

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

**Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): July 31, 2019

LAM RESEARCH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-12933
(Commission
File Number)

94-2634797
(IRS Employer
Identification Number)

4650 Cushing Parkway
Fremont, California 94538
(Address of principal executive offices including zip code)

(510) 572-0200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|----------------|--|
| Common Stock, Par Value \$0.001 Per Share | LRCX | The Nasdaq Stock Market (Nasdaq Global Select Market) |

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Item 2.02. Results of Operations and Financial Condition

On July 31, 2019, Lam Research Corporation (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended June 30, 2019, the text of which is attached hereto as Exhibit 99.1.

The information in this item of this Current Report on Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 2.02 and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section. Furthermore, the information in this item of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release dated July 31, 2019 announcing financial results for the fiscal quarter ended June 30, 2019](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 31, 2019

LAM RESEARCH CORPORATION
(Registrant)

/s/ Douglas R. Bettinger

Douglas R. Bettinger
Executive Vice President, Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

FOR IMMEDIATE RELEASE**Lam Research Corporation Contacts:**

Tina Correia, Investor Relations, phone: 510-572-1615, e-mail: investor.relations@lamresearch.com

Lam Research Corporation Reports Financial Results for the Quarter Ended June 30, 2019

FREMONT, Calif., July 31, 2019 - Lam Research Corporation (the "Company," "Lam," "Lam Research") today announced financial results for the quarter ended June 30, 2019 (the "June 2019 quarter").

Highlights for the June 2019 quarter were as follows:

- Revenue of \$2.36 billion.
- U.S. GAAP gross margin of 45.8%, U.S. GAAP operating income as a percentage of revenue of 26.1%, and U.S. GAAP diluted EPS of \$3.51.
- Non-GAAP gross margin of 45.9%, non-GAAP operating income as a percentage of revenue of 26.9%, and non-GAAP diluted EPS of \$3.62.

**Key Financial Data for the Quarters Ended
June 30, 2019 and March 31, 2019**

(in thousands, except per-share data, percentages, and basis points)

| U.S. GAAP | | | |
|---|--------------|--------------|------------|
| | June 2019 | March 2019 | Change Q/Q |
| Revenue | \$ 2,361,147 | \$ 2,439,048 | -3% |
| Gross margin as percentage of revenue | 45.8% | 44.0% | + 180 bps |
| Operating income as percentage of revenue | 26.1% | 23.2% | + 290 bps |
| Diluted EPS | \$ 3.51 | \$ 3.47 | +1% |
| Non-GAAP | | | |
| | June 2019 | March 2019 | Change Q/Q |
| Revenue | \$ 2,361,147 | \$ 2,439,048 | -3% |
| Gross margin as percentage of revenue | 45.9% | 45.1% | + 80 bps |
| Operating income as percentage of revenue | 26.9% | 25.1% | + 180 bps |
| Diluted EPS | \$ 3.62 | \$ 3.70 | -2% |

U.S. GAAP Financial Results

For the June 2019 quarter, revenue was \$2,361 million, gross margin was \$1,081 million, or 45.8% of revenue, operating expenses were \$464 million, operating income was 26.1% of revenue, and net income was \$542 million, or \$3.51 per diluted share on a U.S. GAAP basis. This compares to revenue of \$2,439 million, gross margin of \$1,074 million, or 44.0% of revenue, operating expenses of \$509 million, operating income of 23.2% of revenue, and net income of \$547 million, or \$3.47 per diluted share, for the quarter ended March 31, 2019 (the "March 2019 quarter"). The June 2019 quarter includes 13 weeks; the March 2019 quarter includes 14 weeks.

Non-GAAP Financial Results

For the June 2019 quarter, non-GAAP gross margin was \$1,085 million or 45.9% of revenue, non-GAAP operating expenses were \$450 million, non-GAAP operating income was 26.9% of revenue, and non-GAAP net income was \$559 million, or \$3.62 per diluted share. This compares to non-GAAP gross margin of \$1,100 million or 45.1% of revenue, non-GAAP operating expenses of \$488 million, non-GAAP operating income of 25.1% of revenue, and non-GAAP net income of \$584 million, or \$3.70 per diluted share for the March 2019 quarter.

"Lam's June quarter results reflect our strong track record of execution," said Timothy Archer, Lam Research's President and Chief Executive Officer. "We are making solid progress on our innovation roadmap, and with multiple technology inflections ahead of us, Lam is in an excellent position to win."

Balance Sheet and Cash Flow Results

Cash and cash equivalents, short-term investments, and restricted cash and investments balances decreased to \$5.7 billion at the end of the June 2019 quarter compared to \$6.4 billion at the end of the March 2019 quarter. This decrease was primarily the result of \$1.1 billion of share repurchases, including net share settlement on employee stock-based compensation, combined with \$300 million of debt reductions and \$165 million of dividends paid to shareholders, partially offset by \$880 million of cash generated in operating activities.

