## 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		For Twelve Months Ended December 31,			Channe	
G 1 G		nber 31, 2014	_	2014	_	2013		Change
Cash flows from operations (GAAP)	\$	1,272	\$	3,892	\$	3,384		15%
Capital expenditures	_	(125)	_	(385)	_	(412)		100/
Free cash flow (non-GAAP)	\$	1,147	\$	3,507	\$	2,972		18%
Revenue			\$	13,045	\$	12,205		
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)	\$	1,713	\$	2,326	\$	1,184	\$	3,721
Revenue	\$	11,552	\$	12,335	\$	14,255	\$	13,835
Revenue	Ψ	11,332	Ψ	12,333	Ψ	14,233	Ψ	15,655
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	Twolvo Monthe	Ended D	ocombor 31		
		2008	For	Twelve Months	Ended D			2011
Cash flows from operations (GAAP)	\$	2008		2009		2010	<u> </u>	2011
Cash flows from operations (GAAP)	\$	3,330	For \$	<b>2009</b> 2,643	\$	<b>2010</b> 3,820	\$	3,256
Capital expenditures	\$	3,330 (763)	\$	2009 2,643 (753)	\$	3,820 (1,199)		3,256 (816)
Capital expenditures Free cash flow (non-GAAP)	\$	3,330 (763) 2,567	\$	2,643 (753) 1,890	\$	3,820 (1,199) 2,621	\$	3,256 (816) 2,440
Capital expenditures	\$ \$	3,330 (763)	\$	2009 2,643 (753)	\$	3,820 (1,199)		3,256 (816)
Capital expenditures Free cash flow (non-GAAP)	\$ \$	3,330 (763) 2,567	\$	2,643 (753) 1,890	\$	3,820 (1,199) 2,621	\$	3,256 (816) 2,440
Capital expenditures Free cash flow (non-GAAP) Revenue	\$ \$	3,330 (763) 2,567 12,501	\$	2,643 (753) 1,890 10,427	\$	3,820 (1,199) 2,621 13,966	\$	3,256 (816) 2,440 13,735
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP)	\$ \$	3,330 (763) 2,567 12,501	\$	2,643 (753) 1,890 10,427 25%	\$	2010 3,820 (1,199) 2,621 13,966	\$	3,256 (816) 2,440 13,735 24%
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)	\$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321	\$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269	\$ \$	2010 3,820 (1,199) 2,621 13,966 27% 19% 1,213	\$	3,256 (816) 2,440 13,735 24% 18%
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)	\$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321 For Twe	\$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269 nths Ended Dece	\$ \$	3,820 (1,199) 2,621 13,966 27% 19% 1,213	\$	3,256 (816) 2,440 13,735 24% 18% 1,171
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)  Average diluted shares outstanding (millions)	\$ \$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321	\$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269	\$ \$	2010 3,820 (1,199) 2,621 13,966 27% 19% 1,213	\$	3,256 (816) 2,440 13,735 24% 18% 1,171
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)	\$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321 For Twe	\$ \$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269 nths Ended Dece 2013	\$ \$ \$	3,820 (1,199) 2,621 13,966 27% 19% 1,213	\$	3,256 (816) 2,440 13,735 24% 18% 1,171 014 Ten-Year CAGR*
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)  Average diluted shares outstanding (millions)  Cash flows from operations (GAAP)	\$ \$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321 For Twe 2012 3,414	\$ \$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269 nths Ended Dece 2013 3,384	\$ \$ \$	2010 3,820 (1,199) 2,621 13,966 27% 19% 1,213 , 2014 3,892	\$	3,256 (816) 2,440 13,735 24% 18% 1,171 014 Ten-Year CAGR*
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)  Average diluted shares outstanding (millions)  Cash flows from operations (GAAP)  Capital expenditures	\$ \$ \$ \$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321 For Twe 2012 3,414 (495)	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269 nths Ended Dece 2013 3,384 (412)	\$ \$ \$	2010 3,820 (1,199) 2,621 13,966 27% 19% 1,213 2014 3,892 (385)	\$	3,256 (816) 2,440 13,735 24% 18% 1,171 014 Ten-Year CAGR* 3%
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)  Average diluted shares outstanding (millions)  Cash flows from operations (GAAP)  Capital expenditures Free cash flow (non-GAAP)  Revenue	\$ \$ \$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321 For Twe 2012 3,414 (495) 2,919 12,825	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269 nths Ended Dece 2013 3,384 (412) 2,972 12,205	\$ \$ \$	2010 3,820 (1,199) 2,621 13,966 27% 19% 1,213 ,2014 3,892 (385) 3,507 13,045	\$	3,256 (816) 2,440 13,735 24% 18% 1,171 014 Ten-Year CAGR* 3%
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)  Average diluted shares outstanding (millions)  Cash flows from operations (GAAP)  Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flows from operations as a percent of revenue (GAAP)	\$ \$ \$ \$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321 For Twe 2012 3,414 (495) 2,919 12,825 27%	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269 nths Ended Dece 2013 3,384 (412) 2,972 12,205	\$ \$ \$	2010 3,820 (1,199) 2,621 13,966 27% 19% 1,213 , 2014 3,892 (385) 3,507 13,045 30%	\$	3,256 (816) 2,440 13,735 24% 18% 1,171 014 Ten-Year CAGR* 3%
Capital expenditures Free cash flow (non-GAAP)  Revenue  Cash flow from operations as a percent of revenue (GAAP) Free cash flow as a percent of revenue (non-GAAP)  Average diluted shares outstanding (millions)  Cash flows from operations (GAAP)  Capital expenditures Free cash flow (non-GAAP)  Revenue	\$ \$ \$ \$ \$	3,330 (763) 2,567 12,501 27% 21% 1,321 For Twe 2012 3,414 (495) 2,919 12,825	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,643 (753) 1,890 10,427 25% 18% 1,269 nths Ended Dece 2013 3,384 (412) 2,972 12,205	\$ \$ \$	2010 3,820 (1,199) 2,621 13,966 27% 19% 1,213 ,2014 3,892 (385) 3,507 13,045	\$	3,256 (816) 2,440 13,735 24% 18% 1,171 014 Ten-Year CAGR* 3%

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