

Texas Instruments Incorporated
Non-GAAP Reconciliation
(Millions of dollars, except share amounts)
Calculated as of December 31, 2020

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 measure.

| | For Three Months Ended December 31, 2020 | For Years Ended December 31, | | Change |
|---|---|---|------------------|---------------|
| | | 2020 | 2019 | |
| Cash flow from operations (GAAP) | \$ 2,125 | \$ 6,139 | \$ 6,649 | (8)% |
| Capital expenditures | (212) | (649) | (847) | |
| Free cash flow (non-GAAP) | <u>\$ 1,913</u> | <u>\$ 5,490</u> | <u>\$ 5,802</u> | (5)% |
| Revenue | <u>\$ 4,076</u> | <u>\$ 14,461</u> | <u>\$ 14,383</u> | |
| Cash flow from operations as a percentage of revenue (GAAP) | | 42.5% | 46.2% | |
| Free cash flow as a percentage of revenue (non-GAAP) | | 38.0% | 40.3% | |

| | 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> |
| Dividends paid | 154 | 173 | 199 | 425 | 537 |
| Stock repurchases | 753 | 4,151 | 5,302 | 4,886 | 2,122 |
| Cash returned | <u>907</u> | <u>4,324</u> | <u>5,501</u> | <u>5,311</u> | <u>2,659</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> |
| Dividends paid | 567 | 592 | 644 | 819 | 1,175 |
| Stock repurchases | 954 | 2,454 | 1,973 | 1,800 | 2,868 |
| Cash returned | <u>1,521</u> | <u>3,046</u> | <u>2,617</u> | <u>2,619</u> | <u>4,043</u> |
| Average basic shares outstanding, in millions ... | 1,260 | 1,199 | 1,151 | 1,132 | 1,098 |

| | For Years Ended December 31, | | | | |
|---|-------------------------------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Cash flow from operations (GAAP)..... | 4,054 | 4,397 | 4,614 | 5,363 | 7,189 |
| Capital expenditures..... | (385) | (551) | (531) | (695) | (1,131) |
| Free cash flow (non-GAAP)..... | <u>3,669</u> | <u>3,846</u> | <u>4,083</u> | <u>4,668</u> | <u>6,058</u> |
| Dividends paid..... | 1,323 | 1,444 | 1,646 | 2,104 | 2,555 |
| Stock repurchases..... | <u>2,831</u> | <u>2,741</u> | <u>2,132</u> | <u>2,556</u> | <u>5,100</u> |
| Cash returned..... | <u>4,154</u> | <u>4,185</u> | <u>3,778</u> | <u>4,660</u> | <u>7,655</u> |
| Average basic shares outstanding, in millions ... | 1,065 | 1,030 | 1,003 | 991 | 970 |

| | For Years Ended December 31, | |
|---|-------------------------------------|--------------|
| | 2019 | 2020 |
| Cash flow from operations (GAAP)..... | 6,649 | 6,139 |
| Capital expenditures..... | (847) | (649) |
| Free cash flow (non-GAAP)..... | <u>5,802</u> | <u>5,490</u> |
| Dividends paid..... | 3,008 | 3,426 |
| Stock repurchases..... | <u>2,960</u> | <u>2,553</u> |
| Cash returned..... | <u>5,968</u> | <u>5,979</u> |
| Average basic shares outstanding, in millions ... | 936 | 921 |