

Texas Instruments Incorporated
Free Cash Flow (Non-GAAP Reconciliation)
(Millions of dollars)
Calculated as of June 30, 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.

	Twelve Months Ended Jun. 30, 2013	Twelve Months Ended Jun. 30, 2012	Change
Cash flow from operations (GAAP)	\$ 3,323	\$ 3,234	3%
Less Capital expenditures	427	595	-28%
Free cash flow (non-GAAP)	<u>\$ 2,896</u>	<u>\$ 2,639</u>	10%

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 (free cash flow margin):

	Twelve Months Ended Jun. 30, 2013	Percentage of Revenue	Twelve Months Ended Jun. 30, 2012	Percentage of Revenue	Twelve Months Ended Mar. 31, 2013	Percentage of Revenue
Revenue	\$ 12,301		\$ 13,342		\$ 12,589	
Cash flow from operations (GAAP)	\$ 3,323	27%	\$ 3,234	24%	\$ 3,324	26%
Less Capital expenditures	427	3%	595	4%	476	4%
Free cash flow (non-GAAP)	<u>\$ 2,896</u>	24%	<u>\$ 2,639</u>	20%	<u>\$ 2,848</u>	23%

For the first quarter of 2013, Cash flow from operations and Capital expenditures as a percentage of Revenue provided in the above chart do not calculate to free cash flow as a percentage of Revenue due to rounding.

Total cash returned to shareholders as a percentage of free cash flow:

	Twelve Months Ended Jun. 30, 2013	Percentage of Cash Flow from Operations (GAAP)	Percentage of Free Cash Flow (Non-GAAP)
Cash flow from operations (GAAP)	\$ 3,323		
Free cash flow (non-GAAP)	2,896		
Dividends paid	\$ 971	29%	34%
Stock repurchases	2,600	78%	90%
Total cash returned to shareholders	<u>\$ 3,571</u>	107%	123%

Dividends paid and Stock repurchases as a percentage of free cash flow provided in the above chart do not sum to total cash returned to shareholders as a percentage of free cash flow due to rounding.