

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended			Year Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
	(in thousands, except per share data)				
Net revenues	\$ 719,855	\$ 665,029	\$ 545,369	\$ 2,632,529	\$ 2,191,395
Cost of goods sold	235,830	222,144	183,001	872,183	758,743
Gross margin	484,025	442,885	362,368	1,760,346	1,432,652
Operating expenses:					
Research and development	114,834	109,228	110,173	454,330	440,166
Selling, general and administrative	81,071	76,544	72,893	320,722	296,722
Intangible asset amortization	846	846	810	3,554	3,078
Severance and restructuring expenses	1,139	155	678	13,434	5,363
Other operating expenses (income), net	2,798	8,848	(173)	22,606	929
Total operating expenses	200,688	195,621	184,381	814,646	746,258
Operating income	283,337	247,264	177,987	945,700	686,394
Interest and other income (expense), net	(5,723)	(2)	(8,488)	(15,964)	(8,298)
Income before taxes	277,614	247,262	169,499	929,736	678,096
Provision for (benefit from) income taxes ⁽¹⁾⁽²⁾	23,875	27,199	(37,799)	102,475	23,402
Net income	\$ 253,739	\$ 220,063	\$ 207,298	\$ 827,261	\$ 654,694
Earnings per share:					
Basic	\$ 0.95	\$ 0.82	\$ 0.78	\$ 3.09	\$ 2.43
Diluted	\$ 0.93	\$ 0.81	\$ 0.77	\$ 3.05	\$ 2.41
Shares used in the calculation of earnings per share:					
Basic	268,160	267,892	266,639	267,546	269,341
Diluted	271,445	271,396	268,777	270,872	272,028
Dividends paid per share	\$ -	\$ -	\$ 0.48	\$ 0.48	\$ 1.92

SCHEDULE OF SPECIAL ITEMS
(Unaudited)

	Three Months Ended			Year Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
	(in thousands)				
Cost of goods sold:					
Intangible asset amortization	\$ 3,047	\$ 4,430	\$ 3,528	\$ 17,408	\$ 12,860
Merger-related expenses ⁽³⁾	-	-	-	2,394	-
Cost of COVID-19 response programs	609	638	1,591	2,750	3,616
Total	\$ 3,656	\$ 5,068	\$ 5,119	\$ 22,552	\$ 16,476
Operating expenses:					
Merger-related expenses ⁽³⁾	\$ 2,058	\$ 2,546	\$ -	\$ 26,617	\$ -
Intangible asset amortization	846	846	810	3,553	3,078
Severance and restructuring	1,139	155	678	13,434	5,363
Other operating expenses (income), net	831	6,302	(173)	7,436	928
Total	\$ 4,874	\$ 9,849	\$ 1,315	\$ 51,040	\$ 9,369
Interest and other expense (income), net	\$ (2,878)	\$ (7,359)	\$ 1,484	\$ (15,903)	\$ (541)
Total	\$ (2,878)	\$ (7,359)	\$ 1,484	\$ (15,903)	\$ (541)
Provision for (benefit from) for income taxes:					
Impact of U.S. tax legislation ⁽¹⁾	\$ -	\$ -	\$ 6,486	\$ -	\$ 6,486
Impact of income tax audit settlements ⁽²⁾	-	-	(51,197)	-	(51,197)
Total	\$ -	\$ -	\$ (44,711)	\$ -	\$ (44,711)

(1) Includes effect of U.S. tax legislation enacted on December 22, 2017.

(2) Includes effect of income tax audit settlements.

