

Priloha

Historical performance

	1996	1997	1998	1999	2000	2001
Net revenues	11713	10562	8460	9759	11875	8201
Cost of revenues	8744	6795	5394	5069	6120	5824
Research and development	1181	1536	1206	1379	1747	1598
Marketing, general and administrative	735	423	317	551	453	-238
Deprecation and amortization	904	1109	1144	1005	1216	1599
Deprecation	106	684	-228	503	255	851
Amortization of trademarks&intangibles	798	425	1372	502	961	748
Adjustment for operating leases and accrued retirement costs	99	80	83	294	2314	947
EBIT	248	779	482	2049	4653	365
Provision for taxes	89	443	210	631	1491	-225
Tax shield on interest expense	26	33	26	27	26	21
Adjustment for operating leases and accrued retirement costs	35	28	29	103	810	331
Tax on interest income	-22	-51	-58	-114	-784	-55
Taxes on EBIT	128	453	207	647	1543	72
EBIT	248	779	482	2049	4653	365
Taxes on EBIT	128	453	207	647	1543	72
Change in deferred taxes	-27	23	390	644	-521	-173
NOPLAT	93	349	665	2046	2589	120
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Depreciation and amortization	904	1109	1144	1005	1216	1599
Gross cash flow from operations	997	1458	1809	3051	3805	1719
Operating cash	29	30	16	23	22	13
Accounts receivables	2077	1705	1343	1909	2204	1198
Inventories	924	742	596	894	1233	751
Other operating current assets	51	59	75	109	80	75
Operating current assets	3081	2536	2030	2935	3539	2037
Account payable	1009	698	510	687	997	452
Salaries and wages	309	405	320	421	365	246
Other operating current liabilities	925	1168	906	998	980	0
Operating current liabilities	2243	2271	1736	2096	2342	698
Operating current assets	3071	2526	2025	2928	3532	2037
Operating current liabilities	2243	2271	1736	2096	2342	698
Operating net working capital	828	255	289	832	1190	1339
Investment in operating net working capital	280	-573	34	543	358	149
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Capital expenditures	2063	1238	1031	1398	2762	1790
Increase in other assets	1109	196	1453	448	1262	682
Gross investment	3452	861	2518	2389	4382	2621

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Free cash flow before investment in goodwill	-2455	597	-709	662	-577	-902

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Investment in goodwill	0	0	0	0	0	0
Free cash flow	-2455	597	-709	662	-577	-902

Operating net working capital	828	255	289	832	1190	1339
Net property, plant and equipment	4458	4180	3373	3953	5447	5589
Other operating assets	592	363	444	393	691	625
Operating invested capital	5878	4798	4106	5178	7328	7553

NOPLAT	93	349	665	2046	2589	120
Operating invested capital	5878	4798	4106	5178	7328	7553
ROIC	1.58%	7.27%	16.20%	39.51%	35.33%	1.59%

Operating invested capital	5878	4798	4106	5178	7328	7553
Goodwill before amortization	0	0	0	0	0	0
Invested capital including goodwill	5878	4798	4106	5178	7328	7553

ROIC on invested capital including goodwill	1.58%	7.27%	16.20%	39.51%	35.33%	1.59%
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Invested capital including goodwill	5878	4798	4106	5178	7328	7553
Excess cash and marketable securities	945	995	529	758	723	418
Short term investments	14	2005	1709	2045	3258	2513
Investments	0	69	2564	4205	2400	2214
Total investor funds	6837	7867	8908	12186	13709	12698

ROIC on total investor funds	1.36%	4.44%	7.47%	16.79%	18.89%	0.95%
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Common stock value

	Dec-01	
Outstanding shares	1,740	mil.
Price of stock	28	\$
Common stock value	48720	mil.
Short-term debt	38	0.07%
Long-term debt	1,211	2.37%
Accrued retirement costs	485	0.95%
Other liabilities	293	0.57%
PV of operating leases	421	0.82%
Total debt	2448	4.78%
Preferred stock	0	0.00%
Common stock	48720	95.22%
Total	51168	100.00%
D/V	0.048	
P/V	0.000	
E/V	0.952	

