

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

	Twelve Months Ended Mar. 31, 2013	Twelve Months Ended Mar. 31, 2012	Change	Twelve Months Ended Dec. 31, 2012	Change
Cash flow from operations (GAAP)	\$ 3,324	\$ 3,188	4%	\$ 3,414	-3%
Less Capital expenditures	476	725	-34%	495	-4%
Free cash flow (non-GAAP)	<u>\$ 2,848</u>	<u>\$ 2,463</u>	16%	<u>\$ 2,919</u>	-2%

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:

	Twelve Months Ended Mar. 31, 2013	Percentage of Revenue	Twelve Months Ended Dec. 31, 2012	Percentage of Revenue
Revenue	\$ 12,589		\$ 12,825	
Cash flow from operations (GAAP)	\$ 3,324	26%	\$ 3,414	27%
Less Capital expenditures	476	4%	495	4%
Free cash flow (non-GAAP)	<u>\$ 2,848</u>	23%	<u>\$ 2,919</u>	23%

Cash flow from operations and Capital expenditures as a percentage of Revenue provided in the above chart may 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 Mar. 31, 2013	Percentage of Cash Flow from Operations (GAAP)	Percentage of Free Cash Flow (Non-GAAP)
Cash flow from operations (GAAP)	\$ 3,324		
Free cash flow (non-GAAP)	2,848		
Dividends paid	\$ 856	26%	30%
Stock repurchases	2,179	66%	77%
Total cash returned to shareholders	<u>\$ 3,035</u>	91%	107%

Dividends paid and Stock repurchases as a percentage of Cash flow from operations provided in the above chart will not sum to Total cash returned to shareholders as a percentage of Cash flow from operations due to rounding.