(3) Includes ADI merger related expenses such as accelerated stock-based compensation expense resulting from the acceleration of certain RSAs and RSUs, and other legal and professional services.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	<u>June 26, 2021</u>	<u>March 27, 2021</u>	<u>June 27, 2020</u>
	(in thousands)		
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,291,399	\$ 2,033,973	\$ 1,578,670
Short-term investments	-	-	35,536
Total cash, cash equivalents and short-term investments	2,291,399	2,033,973	1,614,206
Accounts receivable, net	658,829	571,042	404,778
Inventories	237,414	242,343	259,626
Other current assets	30,643	27,440	39,219
Total current assets	3,218,285	2,874,798	2,317,829
Property, plant and equipment, net	554,339	543,848	550,406
Intangible assets, net	66,998	70,891	87,959
Goodwill	562,540	562,541	562,540
Other assets	120,937	120,149	110,569
TOTAL ASSETS	<u>\$ 4,523,099</u>	<u>\$ 4,172,227</u>	<u>\$ 3,629,303</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 129,710	\$ 102,263	\$ 91,982
Price adjustment and other revenue reserves	259,411	214,366	148,916
Income taxes payable	49,568	53,694	43,457
Accrued salary and related expenses	150,656	128,553	126,751
Accrued expenses	47,967	35,627	42,228
Total current liabilities	637,312	534,503	453,334
Long-term debt	995,460	995,100	994,022
Income taxes payable	343,964	351,738	385,072
Other liabilities	130,423	141,721	139,418
Total liabilities	2,107,159	2,023,062	1,971,846
Stockholders' equity:			
Common stock and capital in excess of par value	269	268	266
Additional paid-in capital	58,055	47,801	-
Retained earnings	2,370,900	2,117,161	1,671,786
Accumulated other comprehensive loss	(13,284)	(16,065)	(14,595)
Total stockholders' equity	2,415,940	2,149,165	1,657,457
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>\$ 4,523,099</u>	<u>\$ 4,172,227</u>	<u>\$ 3,629,303</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended			Year Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
(in thousands, except per share data)					
Cash flows from operating activities:					
Net income	\$ 253,739	\$ 220,063	\$ 207,298	\$ 827,261	\$ 654,694
Adjustments to reconcile net income to net cash provided by operating activities:					
Stock-based compensation	20,176	20,878	23,290	107,993	95,431
Depreciation and amortization	23,564	24,552	36,384	96,456	108,533
Deferred taxes	(4,047)	1,601	14,386	(5,331)	8,994
In Process Research and Development written-off	-	-	-	1,220	-
Loss from sale or disposal of property, plant and equipment	(611)	124	557	(260)	1,191
Fair value contingent consideration	-	5,835	-	5,835	-
Other adjustments	(95)	2,413	2,127	1,745	11,353
Changes in assets and liabilities:					
Accounts receivable	(87,794)	(85,236)	(24,078)	(254,229)	(42,335)
Inventories	4,890	18,950	(34,562)	21,896	(8,671)
Other assets	(6,759)	(4,875)	(25,769)	(17,343)	(86,299)
Accounts payable	17,384	(719)	5,405	22,187	7,594
Price adjustment and other revenue reserves	45,052	34,118	37,681	110,673	48,426
Income taxes payable	(11,900)	8,021	(45,855)	(34,997)	(74,814)
All other accrued liabilities	26,211	25,715	15,465	41,154	76,758
Net cash provided by operating activities	279,810	271,440	212,329	924,260	800,855
Cash flows from investing activities:					
Purchases of property, plant and equipment	(19,500)	(16,229)	(15,680)	(64,942)	(67,049)
Proceeds from sales of property, plant and equipment	11	16	124	94	392
Proceeds from sales of available-for-sale securities	-	-	1,290	1,500	1,290
Proceeds from maturity of available-for-sale securities	-	8,876	10,734	33,901	104,286
Payment in connection with business acquisition, net of cash acquired	-	-	(69,270)	-	(69,270)
Purchases of investments in privately-held companies	-	(1,235)	(1,840)	(1,345)	(1,960)
Proceeds from sale of investments in privately-held companies	242	-	205	281	378
Other investing activities	-	-	2	-	(116)
Net cash provided by (used in) investing activities	(19,247)	(8,572)	(74,435)	(30,511)	(32,049)
Cash flows from financing activities:					
Contingent consideration paid	-	(10,000)	-	(10,000)	(8,000)
Net issuance of restricted stock units	(9,964)	(15,932)	(6,741)	(61,880)	(35,877)
Proceeds from stock options exercised	82	76	2,240	2,965	18,870
Issuance of common stock under employee stock purchase program	-	-	23,725	18,498	42,260
Repurchase of common stock	-	-	(82,299)	(9,201)	(440,811)
Dividends paid	-	-	(128,058)	(128,147)	(517,162)
Net cash used in financing activities	(9,882)	(25,856)	(191,133)	(187,765)	(940,720)
Net increase (decrease) in cash, cash equivalents and restricted cash	250,681	237,012	(53,239)	705,984	(171,914)
Cash, cash equivalents and restricted cash					
Beginning of period	\$ 2,040,731	\$ 1,803,719	\$ 1,638,667	\$ 1,585,428	\$ 1,757,342
End of period	\$ 2,291,412	\$ 2,040,731	\$ 1,585,428	\$ 2,291,412	\$ 1,585,428
Total cash, cash equivalents, and short-term investments					
	\$ 2,291,399	\$ 2,033,973	\$ 1,614,206	\$ 2,291,399	\$ 1,614,206
Cash, cash equivalents and restricted cash:					
Cash and cash equivalents	\$ 2,291,399	\$ 2,033,973	\$ 1,578,670	\$ 2,291,399	\$ 1,578,670
Restricted cash in Other assets	13	6,758	6,758	13	6,758
Total cash, cash equivalents and restricted cash	\$ 2,291,412	\$ 2,040,731	\$ 1,585,428	\$ 2,291,412	\$ 1,585,428

