

Texas Instruments Incorporated
Free Cash Flow (Non-GAAP Reconciliation)
(Millions of dollars)
Calculated as of December 31, 2013

Free cash flow

Free cash flow was calculated by subtracting Capital expenditures from Cash flow 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.

	<u>For Three Months Ended Dec. 31, 2013</u>	<u>For Twelve Months Ended Dec. 31, 2013</u>	<u>For Twelve Months Ended Dec. 31, 2012</u>	<u>2013 vs. 2012 Change</u>
Cash flow from operations (GAAP)	\$ 1,199	\$ 3,384	\$ 3,414	-1%
Capital expenditures	(107)	(412)	(495)	
Free cash flow (non-GAAP)	<u>\$ 1,092</u>	<u>\$ 2,972</u>	<u>\$ 2,919</u>	2%

	<u>For Twelve Months Ended Dec. 31, 2011</u>	<u>For Twelve Months Ended Dec. 31, 2010</u>	<u>For Twelve Months Ended Dec. 31, 2009</u>
Cash flow from operations (GAAP)	\$ 3,256	\$ 3,820	\$ 2,643
Capital expenditures	(816)	(1,199)	(753)
Free cash flow (non-GAAP)	<u>\$ 2,440</u>	<u>\$ 2,621</u>	<u>\$ 1,890</u>

Ratios based on free cash flow

Occasionally, we compare free cash flow to GAAP items to determine various non-GAAP ratios. For each of these ratios, reconciliation to the most directly comparable GAAP-based ratios is provided in the tables below.

Free cash flow as a percentage of revenue:

	<u>For Three Months Ended Dec. 31, 2013</u>
Revenue	\$ 3,028
Cash flow from operations (GAAP)	\$ 1,199
Capital expenditures	(107)
Free cash flow (non-GAAP)	<u>\$ 1,092</u>
Cash flow from operations (GAAP) as a percentage of Revenue	40%
Free cash flow (non-GAAP) as a percentage of Revenue	36%

	<u>For Twelve Months Ended Mar. 31, 2013</u>	<u>For Twelve Months Ended Jun. 30, 2013</u>	<u>For Twelve Months Ended Sept. 30, 2013</u>	<u>For Twelve Months Ended Dec. 31, 2013</u>
Revenue	\$ 12,589	\$ 12,301	\$ 12,155	\$ 12,205
Cash flow from operations (GAAP)	\$ 3,324	\$ 3,323	\$ 3,270	\$ 3,384
Capital expenditures	(476)	(427)	(402)	(412)
Free cash flow (non-GAAP)	<u>\$ 2,848</u>	<u>\$ 2,896</u>	<u>\$ 2,868</u>	<u>\$ 2,972</u>
Cash flow from operations (GAAP) as a percentage of Revenue	26%	27%	27%	28%
Free cash flow (non-GAAP) as a percentage of Revenue	23%	24%	24%	24%

	For Twelve Months Ended Mar. 31, 2012	For Twelve Months Ended Jun. 30, 2012	For Twelve Months Ended Sept. 30, 2012	For Twelve Months Ended Dec. 31, 2012
Revenue	\$ 13,464	\$ 13,342	\$ 13,266	\$ 12,825
Cash flow from operations (GAAP)	\$ 3,188	\$ 3,234	\$ 3,298	\$ 3,414
Capital expenditures	(725)	(595)	(551)	(495)
Free cash flow (non-GAAP)	<u>\$ 2,463</u>	<u>\$ 2,639</u>	<u>\$ 2,747</u>	<u>\$ 2,919</u>
Cash flow from operations (GAAP) as a percentage of Revenue	24%	24%	25%	27%
Free cash flow (non-GAAP) as a percentage of Revenue	18%	20%	21%	23%

	For Twelve Months Ended Mar. 31, 2011	For Twelve Months Ended Jun. 30, 2011	For Twelve Months Ended Sept. 30, 2011	For Twelve Months Ended Dec. 31, 2011
Revenue	\$ 14,152	\$ 14,114	\$ 13,840	\$ 13,735
Cash flow from operations (GAAP)	\$ 3,626	\$ 3,693	\$ 3,515	\$ 3,256
Capital expenditures	(1,174)	(1,167)	(964)	(816)
Free cash flow (non-GAAP)	<u>\$ 2,452</u>	<u>\$ 2,526</u>	<u>\$ 2,551</u>	<u>\$ 2,440</u>
Cash flow from operations (GAAP) as a percentage of Revenue	26%	26%	25%	24%
Free cash flow (non-GAAP) as a percentage of Revenue	17%	18%	18%	18%

