficially own in excess of 19.99% or 19.9% of our then issued and outstanding shares of Common Stock (including the shares of Common Stock issuable upon such exercise), as such percentage ownership is determined in accordance with the terms of such warrant. All of our outstanding warrants contain provisions for the adjustment of the exercise price in the event of stock dividends, stock splits or similar transactions. In addition, certain of the warrants contain a cashless exercise feature that allows the holders thereof to exercise the warrants without a cash payment to us under certain circumstances.

Transfer Agent and Registrar

The Transfer Agent and Registrar for our Common Stock is Philadelphia Stock Transfer, Inc., 2320 Haverford Road, Suite 230, Ardmore, PA 19003.

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LEGAL MATTERS

Unless otherwise indicated in the applicable prospectus supplement, the validity of the Common Stock offered by this prospectus, and any supplement thereto, will be passed upon for us by Paul Hastings LLP, Palo Alto, California.

EXPERTS

The financial statements of Sorrento Therapeutics, Inc. and Subsidiaries for each of the years in the three year period ended December 31, 2015, have been incorporated in reliance on the report of Mayer Hoffman McCann P.C., an independent registered public accounting firm, incorporated herein by reference, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We are a reporting company and file annual, quarterly and current reports, proxy statements and other information with the SEC. We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the Common Stock being offered under this prospectus. This prospectus does not contain all of the information set forth in the registration statement and the exhibits to the registration statement. For further information with respect to us and the shares of Common Stock being offered under this prospectus, we refer you to the registration statement and the exhibits and schedules filed as a part of the registration statement. You may read and copy the registration statement, as well as our reports, proxy statements and other information, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the Public Reference Room. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including Sorrento Therapeutics, Inc. The SEC's Internet site can be found at <http://www.sec.gov>.

**DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT
LIABILITIES**

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and persons controlling us pursuant to the provisions described in Item 15 of the registration statement of which this prospectus forms a part or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by our directors, officers, or controlling persons in the successful defense of any action, suit, or proceeding) is asserted by our directors, officers, or controlling persons in connection with the common stock being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of the issue.

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IMPORTANT INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The documents incorporated by reference into this prospectus contain important information that you should read about us.

The following documents are incorporated by reference into this prospectus:

- (a) The Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on March 15, 2016, as amended pursuant to that Amendment No. 1 filed with the SEC on April 29, 2016;
- (b) The Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, filed with the SEC on May 10, 2016;
- (c) The Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed with the SEC on August 8, 2016;
- (d) The Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, filed with the SEC on November 9, 2016;
- (e) The Registrant's Current Reports on Form 8-K filed with the SEC on (i) January 8, 2016, (ii) January 11, 2016, (iii) March 2, 2016, (iv) March 4, 2016, (v) April 5, 2016, (vi) April 6, 2016, filed at 8:26 a.m. Eastern Time, (vii) April 6, 2016, filed at 3:06 p.m. Eastern Time, (viii) May 2, 2016, filed at 1:58 p.m. Eastern Time, (ix) May 2, 2016, filed at 2:15 p.m. Eastern Time, (x) May 9, 2016, (xi) May 16, 2016, (xii) May 26, 2016, (xiii) June 6, 2016, (xiv) June 7, 2016, (xv) June 8, 2016, (xvi) June 30, 2016, (xvii) July 1, 2016, (xviii) July 7, 2016, (xix) July 11, 2016, (xx) August 1, 2016, (xxi) August 8, 2016, (xxii) August 15, 2016, (xxiii) August 17, 2016, (xxiv) September 7, 2016, (xxv) September 13, 2015, (xxvi) September 22, 2016, (xxvii) November 1, 2016 (other than the information disclosed under Item 7.01 thereof), (xxviii) November 8, 2016, (xxix) November 11, 2016, and (xxx) November 29, 2016;
- (f) The Registrant's Current Report on Form 8-K/A filed with the SEC on February 5, 2016; and
- (g) The description of the Registrant's common stock set forth in the Registrant's Registration Statement on Form 8-A (File No. 001-36150), filed with the SEC on October 23, 2013, including any amendments or reports filed for the purpose of updating such description.