Deferred revenue at the end of the June 2019 quarter increased to \$449 million as compared to \$441 million at the end of the March 2019 quarter. Deferred profit at the end of the June 2019 quarter increased slightly to \$381 million as compared to \$378 million at the end of the March 2019 quarter. Lam's deferred revenue balance does not include shipments to customers in Japan, to whom title does not transfer until customer acceptance. Shipments to customers in Japan are classified as inventory at cost until the time of acceptance. The estimated future revenue from shipments to customers in Japan was approximately \$78 million as of June 30, 2019 and \$80 million as of March 31, 2019.

Geographic Distribution

The geographic distribution of revenue during the June 2019 quarter is shown in the following table:

| <u>Region</u> | <u>Revenue</u> |
|----------------|----------------|
| China | 33% |
| Korea | 25% |
| Taiwan | 14% |
| United States | 11% |
| Japan | 9% |
| Southeast Asia | 5% |
| Europe | 3% |

Outlook

For the September 2019 quarter, Lam is providing the following guidance:

| | U.S. GAAP | | | Reconciling Items | Non-GAAP | | |
|---|----------------|-----|---------------|----------------------|----------------|-----|---------------|
| Revenue | \$2.15 Billion | +/- | \$150 Million | — | \$2.15 Billion | +/- | \$150 Million |
| Gross margin as a percentage of revenue | 44.9% | +/- | 1% | \$ 2 Million | 45.0% | +/- | 1% |
| Operating income as a percentage of revenue | 23.8% | +/- | 1% | \$14 Million | 24.5% | +/- | 1% |
| Net income per diluted share | \$2.91 | +/- | \$0.20 | \$13 Million | \$3.00 | +/- | \$0.20 |
| Diluted share count | 150 Million | | | — | 150 Million | | |

The information provided above is only an estimate of what the Company believes is realizable as of the date of this release, and does not incorporate the potential impact of any business combinations, asset acquisitions, divestitures, restructuring, balance sheet valuation adjustments, financing arrangements, other investments, or other significant arrangements that may be completed after the date of this release. U.S. GAAP to non-GAAP reconciling items provided include only those items that are known and can be estimated as of the date of this release. Actual results will vary from this model and the variations may be material. Reconciling items included above are as follows:

- Gross margin as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$2 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$14 million.
- Earnings per share - amortization related to intangible assets acquired through business combinations, \$14 million; amortization of note discounts, \$1 million; and associated tax benefit for non-GAAP items \$(2) million; totaling \$13 million.

Use of Non-GAAP Financial Results

In addition to U.S. GAAP results, this press release also contains non-GAAP financial results. The Company's non-GAAP results for both the June 2019 and March 2019 quarters exclude amortization related to intangible assets acquired through business combinations, restructuring charges, amortization of note discounts, income tax benefit of non-GAAP items, and income tax benefit on the conclusion of tax matters related to a prior business combination. Additionally, the June 2019 quarter non-GAAP results exclude income tax impacts associated with U.S. tax reform.

Management uses non-GAAP gross margin, operating expense, operating income, operating income as a percentage of revenue, net income, and net income per diluted share to evaluate the Company's operating and financial results. The Company believes the presentation of non-GAAP results is useful to investors for analyzing business trends and comparing performance to prior periods, along with enhancing investors' ability to view the Company's results from management's perspective. Tables presenting reconciliations of non-GAAP results to U.S. GAAP results are included at the end of this press release and on the Company's website at <http://investor.lamresearch.com>.

Caution Regarding Forward-Looking Statements

Statements made in this press release that are not of historical fact are forward-looking statements and are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, but are not limited to: our focus on customer needs; our investments to extend differentiation in our products and services; the estimated future revenue from shipments to customers in Japan; the timing and amount of revenue and profit earned from any booked deferred revenue and profit; market trends and semiconductor demand; technology inflections; our technology leadership; our installed base growth; our positioning as market conditions change; technology demand trends; the legal and business factors that may affect our future tax rate; our engineering capabilities; our commitment to customer success; our continued ability to achieve and accelerate innovation and enhance device performance; our positioning relative to future technology inflections and our probability of winning; and our guidance for revenue, gross margin (both as a dollar value and a percentage of revenue), operating income (both as a dollar value and a percentage of revenue), net income or earnings per diluted share, and diluted share count. Some factors that may affect these forward-looking statements include: business, political and/or regulatory conditions in the consumer electronics industry, the semiconductor industry and the overall economy may deteriorate or change; and the actions of our customers and competitors may be inconsistent with our expectations, as well as the other risks and uncertainties that are described in the documents filed or furnished by us with the Securities and Exchange Commission, including specifically the Risk Factors described in our annual report on Form 10-K for the fiscal year ended June 24, 2018 and our quarterly reports on Form 10-Q for the fiscal quarters ended September 23, 2018, December 23, 2018 and March 31, 2019. These uncertainties and changes could materially affect the forward-looking statements and cause actual results to vary from expectations in a material way. The Company undertakes no obligation to update the information or statements made in this release.