Items expressed as % of net revenues

	1996	1997	1998	1999	2000	2001
Net revenues in mil. of \$	11713	10562	8460	9759	11875	8201
Cost of revenues	74.7%	64.3%	63.8%	51.9%	51.5%	71.0%
Research and development	10.1%	14.5%	14.3%	14.1%	14.7%	19.5%
Marketing, general and administrative	6.3%	4.0%	3.7%	5.6%	3.8%	-2.9%
Depreciation and amortization	7.7%	10.5%	13.5%	10.3%	10.2%	19.5%
Adjustment for oper.leases and accr.retir.c.	0.8%	0.8%	1.0%	3.0%	19.5%	11.5%
EBIT	2.1%	7.4%	5.7%	21.0%	39.2%	4.5%
Taxes on EBIT	1.1%	4.3%	2.4%	6.6%	13.0%	0.9%
Change in deferred taxes	-0.2%	0.2%	4.6%	6.6%	-4.4%	-2.1%
NOPLAT	0.8%	3.3%	7.9%	21.0%	21.8%	1.5%
Investment in operating net working capital	2.4%	-5.4%	0.4%	5.6%	3.0%	1.8%
Capital expenditures	17.6%	11.7%	12.2%	14.3%	23.3%	21.8%
Increase in other long-term assets	9.5%	1.9%	17.2%	4.6%	10.6%	8.3%

Projections

	Projections	2002	2003	2004	2005	2006	2007	2008	2009	2010
Net revenues	11.0%	9103	10104	11216	12450	13819	15339	17027	18900	20978
Cost of revenues	38.7%	3523	3910	4341	4818	5348	5936	6589	7314	8119
Research and development	14.5%	1320	1465	1626	1805	2004	2224	2469	2740	3042
Marketing, general and administrative	5.6%	510	566	628	697	774	859	953	1058	1175
Depreciation and amortization	11.0%	1001	1111	1234	1369	1520	1687	1873	2079	2308
Adjustment for oper. lease & accr. retir. c.	2.3%	209	232	258	286	318	353	392	435	483
EBIT		2959	3284	3645	4046	4491	4985	5534	6142	6818
Taxes on EBIT	35.0%	1035	1149	1276	1416	1572	1745	1937	2150	2386
Change in deferred taxes	0.8%	73	81	90	100	111	123	136	151	168
EBPLAT		1996	2215	2459	2730	3030	3363	3733	4144	4600
Investment in oper. net working cap.	1.3%	118	131	146	162	180	199	221	246	273
Capital expenditures	16.8%	1529	1698	1884	2092	2322	2577	2860	3175	3524
Free Cash Flow		1350	1498	1663	1846	2049	2274	2524	2802	3110
Patent royalties	5.0%	455	505	561	622	691	767	851	945	1049
Minor Income	1.3%	118	131	146	162	180	199	221	246	273
FCF		1923	2135	2369	2630	2919	3240	3597	3993	4432

WACC	12.78%									
Discount factor	0.887	0.786	0.697	0.618	0.548	0.486	0.431	0.382	0.339	0.30
PV of FCF	1705	1678	1652	1626	1600	1575	1550	1525	1501	147
Sum (PV of FCF)	15890									

Growth rate in perpetuity	0.1
Continuing value	262225
PV of continuing value	88835
Value of TXN operations	104725
Value of non-operating assets	6209
Value of TXN	110934
Value of TXN equity	108486
Estimated stock price	62.35

Projections (continue)

Year	1	2	3	4	5	6	7	8	9	10
Net revenues	9989	11088	12307	13661	15164	16832	18683	20739	23020	2555
Cost of revenues	3866	4291	4763	5287	5868	6514	7230	8026	8909	988
Research and development	1448	1608	1785	1981	2199	2441	2709	3007	3338	370
Marketing, general and administrative	559	621	689	765	849	943	1046	1161	1289	143
Depreciation and amortization	1099	1220	1354	1503	1668	1852	2055	2281	2532	281
Adjustment for oper. lease & accrued ret	230	255	283	314	349	387	430	477	529	58
BIT	3246	3604	4000	4440	4928	5470	6072	6740	7481	830
Taxes on EBIT	1136	1261	1400	1554	1725	1915	2125	2359	2619	290
Change in deferred taxes	80	89	98	109	121	135	149	166	184	20
EOPLAT	2190	2431	2698	2995	3325	3690	4096	4547	5047	560
Investment in oper. net working cap.	130	144	160	178	197	219	243	270	299	33
Capital expenditures	1678	1863	2068	2295	2548	2828	3139	3484	3867	429
Free Cash Flow	1481	1644	1825	2025	2248	2495	2770	3074	3413	378
Loyalties	675	749	831	922	1024	1137	1262	1400	1554	172
Other Income	175	195	216	240	266	296	328	364	404	44
CF1	2850	3163	3511	3897	4326	4802	5330	5917	6567	729