We also incorporate by reference any future filings (other than current reports furnished under Item 2.02 or Item 7.01 of Form 8-K and exhibits filed on such form that are related to such items unless such Form 8-K expressly provides to the contrary) made with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, including those made after the date of the initial filing of the registration statement of which this prospectus forms a part and prior to

effectiveness of such registration statement, until we file a post-effective amendment that indicates the termination of the offering of the Common Stock made by this prospectus and such future filings will become a part of this prospectus from the respective dates that such documents are filed with the SEC. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof or of the related prospectus supplement to the extent that a statement contained herein or in any other subsequently filed document which is also incorporated or deemed to be incorporated herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

Documents incorporated by reference are available from us, without charge. You may obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone at the following address:

Sorrento Therapeutics, Inc.

9380 Judicial Drive

San Diego, CA 92121

Attn: Corporate Secretary

Phone: (858) 210-3700

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SORRENTO THERAPEUTICS, INC.

1,215,034 SHARES OF COMMON STOCK

PROSPECTUS

, 2016

Neither we nor the Selling Stockholders have authorized any dealer, salesperson or other person to give any information or to make any representations not contained in this prospectus or any prospectus supplement. You must not rely on any unauthorized information. This prospectus is not an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. The information in this prospectus is current as of the date of this prospectus. You should not assume that this prospectus is accurate as of any other date.

Table of Contents**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS*****Item 14. Other Expenses of Issuance and Distribution***

The following table sets forth all expenses payable by the Registrant in connection with the sale of the common stock being registered. The security holders will not bear any portion of such expenses. All the amounts shown are estimates except for the registration fee.

SEC registration fee	\$ 753.40
Legal fees and expenses	\$ 100,000
Accounting fees and expenses	\$ 10,000
Printing, transfer agent fees and miscellaneous expenses	\$ 10,000
Total	\$ 120,753.40

Item 15. Indemnification of Directors and Officers

The Registrant's Restated Certificate of Incorporation, as amended, or the Certificate of Incorporation, eliminates the personal liability of directors to the fullest extent permitted by the General Corporation Law of the State of Delaware and, together with the Registrant's Bylaws, provides that the Registrant shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it may be amended or supplemented, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Registrant or, while a director or officer of the Registrant, is or was serving at the request of the Registrant as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such person.

The Registrant has an insurance policy that insures its directors and officers, within the limits and subject to the limitations of the policy, against certain expenses in connection with the defense of actions, suits or proceedings, and certain liabilities that might be imposed as a result of such actions, suits or proceedings, to which they are parties by reason of being or having been directors or officers.

The Registrant has indemnification agreements with each of its directors and executive officers that may be broader than the specific indemnification provisions contained in the General Corporation Law of the State of Delaware. These indemnification agreements require the Registrant, among other things, to indemnify a director or officer, to the fullest extent permitted by applicable law, for certain expenses, including attorneys' fees, judgments, penalties, fines and settlement amounts actually and reasonably incurred by them in any action or proceeding arising out of their services as one of a director or officer of the Registrant, or any of the Registrant's subsidiaries or any other company or enterprise to which the person provides services at the Registrant's request, including liability arising out of negligence or active or passive misconduct by the officer or director. The Registrant believes that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

Item 16. Exhibits

Exhibit	
Number	Description
2.1+	Agreement and Plan of Merger between Sorrento Therapeutics, Inc. and IgDraSol, Inc. dated September 9, 2013 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 11, 2013).
2.2+	Agreement of Merger by and among Sorrento Therapeutics, Inc., Catalyst Merger Sub, Inc., Concoctis Biosystems, Corp., Zhenwei Miao and Gang Chen dated as of November 11, 2013 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 14, 2013).
2.3+	Stock Purchase Agreement, dated November 8, 2016, by and among Sorrento Therapeutics, Inc., Scilex Pharmaceuticals Inc., the stockholders of Scilex Pharmaceuticals Inc. party thereto and SPI Shareholders Representative, LLC, as representative of the stockholders of Scilex Pharmaceuticals Inc. party thereto (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 8, 2016).

