

## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended		
	September 29, 2018	June 30, 2018	September 23, 2017
	(in thousands, except per share data)		
Net revenues	\$ 638,495	\$ 633,154	\$ 575,676
Cost of goods sold	208,259	214,486	201,845
Gross margin	430,236	418,668	373,831
Operating expenses:			
Research and development	112,708	112,056	108,601
Selling, general and administrative	81,518	82,611	73,681
Intangible asset amortization	773	844	1,752
Impairment of long-lived assets	—	—	42
Severance and restructuring expenses	994	833	5,433
Other operating expenses (income), net	60	(71)	(844)
Total operating expenses (income), net	196,053	196,273	188,665
Operating income (loss)	234,183	222,395	185,166
Interest and other income (expense), net	(546)	1,305	(4,214)
Income (loss) before provision for income taxes	233,637	223,700	180,952
Income tax provision (benefit)	36,214	29,528	26,419
Net income (loss)	\$ 197,423	\$ 194,172	\$ 154,533
Earnings (loss) per share:			
Basic	\$ 0.71	\$ 0.70	\$ 0.55
Diluted	\$ 0.70	\$ 0.68	\$ 0.54
Shares used in the calculation of earnings (loss) per share:			
Basic	278,045	279,304	282,170
Diluted	282,454	283,934	286,437
Dividends paid per share	\$ 0.46	\$ 0.42	\$ 0.36

## SCHEDULE OF SPECIAL ITEMS

(Unaudited)

	Three Months Ended		
	September 29, 2018	June 30, 2018	September 23, 2017
	(in thousands)		
Cost of goods sold:			
Intangible asset amortization	\$ 6,915	\$ 11,759	\$ 11,064
Total	\$ 6,915	\$ 11,759	\$ 11,064
Operating expenses:			
Intangible asset amortization	\$ 773	\$ 844	\$ 1,752
Impairment of long-lived assets	—	—	42
Severance and restructuring	994	833	5,433
Other operating expenses (income), net	60	(71)	(844)
Total	\$ 1,827	\$ 1,606	\$ 6,383
Interest and other expense (income), net	\$ (378)	\$ (941)	\$ (84)
Total	\$ (378)	\$ (941)	\$ (84)

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 29, 2018	June 30, 2018	September 23, 2017
	(in thousands)		
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,598,772	\$ 1,543,484	\$ 1,577,160
Short-term investments	964,643	1,082,915	1,196,827
Total cash, cash equivalents and short-term investments	2,563,415	2,626,399	2,773,987
Accounts receivable, net	439,407	280,072	233,215
Inventories	275,374	282,390	245,347
Other current assets	33,329	21,548	55,033
Total current assets	3,311,525	3,210,409	3,307,582
Property, plant and equipment, net	573,014	579,364	595,622
Intangible assets, net	74,785	78,246	79,850
Goodwill	532,251	532,251	491,015
Other assets	56,977	51,291	61,937
<b>TOTAL ASSETS</b>	<b>\$ 4,548,552</b>	<b>\$ 4,451,561</b>	<b>\$ 4,536,006</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 84,087	\$ 92,572	\$ 66,915
Price adjustment and other revenue reserves	135,187	—	—
Income taxes payable	60,877	17,961	3,688
Accrued salary and related expenses	106,273	151,682	103,194
Accrued expenses	42,091	35,774	43,121
Deferred margin on shipments to distributors	—	—	16,994
Current portion of long-term debt	499,762	499,406	—
Total current liabilities	928,277	797,395	233,912
Long-term debt	991,506	991,147	1,488,406
Income taxes payable	652,163	661,336	573,831
Other liabilities	64,283	70,743	42,113
Total liabilities	2,636,229	2,520,621	2,338,262
<b>Stockholders' equity:</b>			
Common stock and capital in excess of par value	279	279	283
Retained earnings	1,924,764	1,945,646	2,207,052
Accumulated other comprehensive loss	(12,720)	(14,985)	(9,591)
Total stockholders' equity	1,912,323	1,930,940	2,197,744
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$ 4,548,552</b>	<b>\$ 4,451,561</b>	<b>\$ 4,536,006</b>