About Lam Research

Lam Research Corporation is a global supplier of innovative wafer fabrication equipment and services to the semiconductor industry. As a trusted, collaborative partner to the world's leading semiconductor companies, we combine superior systems engineering capability, technology leadership, and unwavering commitment to customer success to accelerate innovation through enhanced device performance. Lam Research (Nasdaq: LRCX) is a FORTUNE 500® company headquartered in Fremont, Calif., with operations around the globe. Learn more at www.lamresearch.com. (LRCX-F)

Consolidated Financial Tables Follow.

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LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data and percentages)

| | Three Months Ended | | | Twelve Months Ended | |
|--|--------------------|-------------------|------------------|---------------------|------------------|
| | June 30, 2019 | March 31, 2019 | June 24, 2018 | June 30, 2019 | June 24, 2018 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (1) |
| Revenue | \$2,361,147 | \$2,439,048 | \$3,125,928 | \$ 9,653,559 | \$11,076,998 |
| Cost of goods sold | 1,280,256 | 1,364,711 | 1,646,520 | 5,295,100 | 5,911,966 |
| Gross margin | 1,080,891 | 1,074,337 | 1,479,408 | 4,358,459 | 5,165,032 |
| Gross margin as a percent of revenue | 45.8% | 44.0% | 47.3% | 45.1% | 46.6% |
| Research and development | 295,578 | 318,514 | 327,713 | 1,191,320 | 1,189,514 |
| Selling, general and administrative | 168,228 | 190,306 | 196,500 | 702,407 | 762,219 |
| Total operating expenses | 463,806 | 508,820 | 524,213 | 1,893,727 | 1,951,733 |
| Operating income | 617,085 | 565,517 | 955,195 | 2,464,732 | 3,213,299 |
| Operating income as a percent of revenue | 26.1% | 23.2% | 30.6% | 25.5% | 29.0% |
| Other (expense) income, net | (7,667) | 20,532 | 2,954 | (18,161) | (61,510) |
| Income before income taxes | 609,418 | 586,049 | 958,149 | 2,446,571 | 3,151,789 |
| Income tax (expense) benefit | (67,593) | (38,659) | 62,997 | (255,141) | (771,108) |
| Net income | \$ 541,825 | \$ 547,390 | \$1,021,146 | \$ 2,191,430 | \$ 2,380,681 |
| Net income per share: | | | | | |
| Basic | \$ 3.66 | \$ 3.62 | \$ 6.35 | \$ 14.37 | \$ 14.73 |
| Diluted | \$ 3.51 | \$ 3.47 | \$ 5.82 | \$ 13.70 | \$ 13.17 |
| Number of shares used in per share calculations: | | | | | |
| Basic | 148,131 | 151,201 | 160,916 | 152,478 | 161,643 |
| Diluted | 154,474 | 157,849 | 175,432 | 159,915 | 180,782 |
| Cash dividend declared per common share | \$ 1.10 | \$ 1.10 | \$ 1.10 | \$ 4.40 | \$ 2.55 |

(1) Derived from audited financial statements.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

| | June 30, 2019 | March 31, 2019 | June 24, 2018 |
|--|--------------------------|---------------------------|--------------------------|
| | (unaudited) | (unaudited) | (1) |
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,658,219 | \$ 4,931,611 | \$ 4,512,257 |
| Investments | 1,772,984 | 1,209,315 | 437,338 |
| Accounts receivable, net | 1,455,522 | 1,522,273 | 2,176,936 |
| Inventories | 1,540,140 | 1,622,242 | 1,876,162 |
| Other current assets | 133,544 | 156,800 | 147,218 |
| Total current assets | <u>8,560,409</u> | <u>9,442,241</u> | <u>9,149,911</u> |
| Property and equipment, net | 1,059,077 | 1,040,329 | 902,547 |
| Restricted cash and investments | 255,177 | 255,774 | 256,301 |
| Goodwill and intangible assets | 1,701,547 | 1,707,930 | 1,802,740 |
| Other assets | 425,123 | 448,988 | 367,979 |
| Total assets | <u>\$12,001,333</u> | <u>\$12,895,262</u> | <u>\$12,479,478</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current portion of convertible debt and capital leases | \$ 667,131 | \$ 964,107 | \$ 610,030 |
| Other current liabilities | 1,704,519 | 1,841,521 | 2,540,278 |
| Total current liabilities | <u>2,371,650</u> | <u>2,805,628</u> | <u>3,150,308</u> |
| Long-term debt and capital leases | 3,822,768 | 3,801,514 | 1,806,562 |
| Income taxes payable | 892,790 | 863,155 | 851,936 |
| Other long-term liabilities | 190,821 | 83,986 | 90,629 |
| Total liabilities | <u>7,278,029</u> | <u>7,554,283</u> | <u>5,899,435</u> |
| Temporary equity, convertible notes | 49,439 | 49,783 | 78,192 |
| Stockholders' equity (2) | 4,673,865 | 5,291,196 | 6,501,851 |
| Total liabilities and stockholders' equity | <u>\$12,001,333</u> | <u>\$12,895,262</u> | <u>\$12,479,478</u> |