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- 3.1 Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to Form S-3 filed with the SEC on June 24, 2013).
- 3.2 Certificate of Amendment of the Restated Certificate of Incorporation of Sorrento Therapeutics, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2013).
- 3.3 Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on October 23, 2009).
- 3.4 Certificate of Designation of Rights, Preferences and Privileges of Series A Junior Participating Preferred Stock of Sorrento Therapeutics, Inc. (incorporated by reference to Exhibit 3.1 to Form 8-K filed with the SEC on November 12, 2013).
- 4.1 Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 23, 2009).
- 4.2 Form of Convertible Promissory Note (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 21, 2013).
- 4.3 Amended and Restated Rights Agreement, dated as of December 21, 2015 by and between Sorrento Therapeutics, Inc. and Philadelphia Stock Transfer, Inc., as rights agent (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 21, 2015).
- 4.4 Form of Common Stock Purchase Warrant issued to investors pursuant to the Securities Purchase Agreement, dated as of April 3, 2016, by and among Sorrento Therapeutics, Inc., ABG SRNE Limited and Ally Bridge LB Healthcare Master Fund Limited (incorporated by reference to Exhibit 4.9 to the Registrant's Registration Statement on Form S-3 filed with the SEC on June 29, 2016).
- 4.5 Form of Common Stock Purchase Warrant issued to investors pursuant to the Securities Purchase Agreement, dated as of April 3, 2016, by and between Sorrento Therapeutics, Inc. and FREJOY Investment Management Co., Ltd. and Securities Purchase Agreement, dated as of April 3, 2016, by and between Sorrento Therapeutics, Inc. and Beijing Shijilongxin Investment Co., Ltd. (incorporated by reference to Exhibit 4.10 to the Registrant's Registration Statement on Form S-3 filed with the SEC on June 29, 2016).
- 4.6 Common Stock Purchase Warrant issued to Yuhan Corporation on April 29, 2016 (incorporated by reference to Exhibit 4.11 to the Registrant's Registration Statement on Form S-3 filed with the SEC on June 29, 2016).
- 4.7 Registration Rights Agreement, dated November 8, 2016, by and among Sorrento Therapeutics, Inc. and the persons party thereto (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 8, 2016).
- 4.8 Warrant Agreement, dated November 23, 2016, issued by Sorrento Therapeutics, Inc. to Hercules Capital, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 29, 2016).
- 5.1* Opinion of Paul Hastings LLP.
- 23.1* Consent of Mayer Hoffman McCann P.C.
- 23.2* Consent of Paul Hastings LLP is contained in Exhibit 5.1 to this Registration Statement.
- 24.1* Power of Attorney is contained on the signature page.

+ Non-material schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant hereby undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the SEC.

* Filed herewith.

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Item 17. Undertakings

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that:

Paragraphs (1)(i), (1)(ii) and (1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the

initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

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(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

Table of Contents**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, on December 2, 2016.

SORRENTO THERAPEUTICS, INC.

By: /s/ Henry Ji, Ph.D.
Henry Ji, Ph.D.

President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Henry Ji, Ph.D. and Kevin M. Herde, and each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Henry Ji, Ph.D. Henry Ji, Ph.D.	Director, Chief Executive Officer and President <i>(Principal Executive Officer)</i>	December 2, 2016
/s/ Kevin M. Herde Kevin M. Herde	Executive Vice President, Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	December 2, 2016
/s/ David Deming David Deming	Director	December 2, 2016
/s/ Kim D. Janda, Ph.D.	Director	December 2, 2016

Kim D. Janda, Ph.D.

/s/ William S. Marth, Ph.D.