ANALYSIS OF GAAP VERSUS GAAP EXCLUDING SPECIAL ITEMS DISCLOSURES

(Unaudited)

	Three Months Ended			Year Ended	
	June 26, 2021	March 27, 2021	June 27, 2020	June 26, 2021	June 27, 2020
(in thousands, except per share data)					
Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:					
GAAP gross profit	\$ 484,025	\$ 442,885	\$ 362,368	\$ 1,760,346	\$ 1,432,652
GAAP gross profit %	67.2%	66.6%	66.4%	66.9%	65.4%
Special items:					
Intangible asset amortization	3,047	4,430	3,528	17,408	12,860
Merger-related expenses ⁽¹⁾	-	-	-	2,381	-
Cost of COVID-19 response programs	609	638	1,591	2,750	3,616
Severance and restructuring	-	-	-	13	-
Total special items	3,656	5,068	5,119	22,552	16,476
GAAP gross profit excluding special items	\$ 487,681	\$ 447,953	\$ 367,487	\$ 1,782,898	\$ 1,449,128
GAAP gross profit % excluding special items	67.7%	67.4%	67.4%	67.7%	66.1%
Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:					
GAAP operating expenses	\$ 200,688	\$ 195,621	\$ 184,381	\$ 814,646	\$ 746,258
Special items:					
Merger-related expenses ⁽¹⁾	2,058	2,546	-	26,617	-
Intangible asset amortization	846	846	810	3,553	3,078
Severance and restructuring	1,139	155	678	13,434	5,363
Other operating expenses (income), net	831	6,302	(173)	7,436	928
Total special items	4,874	9,849	1,315	51,040	9,369
GAAP operating expenses excluding special items	\$ 195,814	\$ 185,772	\$ 183,066	\$ 763,606	\$ 736,889
Reconciliation of GAAP net income to GAAP net income excluding special items:					
GAAP net income	\$ 253,739	\$ 220,063	\$ 207,298	\$ 827,261	\$ 654,694
Special items:					
Intangible asset amortization	3,893	5,276	4,338	20,961	15,938
Merger-related expenses ⁽¹⁾	2,058	2,546	-	29,011	-
Cost of COVID-19 response programs	609	638	1,591	2,750	3,616
Severance and restructuring	1,139	155	678	13,434	5,363
Other operating expenses (income), net	831	6,302	(173)	7,436	928
Interest and other expense (income), net	(2,878)	(7,359)	1,484	(15,903)	(541)
Pre-tax total special items	5,652	7,558	7,918	57,689	25,304
Other income tax effects and adjustments ⁽²⁾	(12,950)	(5,928)	(14,378)	(24,765)	(19,668)
Impact of U.S. tax legislation ⁽³⁾	-	-	6,486	-	6,486
Impact of income tax audit settlements ⁽⁴⁾	-	-	(51,197)	-	(51,197)
GAAP net income excluding special items	\$ 246,441	\$ 221,693	\$ 156,127	\$ 860,185	\$ 615,619
GAAP net income per share excluding special items:					
Basic	\$ 0.92	\$ 0.83	\$ 0.59	\$ 3.22	\$ 2.29
Diluted	\$ 0.91	\$ 0.82	\$ 0.58	\$ 3.18	\$ 2.26
Shares used in the calculation of earnings per share excluding special items:					
Basic	268,160	267,892	266,639	267,546	269,341
Diluted	271,445	271,396	268,777	270,872	272,028

(1) Includes ADI merger related expenses such as accelerated stock-based compensation expense resulting from the acceleration of certain RSAs and RSUs, and other legal and professional services.

(2) Includes tax effect of pre-tax special items and miscellaneous tax adjustments.

(3) Includes effect of U.S. tax legislation enacted on December 22, 2017.

(4) Includes effect of income tax audit settlements.