

**Texas Instruments Incorporated**  
**Free Cash Flow (Non-GAAP Reconciliation)**  
(Millions of dollars, except share amounts)  
**Calculated as of December 31, 2017**

**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, 2017	For Years Ended December 31,		Change
		2017	2016	
Cash flow from operations (GAAP) .....	\$ 1,929	\$ 5,363	\$ 4,614	16%
Capital expenditures .....	(231)	(695)	(531)	
Free cash flow (non-GAAP) .....	<u>\$ 1,698</u>	<u>\$ 4,668</u>	<u>\$ 4,083</u>	14%
Revenue .....	<u>\$ 3,750</u>	<u>\$ 14,961</u>	<u>\$ 13,370</u>	
Cash flow from operations as a percent of revenue (GAAP) .....		35.8%	34.5%	
Free cash flow as a percent of revenue (non-GAAP) .....		31.2%	30.5%	

	For Years Ended December 31,				
	2005	2006	2007	2008	2009
Cash flow from operations (GAAP) .....	\$ 3,680	\$ 2,560	\$ 4,529	\$ 3,352	\$ 2,647
Capital expenditures .....	(1,288)	(1,272)	(686)	(763)	(753)
Free cash flow (non-GAAP) .....	<u>\$ 2,392</u>	<u>\$ 1,288</u>	<u>\$ 3,843</u>	<u>\$ 2,589</u>	<u>\$ 1,894</u>
Average basic shares outstanding, in millions .....	1,640	1,528	1,417	1,308	1,260

	For Years Ended December 31,				
	2010	2011	2012	2013	2014
Cash flow from operations (GAAP) .....	\$ 3,839	\$ 3,334	\$ 3,483	\$ 3,514	\$ 4,054
Capital expenditures .....	(1,199)	(816)	(495)	(412)	(385)
Free cash flow (non-GAAP) .....	<u>\$ 2,640</u>	<u>\$ 2,518</u>	<u>\$ 2,988</u>	<u>\$ 3,102</u>	<u>\$ 3,669</u>
Average basic shares outstanding, in millions .....	1,199	1,151	1,132	1,098	1,065

	For Years Ended December 31,			12-Year CAGR as of December 31, 2017
	2015	2016	2017	
Cash flow from operations (GAAP) .....	\$ 4,397	\$ 4,614	\$ 5,363	3%
Capital expenditures .....	(551)	(531)	(695)	
Free cash flow (non-GAAP) .....	<u>\$ 3,846</u>	<u>\$ 4,083</u>	<u>\$ 4,668</u>	6%
Average basic shares outstanding, in millions .....	1,030	1,003	991	

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