

**Texas Instruments Incorporated**  
**Free Cash Flow (Non-GAAP Reconciliation)**  
(Millions of dollars, except share amounts)  
Calculated as of December 31, 2016

**Free cash flow and associated ratios**

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

	For Three Months Ended December 31, 2016	For Years Ended December 31,		Change
		2016	2015	
Cash flow from operations (GAAP) .....	\$ 1,387	\$ 4,614	\$ 4,397	5%
Capital expenditures .....	(110)	(531)	(551)	
Free cash flow (non-GAAP) .....	<u>\$ 1,277</u>	<u>\$ 4,083</u>	<u>\$ 3,846</u>	6%
Revenue .....	<u>\$ 3,414</u>	<u>\$ 13,370</u>	<u>\$ 13,000</u>	
Cash flow from operations as a percent of revenue (GAAP) .....		34.5%	33.8%	
Free cash flow as a percent of revenue (non-GAAP) .....		30.5%	29.6%	

As a result of our fourth-quarter 2016 adoption of Accounting Standards Update (ASU) 2016-09, certain amounts in the first three quarters of 2016 have been recast. Prior annual periods shown below have also been conformed to the 2016 presentation.

	1Q16		2Q16		3Q16	
	Reported	Recast	Reported	Recast	Reported	Recast
Cash flow from operations (GAAP) .....	\$ 547	\$ 653	\$ 1,069	\$ 1,109	\$ 1,413	\$ 1,465
Capital expenditures .....	(124)	(124)	(158)	(158)	(139)	(139)
Free cash flow (non-GAAP) .....	<u>\$ 423</u>	<u>\$ 529</u>	<u>\$ 911</u>	<u>\$ 951</u>	<u>\$ 1,274</u>	<u>\$ 1,326</u>

	For Years Ended December 31,				
	2004	2005	2006	2007	2008
Cash flow from operations (GAAP) .....	\$ 2,974	\$ 3,680	\$ 2,560	\$ 4,529	\$ 3,352
Capital expenditures .....	(1,260)	(1,288)	(1,272)	(686)	(763)
Free cash flow (non-GAAP) .....	<u>\$ 1,714</u>	<u>\$ 2,392</u>	<u>\$ 1,288</u>	<u>\$ 3,843</u>	<u>\$ 2,589</u>
Average basic shares outstanding, in millions .....	1,730	1,640	1,528	1,417	1,308

	For Years Ended December 31,				
	2009	2010	2011	2012	2013
Cash flow from operations (GAAP) .....	\$ 2,647	\$ 3,839	\$ 3,334	\$ 3,483	\$ 3,514
Capital expenditures .....	(753)	(1,199)	(816)	(495)	(412)
Free cash flow (non-GAAP) .....	<u>\$ 1,894</u>	<u>\$ 2,640</u>	<u>\$ 2,518</u>	<u>\$ 2,988</u>	<u>\$ 3,102</u>
Average basic shares outstanding, in millions .....	1,260	1,199	1,151	1,132	1,098

	For Years Ended December 31,			12-Year CAGR as of December 31, 2016
	2014	2015	2016	
Cash flow from operations (GAAP) .....	\$ 4,054	\$ 4,397	\$ 4,614	4%
Capital expenditures .....	(385)	(551)	(531)	
Free cash flow (non-GAAP) .....	<u>\$ 3,669</u>	<u>\$ 3,846</u>	<u>\$ 4,083</u>	8%
Average basic shares outstanding, in millions .....	1,065	1,030	1,003	

CAGR (compound annual growth rate) is calculated using the formula  $(\text{Ending Value}/\text{Beginning Value})^{1/\text{number of years}}$  minus 1.