**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Three Months Ended		
	September 29, 2018	June 30, 2018	September 23, 2017
	(in thousands)		
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 197,423	\$ 194,172	\$ 154,533
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Stock-based compensation	20,497	19,753	17,287
Depreciation and amortization	31,191	36,083	36,754
Deferred taxes	(3,032)	21,458	12,115
Loss (gain) from sale of property, plant and equipment	621	423	61
Other adjustments	(117)	—	42
Changes in assets and liabilities:			
Accounts receivable	(23,604)	40,480	23,239
Inventories	7,002	(9,450)	1,835
Other current assets	(12,625)	(212)	1,488
Accounts payable	(5,263)	6,131	(9,979)
Income taxes payable	33,743	(163,010)	16,333
Deferred margin on shipments to distributors	—	—	2,020
Accrued salary and related expenses	(45,408)	3,911	(42,105)
All other accrued liabilities	6,757	(3,080)	6,082
Net cash provided by (used in) operating activities	<u>207,185</u>	<u>146,659</u>	<u>219,705</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(18,316)	(12,118)	(14,321)
Proceeds from sales of property, plant and equipment	1	62	1,473
Proceeds from sale of available-for-sale securities	8,438	7,287	18,101
Proceeds from maturity of available-for-sale securities	301,834	330,749	—
Payment in connection with business acquisition, net of cash acquired	(2,949)	—	—
Purchases of available-for-sale securities	(190,880)	(325,063)	(716,304)
Purchases of privately-held companies & securities	(750)	(2,164)	(606)
Net cash provided by (used in) investing activities	<u>97,378</u>	<u>(1,247)</u>	<u>(711,657)</u>
<b>Cash flows from financing activities:</b>			
Contingent consideration paid	(8,000)	—	—
Net issuance of restricted stock units	(7,528)	(9,148)	(5,416)
Proceeds from stock options exercised	6,608	1,626	5,160
Issuance of common stock under employee stock purchase program	—	21,346	—
Repurchase of common stock	(112,498)	(128,024)	(75,291)
Dividends paid	(127,857)	(117,321)	(101,462)
Net cash provided by (used in) financing activities	<u>(249,275)</u>	<u>(231,521)</u>	<u>(177,009)</u>
Net increase (decrease) in cash and cash equivalents	55,288	(86,109)	(668,961)
Cash and cash equivalents:			
Beginning of period	\$ 1,543,484	\$ 1,629,593	\$ 2,246,121
End of period	<u>\$ 1,598,772</u>	<u>\$ 1,543,484</u>	<u>\$ 1,577,160</u>
Total cash, cash equivalents, and short-term investments	<u>\$ 2,563,415</u>	<u>\$ 2,626,399</u>	<u>\$ 2,773,987</u>

**ANALYSIS OF GAAP VERSUS GAAP EXCLUDING SPECIAL ITEMS DISCLOSURES**  
(Unaudited)

	Three Months Ended		
	September 29, 2018	June 30, 2018	September 23, 2017
(in thousands, except per share data)			
<b>Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:</b>			
GAAP gross profit	\$ 430,236	\$ 418,668	\$ 373,831
GAAP gross profit %	67.4%	66.1%	64.9%
Special items:			
Intangible asset amortization	6,915	11,759	11,064
Total special items	6,915	11,759	11,064
GAAP gross profit excluding special items	\$ 437,151	\$ 430,427	\$ 384,895
GAAP gross profit % excluding special items	68.5%	68.0%	66.9%
<b>Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:</b>			
GAAP operating expenses	\$ 196,053	\$ 196,273	\$ 188,665
Special items:			
Intangible asset amortization	773	844	1,752
Impairment of long-lived assets	—	—	42
Severance and restructuring	994	833	5,433
Other operating expenses (income), net	60	(71)	(844)
Total special items	1,827	1,606	6,383
GAAP operating expenses excluding special items	\$ 194,226	\$ 194,667	\$ 182,282
<b>Reconciliation of GAAP net income (loss) to GAAP net income excluding special items:</b>			
GAAP net income (loss)	\$ 197,423	\$ 194,172	\$ 154,533
Special items:			
Intangible asset amortization	7,688	12,603	12,816
Impairment of long-lived assets	—	—	42
Severance and restructuring	994	833	5,433
Other operating expenses (income), net	60	(71)	(844)
Interest and other expense (income), net	(378)	(941)	(84)
Pre-tax total special items	8,364	12,424	17,363
Other income tax effects and adjustments	4,754	1,194	(1,345)
GAAP net income excluding special items	\$ 210,541	\$ 207,790	\$ 170,551
GAAP net income per share excluding special items:			
Basic	\$ 0.76	\$ 0.74	\$ 0.60
Diluted	\$ 0.75	\$ 0.73	\$ 0.60
Shares used in the calculation of earnings per share excluding special items:			
Basic	278,045	279,304	282,170
Diluted	282,454	283,934	286,437