

Texas Instruments Incorporated
Free Cash Flow (Non-GAAP Reconciliation)
(Millions of dollars, except share amounts)
Calculated as of December 31, 2014

Free cash flow and associated ratios

Free cash flow was calculated by subtracting Capital expenditures from Cash flows from operating activities (also referred to as Cash flow from operations). The table below provides a reconciliation of free cash flow to the most directly comparable GAAP measure.

	For Three Months Ended December 31, 2014	For Twelve Months Ended December 31,		Change
		2014	2013	
Cash flows from operations (GAAP)	\$ 1,272	\$ 3,892	\$ 3,384	15%
Capital expenditures	(125)	(385)	(412)	
Free cash flow (non-GAAP)	<u>\$ 1,147</u>	<u>\$ 3,507</u>	<u>\$ 2,972</u>	18%
Revenue		<u>\$ 13,045</u>	<u>\$ 12,205</u>	
Cash flow from operations as a percent of revenue (GAAP)		30%	28%	
Free cash flow as a percent of revenue (non-GAAP)		27%	24%	
		For Twelve Months Ended December 31,		
	2004	2005	2006	2007
Cash flows from operations (GAAP)	\$ 2,973	\$ 3,614	\$ 2,456	\$ 4,407
Capital expenditures	(1,260)	(1,288)	(1,272)	(686)
Free cash flow (non-GAAP)	<u>\$ 1,713</u>	<u>\$ 2,326</u>	<u>\$ 1,184</u>	<u>\$ 3,721</u>
Revenue	<u>\$ 11,552</u>	<u>\$ 12,335</u>	<u>\$ 14,255</u>	<u>\$ 13,835</u>
Cash flow from operations as a percent of revenue (GAAP)	26%	29%	17%	32%
Free cash flow as a percent of revenue (non-GAAP)	15%	19%	8%	27%
Average diluted shares outstanding (millions)	1,768	1,668	1,558	1,444
		For Twelve Months Ended December 31,		
	2008	2009	2010	2011
Cash flows from operations (GAAP)	\$ 3,330	\$ 2,643	\$ 3,820	\$ 3,256
Capital expenditures	(763)	(753)	(1,199)	(816)
Free cash flow (non-GAAP)	<u>\$ 2,567</u>	<u>\$ 1,890</u>	<u>\$ 2,621</u>	<u>\$ 2,440</u>
Revenue	<u>\$ 12,501</u>	<u>\$ 10,427</u>	<u>\$ 13,966</u>	<u>\$ 13,735</u>
Cash flow from operations as a percent of revenue (GAAP)	27%	25%	27%	24%
Free cash flow as a percent of revenue (non-GAAP)	21%	18%	19%	18%
Average diluted shares outstanding (millions)	1,321	1,269	1,213	1,171
		For Twelve Months Ended December 31,		
	2012	2013	2014	2014 Ten-Year CAGR*
Cash flows from operations (GAAP)	\$ 3,414	\$ 3,384	\$ 3,892	3%
Capital expenditures	(495)	(412)	(385)	
Free cash flow (non-GAAP)	<u>\$ 2,919</u>	<u>\$ 2,972</u>	<u>\$ 3,507</u>	7%
Revenue	<u>\$ 12,825</u>	<u>\$ 12,205</u>	<u>\$ 13,045</u>	
Cash flow from operations as a percent of revenue (GAAP)	27%	28%	30%	
Free cash flow as a percent of revenue (non-GAAP)	23%	24%	27%	
Average diluted shares outstanding (millions)	1,146	1,113	1,080	

* CAGR (compound annual growth rate) is calculated using the formula: (Ending Value/Beginning Value)^(1/number of years)-1.