

Texas Instruments Incorporated
Free Cash Flow (Non-GAAP Reconciliation)
(Millions of dollars)
Calculated as of December 31, 2012

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.

	Twelve Months Ended Dec. 31, 2012	Five Years Ended Dec. 31, 2012
Cash flow from operations (GAAP)	\$ 3,414	\$ 16,463
Less Capital expenditures	495	4,026
Free cash flow (non-GAAP)	<u>\$ 2,919</u>	<u>\$ 12,437</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.

Total cash returned to shareholders as a percentage of free cash flow over a five-year period:

	Five Years Ended Dec. 31, 2012	Percentage of Cash Flow from Operations (GAAP)	Percentage of Free Cash Flow (Non-GAAP)
Cash flow from operations (GAAP)	\$ 16,463		
Free cash flow (non-GAAP)	12,437		
Dividends paid	\$ 3,159	19%	25%
Stock repurchases	9,303	57%	75%
Total cash returned to shareholders	<u>\$ 12,462</u>	76%	100%

Free cash flow in excess of Net income:

	Twelve Months Ended Dec. 31, 2012
Net income	\$ 1,759
Cash flow from operations (GAAP)	3,414
Free cash flow (non-GAAP)	2,919
Cash flow from operations (GAAP) less Net income	\$ 1,655
Free cash flow (non-GAAP) less Net income	1,160