

Reconciliation of Non-GAAP Financial Measure

Texas Instruments Incorporated Reconciliation of Non-GAAP Financial Measures

On January 22, 2013, we held a publicly webcast conference call with analysts to discuss fourth-quarter and full-year earnings. During the call we made the non-GAAP references discussed and reconciled to GAAP below. These were in addition to ones documented in the actual [earnings release](#) and also discussed during the call.

Gross margin percentage change

We made a non-GAAP reference to the impact that acquisition-related charges associated with National Semiconductor included in Cost of revenue (COR) and underutilization costs had on our gross margins in the fourth quarter and the year-ago quarter. We believe this information provides investors insight into our profitability.

Texas Instruments Incorporated (Millions of dollars)

For Three Months Ended		
Dec. 31, 2012	Dec. 31, 2011	Delta

Revenue	\$	2,979	\$	3,420	
Cost of revenue		1,534		1,872	
Gross profit as reported (GAAP)		1,445		1,548	
Plus adjustment for underutilization costs		170		111	
Plus adjustment for acquisition-related charges in COR		--		103	
Gross profit as adjusted (non-GAAP)		1,615		1,762	
Gross margin as adjusted (non-GAAP)		54.2%		51.5%	2.7% *

* 270 basis point improvement

Adjusted five-year average quarterly sequential revenue growth rates

We also made a non-GAAP reference to TI's five-year average quarterly sequential growth rates. These five-year averages were calculated as including revenue reported by National Semiconductor (referred to as Silicon Valley Analog or SVA on the call) prior to TI's September 2011 acquisition and excluding revenue associated with the Wireless segment by quarter over this five-year period.

The table below provides a reconciliation of this non-GAAP sequential growth rate to TI's sequential growth rate as prepared in accordance with GAAP.

Texas Instruments Incorporated
(Millions of dollars)

1Q vs. 4Q Five-Year Sequential Growth Rate Average

Revenue as reported (GAAP):

	For Three Months Ended Dec. 31	For Three Months Ended Mar. 31	Sequential Growth Rate
2011/2012	\$ 3,420	\$ 3,121	-9%
2010/2011	3,525	3,392	-4%
2009/2010	3,005	3,205	7%
2008/2009	2,491	2,086	-16%
2007/2008	3,556	3,272	-8%
Five-Year Sequential Growth Rate Average			-6%

Plus National Semiconductor (NSC) revenue not included above:

For Three Months Ended Dec. 31	For Three Months Ended Mar. 31

2011/2012		n/a		n/a
2010/2011	\$	373	\$	358
2009/2010		345		368
2008/2009		422		292
2007/2008		499		453

Less Wireless revenue included in Revenue as reported (GAAP):

		For Three Months Ended Dec. 31		For Three Months Ended Mar. 31
2011/2012	\$	722	\$	373
2010/2011		767		658
2009/2010		758		717
2008/2009		659		563
2007/2008		1,138		937

Revenue as adjusted (non-GAAP):

		For Three Months Ended Dec. 31		For Three Months Ended Mar. 31	Sequential Growth Rate
2011/2012	\$	2,698	\$	2,748	1.9%
2010/2011		3,131		3,092	-1.2%
2009/2010		2,592		2,856	10.2%
2008/2009		2,254		1,815	-19.5%
2007/2008		2,917		2,788	-4.4%

Five-Year Sequential
Growth Rate Average -2.6%

Rounded growth rate referenced
in conference call -3%



2Q vs. 1Q Five-Year Sequential Growth Rate Average





Revenue as reported (GAAP):



	For Three Months Ended Mar. 31	For Three Months Ended June 30	Sequential Growth Rate
2012	\$ 3,121	\$ 3,335	7%
2011	3,392	3,458	2%
2010	3,205	3,496	9%
2009	2,086	2,457	18%
2008	3,272	3,351	2%

Five-Year Sequential
Growth Rate Average 8%

Plus NSC revenue not included above:

