

**CONSOLIDATED STATEMENTS OF INCOME**
**(Unaudited)**

	<b>Three Months Ended</b>		
	<b>March 30, 2019</b>	<b>December 29, 2018</b>	<b>March 31, 2018</b>
	(in thousands, except per share data)		
Net revenues	\$ 542,383	\$ 576,906	\$ 648,599
Cost of goods sold	201,552	203,858	224,653
Gross margin	<u>340,831</u>	<u>373,048</u>	<u>423,946</u>
Operating expenses:			
Research and development	107,075	110,303	114,390
Selling, general and administrative	74,116	77,853	81,304
Intangible asset amortization	756	756	876
Impairment of long-lived assets	-	753	-
Severance and restructuring expenses	1,744	1,179	2,272
Other operating expenses (income), net	-	-	266
Total operating expenses (income), net	<u>183,691</u>	<u>190,844</u>	<u>199,108</u>
Operating income (loss)	157,140	182,204	224,838
Interest and other income (expense), net	3,318	472	(2,534)
Income (loss) before provision for income taxes	160,458	182,676	222,304
Income tax provision (benefit)	29,845	50,784	28,677
Net income (loss)	<u>\$ 130,613</u>	<u>\$ 131,892</u>	<u>\$ 193,627</u>
Earnings (loss) per share:			
Basic	<u>\$ 0.48</u>	<u>\$ 0.48</u>	<u>\$ 0.69</u>
Diluted	<u>\$ 0.47</u>	<u>\$ 0.47</u>	<u>\$ 0.68</u>
Shares used in the calculation of earnings (loss) per share:			
Basic	273,221	276,252	280,850
Diluted	276,610	280,008	285,881
Dividends paid per share	\$ 0.46	\$ 0.46	\$ 0.42

**SCHEDULE OF SPECIAL ITEMS**
**(Unaudited)**

	<b>Three Months Ended</b>		
	<b>March 30, 2019</b>	<b>December 29, 2018</b>	<b>March 31, 2018</b>
	(in thousands)		
Cost of goods sold:			
Intangible asset amortization	\$ 5,008	\$ 6,868	\$ 12,101
Total	<u>\$ 5,008</u>	<u>\$ 6,868</u>	<u>\$ 12,101</u>
Operating expenses:			
Intangible asset amortization	\$ 756	\$ 756	\$ 876
Impairment of long-lived assets (1)	-	753	-
Severance and restructuring	1,744	1,179	2,272
Other operating expenses (income), net	-	-	266
Total	<u>\$ 2,500</u>	<u>\$ 2,688</u>	<u>\$ 3,414</u>
Interest and other expense (income), net	(857)	(351)	(97)
Total	<u>\$ (857)</u>	<u>\$ (351)</u>	<u>\$ (97)</u>
Income tax provision (benefit):			
Impact of U.S. tax legislation (2)	\$ (1,056)	\$ 22,082	\$ -
Total	<u>\$ (1,056)</u>	<u>\$ 22,082</u>	<u>\$ -</u>

(1) Includes impairment of investments in privately-held companies and other equipment charges.

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



**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

March 30, 2019

December 29, 2018

March 31, 2018

(in thousands)

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 1,654,563	\$ 1,406,740	\$ 1,629,593
Short-term investments	243,864	553,901	1,094,801
Total cash, cash equivalents and short-term investments	<u>1,898,427</u>	<u>1,960,641</u>	<u>2,724,394</u>
Accounts receivable, net	381,152	391,419	320,553
Inventories	272,832	278,925	273,616
Other current assets	24,358	26,933	22,275
Total current assets	<u>2,576,769</u>	<u>2,657,918</u>	<u>3,340,838</u>
Property, plant and equipment, net	571,955	571,983	589,177
Intangible assets, net	61,036	67,161	90,848
Goodwill	532,251	532,251	532,904
Other assets	61,843	59,614	69,428
<b>TOTAL ASSETS</b>	<u><u>\$ 3,803,854</u></u>	<u><u>\$ 3,888,927</u></u>	<u><u>\$ 4,623,195</u></u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Current liabilities:**

Accounts payable	\$ 86,798	\$ 99,577	\$ 84,407
Price adjustment and other revenue reserves	106,011	130,601	24,339
Income taxes payable	44,179	39,507	147,771
Accrued salary and related expenses	128,365	102,427	48,384
Accrued expenses	33,644	34,368	-
Current portion of debt	-	-	499,050
Total current liabilities	<u>398,997</u>	<u>406,480</u>	<u>803,951</u>
Long-term debt	992,225	991,866	990,787
Income taxes payable	688,780	673,051	817,969
Other liabilities	61,105	62,116	59,497
Total liabilities	<u>2,141,107</u>	<u>2,133,513</u>	<u>2,672,204</u>

**Stockholders' equity:**

Common stock and capital in excess of par value	279	279	283
Retained earnings	1,672,938	1,766,471	1,963,912
Accumulated other comprehensive loss	(10,470)	(11,336)	(13,204)
Total stockholders' equity	<u>\$ 1,662,747</u>	<u>\$ 1,755,414</u>	<u>\$ 1,950,991</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<u><u>\$ 3,803,854</u></u>	<u><u>\$ 3,888,927</u></u>	<u><u>\$ 4,623,195</u></u>



