

Texas Instruments Incorporated
Free Cash Flow (Non-GAAP Reconciliation)
(Millions of dollars)
Calculated as of March 31, 2014

Free cash flow and associated ratios

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.

| | For Three Months Ended Mar. 31, 2014 | For Twelve Months Ended Mar. 31, 2014 | For Twelve Months Ended Mar. 31, 2013 | Change |
|--|---|--|---|--------|
| Cash flow from operations (GAAP) | \$ 462 | \$ 3,486 | \$ 3,324 | 5% |
| Capital expenditures | (77) | (405) | (476) | |
| Free cash flow (non-GAAP) | <u>\$ 385</u> | <u>\$ 3,081</u> | <u>\$ 2,848</u> | 8% |
| Revenue | <u>\$ 2,983</u> | <u>\$ 12,302</u> | <u>\$ 12,589</u> | |
| Cash flow from operations as a percent of revenue (GAAP) | 15% | 28% | 26% | |
| Free cash flow as a percent of revenue (non-GAAP) | 13% | 25% | 23% | |

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:

| | For Twelve Months Ended Mar. 31, 2014 |
|---|--|
| Dividends paid | \$ 1,268 |
| Stock repurchases | 2,909 |
| Total cash returned to shareholders | <u>\$ 4,177</u> |
| Total cash returned to shareholders as a percentage of Cash flow from operations (GAAP) | 120% |
| Total cash returned to shareholders as a percentage of free cash flow (non-GAAP) | 136% |