	For Three Months Ended Mar. 31	For Three Months Ended June 30
		
2012	n/a	n/a
2011	\$ 358	\$ 383
2010	368	404
2009	292	281
2008	453	462

Less Wireless revenue included in Revenue as reported (GAAP):

	For Three Months Ended Mar. 31	For Three Months Ended June 30
		
2012	\$ 373	\$ 342
2011	658	558
2010	717	727
2009	563	614
2008	937	920

Revenue as adjusted (non-GAAP):

For Three Months Ended Mar. 31	For Three Months Ended June 30	Sequential Growth Rate
		

2012	\$	2,748	\$	2,993	8.9%
2011		3,092		3,283	6.2%
2010		2,856		3,173	11.1%
2009		1,815		2,124	17.0%
2008		2,788		2,893	3.8%

Five-Year Sequential
Growth Rate Average 9.4%

Rounded growth rate referenced
in conference call 9%

3Q vs. 2Q Five-Year Sequential Growth Rate Average

Revenue as reported (GAAP):

		For Three Months Ended June 30	For Three Months Ended Sept. 30	Sequential Growth Rate
2012	\$	3,335	\$ 3,390	2%
2011		3,458	3,466	0%
2010		3,496	3,740	7%
2009		2,457	2,880	17%
2008		3,351	3,387	1%

Five-Year Sequential
Growth Rate Average

5%

Plus NSC revenue not included above:

	For Three Months Ended June 30	For Three Months Ended Sept. 30
2012	n/a	n/a
2011	\$ 383	\$ 315
2010	404	401
2009	281	314
2008	462	466

Less Wireless revenue included in Revenue as reported (GAAP):

	For Three Months Ended June 30	For Three Months Ended Sept. 30
2012	\$ 342	\$ 325
2011	558	580
2010	727	767
2009	614	691
2008	920	934

Revenue as adjusted (non-GAAP):

	For Three Months Ended June 30	For Three Months Ended Sept. 30	Sequential Growth Rate
2012	\$ 2,993	\$ 3,065	2.4%
2011	3,283	3,201	-2.5%
2010	3,173	3,374	6.3%
2009	2,124	2,503	17.8%
2008	2,893	2,919	0.9%
Five-Year Sequential Growth Rate Average			5.0%
Rounded growth rate referenced in conference call			5%

4Q vs. 3Q Five-Year Sequential Growth Rate Average

Revenue as reported (GAAP):

	For Three Months Ended Sept. 30	For Three Months Ended Dec. 31	Sequential Growth Rate
2012	\$ 3,390	\$ 2,979	-12%

2011	3,466	3,420	-1%
2010	3,740	3,525	-6%
2009	2,880	3,005	4%
2008	3,387	2,491	-26%
Five-Year Sequential Growth Rate Average			-8%

Plus NSC revenue not included above:

	For Three Months Ended Sept. 30	For Three Months Ended Dec. 31
	██████████	██████████
2012	n/a	n/a
2011	\$ 315	\$ n/a
2010	401	373
2009	314	345
2008	466	422

Less Wireless revenue included in Revenue as reported (GAAP):

	For Three Months Ended Sept. 30	For Three Months Ended Dec. 31
	██████████	██████████
2012	\$ 325	\$ 317
2011	580	722
2010	767	767

2009	691	758
2008	934	659

Revenue as adjusted (non-GAAP):

	For Three Months Ended Sept. 30	For Three Months Ended Dec. 31	Sequential Growth Rate
	██████████	██████████	██████████
2012	\$ 3,065	\$ 2,662	-13.1%
2011	3,201	2,698	-15.7%
2010	3,374	3,131	-7.2%
2009	2,503	2,592	3.6%
2008	2,919	2,254	-22.8%
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Five-Year Sequential Growth Rate Average			-11.0%
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Rounded growth rate referenced in conference call			-11%
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