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

	Three Months Ended		
	March 30, 2019	December 29, 2018	March 31, 2018
	(in thousands)		
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 130,613	\$ 131,892	\$ 193,627
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Stock-based compensation	22,820	21,656	20,605
Depreciation and amortization	27,182	26,803	37,201
Deferred taxes	(3,955)	(5,174)	(2,670)
Loss (gain) from disposal of property, plant and equipment	428	2,275	1,160
Impairment of investments in privately-held companies	(371)	753	-
Changes in assets and liabilities:			
Accounts receivable	(14,323)	43,402	(80,953)
Inventories	6,123	(3,505)	(11,036)
Other current assets	3,561	6,038	(1,244)
Accounts payable	(13,372)	7,664	(235)
Income taxes payable	20,401	(482)	30,067
Accrued salary and related expenses	25,938	(375)	33,408
All other accrued liabilities	1,893	(6,697)	3,295
Net cash provided by (used in) operating activities	<u>206,938</u>	<u>224,250</u>	<u>223,225</u>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(21,257)	(12,597)	(16,930)
Proceeds from sales of property, plant and equipment	32	1	2,844
Proceeds from sale of available-for-sale securities	2,939	18,815	60,008
Proceeds from maturity of available-for-sale securities	308,529	416,720	304,289
Payment in connection with business acquisition, net of cash acquired	-	-	(57,773)
Purchases of available-for-sale securities	-	(23,707)	(268,821)
Purchases of privately-held companies' securities	(770)	(156)	(1,250)
Other investing activities	(540)	-	-
Net cash provided by (used in) investing activities	<u>288,933</u>	<u>399,076</u>	<u>22,367</u>
<b>Cash flows from financing activities:</b>			
Repayment of debt	-	(500,000)	-
Contingent consideration paid	(1,052)	-	-
Net issuance of restricted stock units	(9,582)	(5,916)	(9,642)
Proceeds from stock options exercised	5,143	7,235	7,716
Issuance of common stock under employee stock purchase program	-	17,689	-
Repurchase of common stock	(116,991)	(207,558)	(127,700)
Dividends paid	(125,566)	(126,808)	(117,883)
Net cash provided by (used in) financing activities	<u>(248,048)</u>	<u>(815,358)</u>	<u>(247,509)</u>
Net increase (decrease) in cash and cash equivalents	247,823	(192,032)	(1,917)
Cash and cash equivalents:			
Beginning of period	\$ 1,406,740	\$ 1,598,772	\$ 1,631,510
End of period	<u>\$ 1,654,563</u>	<u>\$ 1,406,740</u>	<u>\$ 1,629,593</u>
Total cash, cash equivalents, and short-term investments	<u>\$ 1,898,427</u>	<u>\$ 1,960,641</u>	<u>\$ 2,724</u>

**ANALYSIS OF GAAP VERSUS GAAP EXCLUDING SPECIAL ITEMS DISCLOSURES**
**(Unaudited)**
**Three Months Ended**
**March 30, 2019      December 29, 2018      March 31, 2018**

(in thousands, except per share data)

**Reconciliation of GAAP gross profit to GAAP gross profit excluding special items:**

GAAP gross profit	\$ 340,831	\$ 373,048	\$ 423,946
GAAP gross profit %	62.8%	64.7%	65.4%
Special items:			
Intangible asset amortization	5,008	6,868	12,101
Total special items	5,008	6,868	12,101
GAAP gross profit excluding special items	\$ 345,839	\$ 379,916	\$ 436,047
GAAP gross profit % excluding special items	63.8%	65.9%	67.2%

**Reconciliation of GAAP operating expenses to GAAP operating expenses excluding special items:**

GAAP operating expenses	\$ 183,691	\$ 190,844	\$ 199,108
Special items:			
Intangible asset amortization	756	756	876
Impairment of long-lived assets	-	753	-
Severance and restructuring	1,744	1,179	2,272
Other operating expenses (income), net	-	-	266
Total special items	2,500	2,688	3,414
GAAP operating expenses excluding special items	\$ 181,191	\$ 188,156	\$ 195,694

**Reconciliation of GAAP net income (loss) to GAAP net income excluding special items:**

GAAP net income (loss)	\$ 130,613	\$ 131,892	\$ 193,627
Special items:			
Intangible asset amortization	5,764	7,624	12,977
Impairment of long-lived assets (1)	-	753	-
Severance and restructuring	1,744	1,179	2,272
Other operating expenses (income), net	-	-	266
Interest and other expense (income), net	(857)	(351)	(97)
Total pre-tax special items	6,651	9,205	15,418
Other income tax effects and adjustments (2)	7,506	3,758	151
Impact of U.S. tax effects and adjustments (3)	(1,056)	22,082	-
GAAP net income excluding special items	\$ 143,714	\$ 166,937	\$ 209,196

**GAAP net income per share excluding special items:**

Basic	\$ 0.53	\$ 0.60	\$ 0.74
Diluted	\$ 0.52	\$ 0.60	\$ 0.73

**Shares used in the calculation of earnings per share excluding special items:**

Basic	273,221	276,252	280,850
Diluted	276,610	280,008	285,881

(1) Includes impairment of investments in privately-held companies and other equipment impairment charges.

(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.