Director

December 2,
2016

William S. Marth, Ph.D.

/s/ Jaisim Shah

Director

December 2,
2016

Jaisim Shah

/s/ Yue Alexander Wu, Ph.D.

Director

December 2,
2016

Yue Alexander Wu, Ph.D.

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Table of Contents**INDEX TO EXHIBITS**

Exhibit	
Number	Description
2.1+	Agreement and Plan of Merger between Sorrento Therapeutics, Inc. and IgDraSol, Inc. dated September 9, 2013 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on September 11, 2013).
2.2+	Agreement of Merger by and among Sorrento Therapeutics, Inc., Catalyst Merger Sub, Inc., Concorthis Biosystems, Corp., Zhenwei Miao and Gang Chen dated as of November 11, 2013 (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 14, 2013).
2.3+	Stock Purchase Agreement, dated November 8, 2016, by and among Sorrento Therapeutics, Inc., Scilex Pharmaceuticals Inc., the stockholders of Scilex Pharmaceuticals Inc. party thereto and SPI Shareholders Representative, LLC, as representative of the stockholders of Scilex Pharmaceuticals Inc. party thereto (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 8, 2016).
3.1	Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to Form S-3 filed with the SEC on June 24, 2013).
3.2	Certificate of Amendment of the Restated Certificate of Incorporation of Sorrento Therapeutics, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on August 1, 2013).
3.3	Bylaws (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on October 23, 2009).
3.4	Certificate of Designation of Rights, Preferences and Privileges of Series A Junior Participating Preferred Stock of Sorrento Therapeutics, Inc. (incorporated by reference to Exhibit 3.1 to Form 8-K filed with the SEC on November 12, 2013).
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4.2	Form of Convertible Promissory Note (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on October 21, 2013).
4.3	Amended and Restated Rights Agreement, dated as of December 21, 2015 by and between Sorrento Therapeutics, Inc. and Philadelphia Stock Transfer, Inc., as rights agent (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on December 21, 2015).
4.4	Form of Common Stock Purchase Warrant issued to investors pursuant to the Securities Purchase Agreement, dated as of April 3, 2016, by and among Sorrento Therapeutics, Inc., ABG SRNE Limited and Ally Bridge LB Healthcare Master Fund Limited (incorporated by reference to Exhibit 4.9 to the Registrant's Registration Statement on Form S-3 filed with the SEC on June 29, 2016).
4.5	Form of Common Stock Purchase Warrant issued to investors pursuant to the Securities Purchase Agreement, dated as of April 3, 2016, by and between Sorrento Therapeutics, Inc. and FREJOY

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Investment Management Co., Ltd. and Securities Purchase Agreement, dated as of April 3, 2016, by and between Sorrento Therapeutics, Inc. and Beijing Shijilongxin Investment Co., Ltd. (incorporated by reference to Exhibit 4.10 to the Registrant's Registration Statement on Form S-3 filed with the SEC on June 29, 2016).

- 4.6 Common Stock Purchase Warrant issued to Yuhan Corporation on April 29, 2016 (incorporated by reference to Exhibit 4.11 to the Registrant's Registration Statement on Form S-3 filed with the SEC on June 29, 2016).
- 4.7 Registration Rights Agreement, dated November 8, 2016, by and among Sorrento Therapeutics, Inc. and the persons party thereto (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 8, 2016).

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- 4.8 Warrant Agreement, dated November 23, 2016, issued by Sorrento Therapeutics, Inc. to Hercules Capital, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on November 29, 2016).
- 5.1* Opinion of Paul Hastings LLP.
- 23.1* Consent of Mayer Hoffman McCann P.C.
- 23.2* Consent of Paul Hastings LLP is contained in Exhibit 5.1 to this Registration Statement.
- 24.1* Power of Attorney is contained on the signature page.

+ Non-material schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant hereby undertakes to furnish supplementally copies of any of the omitted schedules and exhibits upon request by the SEC.

* Filed herewith.