	For Twelve Months Ended Mar. 31, 2010	For Twelve Months Ended Jun. 30, 2010	For Twelve Months Ended Sept. 30, 2010	For Twelve Months Ended Dec. 31, 2010
Revenue	\$ 11,546	\$ 12,586	\$ 13,446	\$ 13,966
Cash flow from operations (GAAP)	\$ 3,101	\$ 3,106	\$ 3,590	\$ 3,820
Capital expenditures	(928)	(1,164)	(1,334)	(1,199)
Free cash flow (non-GAAP)	<u>\$ 2,173</u>	<u>\$ 1,942</u>	<u>\$ 2,256</u>	<u>\$ 2,621</u>
Cash flow from operations (GAAP) as a percentage of Revenue	27%	25%	27%	27%
Free cash flow (non-GAAP) as a percentage of Revenue	19%	15%	17%	19%

Dividends paid and total cash returned to shareholders as a percentage of free cash flow:

	For Twelve Months Ended Dec. 31, 2013
Dividends paid	\$ 1,175
Stock repurchases	2,868
Total cash returned to shareholders	<u>\$ 4,043</u>
Dividends paid as a percentage of Cash flow from operations (GAAP)	35%
Dividends paid as a percentage of free cash flow (non-GAAP)	40%
Total cash returned to shareholders as a percentage of Cash flow from operations (GAAP)	119%
Total cash returned to shareholders as a percentage of free cash flow (non-GAAP)	136%

2014 Expected Dividends payment	\$	1,299 *
		For Four Years Ended Dec. 31, 2012
Cash flow from operations (GAAP)	\$	13,133
Capital expenditures		(3,263)
Free cash flow (non-GAAP)	\$	<u>9,870</u>
Average Cash flow from operations (GAAP) over the last 4 years	\$	3,283
Average free cash flow (non-GAAP) over the last 4 years	\$	2,468
2014 Expected Dividends payment as a percentage of average Cash flow from operations (GAAP) over the last 4 years		40%
2014 Expected Dividends payment as a percentage of average free cash flow (non-GAAP) over the last 4 years		53%

* 1Q14 dividend rate of \$0.30 x 4 quarters x (Dec. 31, 2013 shares issued of 1,740,815,939 less treasury shares of 658,012,970)

Total cash returned to shareholders as a percentage of free cash flow less net debt retirement:

		For Twelve Months Ended Dec. 31, 2013
Net debt retirement	\$	514
Cash flows from operations (GAAP) less net debt retirement	\$	2,870
Free cash flow (non-GAAP) less net debt retirement	\$	2,458
Total cash returned to shareholders as a percentage of Cash flows from operations (GAAP) less net debt retirement		141%
Total cash returned as a percentage of free cash flow (non-GAAP) less net debt retirement		164%
		For Five Years Ended Dec. 31, 2013
Dividends paid	\$	3,797
Stock repurchases		10,049
Total cash returned to shareholders	\$	<u>13,846</u>
Cash flow from operations (GAAP)	\$	16,517
Capital expenditures		(3,675)
Free cash flow (non-GAAP)	\$	<u>12,842</u>
Net debt retirement	\$	597 †
Cash flows from operations (GAAP) less net debt retirement	\$	15,920
Free cash flow (non-GAAP) less net debt retirement	\$	12,245
Total cash returned to shareholders as a percentage of Cash flows from operations (GAAP) less net debt retirement		87%
Total cash returned to shareholders as a percentage of free cash flow (non-GAAP) less net debt retirement		113%

† This amount excludes the 2011 debt issuance of \$4.697 billion associated with the National Semiconductor acquisition.

Stock repurchases as a percentage of free cash flow less net debt retirement and Dividends paid:

	For Twelve Months Ended Dec. 31, 2013
Cash flows from operations (GAAP) less net debt retirement and Dividends paid	\$ 1,695
Free cash flow (non-GAAP) less net debt retirement and Dividends paid	\$ 1,283
Stock repurchases as a percentage of Cash flows from operations (GAAP) less net debt retirement and Dividends paid	169%
Stock repurchases as a percentage of free cash flow (non-GAAP) less net debt retirement and Dividends paid	224%

Free cash flow in excess of Net income:

	For Twelve Months Ended Dec. 31, 2013
Net income	\$ 2,162
Cash flow from operations (GAAP) less Net income	\$ 1,222
Free cash flow (non-GAAP) less Net income	\$ 810