(1) Derived from audited financial statements.

(2) Common shares issued and outstanding were 144,433 as of June 30, 2019, 149,886 as of March 31, 2019 and 156,892 as of June 24, 2018.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Three Months Ended | | | Twelve Months Ended | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | June 30, 2019 | March 31, 2019 | June 24, 2018 | June 30, 2019 | June 24, 2018 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (1) |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Net income | \$ 541,825 | \$ 547,390 | \$ 1,021,146 | \$ 2,191,430 | \$ 2,380,681 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 65,408 | 82,274 | 85,119 | 309,281 | 326,395 |
| Deferred income taxes | 70,125 | (12,401) | 212,260 | (4,980) | 3,046 |
| Equity-based compensation expense | 44,845 | 53,240 | 47,214 | 187,234 | 172,216 |
| Impairment of investment | — | — | — | — | 42,456 |
| Amortization of note discounts and issuance costs | 2,206 | 2,861 | 959 | 7,343 | 14,428 |
| Other, net | (5,173) | (1,494) | 10,391 | (5,819) | 33,718 |
| Changes in operating assets and liabilities | 161,251 | 260,951 | (658,731) | 491,524 | (317,193) |
| Net cash provided by operating activities | 880,487 | 932,821 | 718,358 | 3,176,013 | 2,655,747 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Capital expenditures and intangible assets | (65,948) | (75,522) | (79,655) | (303,491) | (273,469) |
| Business acquisitions, net of cash acquired | — | — | — | — | (115,697) |
| Net (purchase) sale of available-for-sale securities | (555,468) | (931,380) | 1,341,475 | (1,326,208) | 3,152,886 |
| Other, net | (2,067) | (1,269) | (826) | (7,355) | (15,184) |
| Net cash (used for) provided by investing activities | (623,483) | (1,008,171) | 1,260,994 | (1,637,054) | 2,748,536 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Principal payments on long-term debt and capital lease obligations and payments for debt issuance costs | (1,157) | (30,225) | (178,279) | (117,653) | (755,694) |
| Proceeds from issuance of long-term debt, net of issuance costs | — | 2,476,720 | — | 2,476,720 | — |
| Net (repayment) proceeds from commercial paper | (300,000) | 297,850 | (638,367) | (361,754) | 359,604 |
| Proceeds from borrowings on revolving credit facility | — | — | — | — | 750,000 |
| Repayments of borrowings on revolving credit facility | — | — | — | — | (750,000) |
| Treasury stock purchases | (1,108,560) | (934,637) | (1,306,309) | (3,780,611) | (2,653,249) |
| Dividends paid | (164,874) | (171,196) | (82,005) | (678,348) | (307,609) |
| Re-issuance of treasury stock related to employee stock purchase plan | 45,041 | — | 41,567 | 77,961 | 75,624 |
| Proceeds from issuance of common stock | 1,694 | 5,010 | 2,626 | 6,813 | 9,258 |
| Other, net | — | — | (2) | (13,208) | 9 |
| Net cash (used for) provided by financing activities | (1,527,856) | 1,643,522 | (2,160,769) | (2,390,080) | (3,272,057) |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (3,137) | 4,128 | (5,607) | (4,041) | 2,593 |
| Net (decrease) increase in cash, cash equivalents, and restricted cash | (1,273,989) | 1,572,300 | (187,024) | (855,162) | 2,134,819 |
| Cash, cash equivalents, and restricted cash at beginning of period | 5,187,385 | 3,615,085 | 4,955,582 | 4,768,558 | 2,633,739 |
| Cash, cash equivalents, and restricted cash at end of period | <u>\$ 3,913,396</u> | <u>\$ 5,187,385</u> | <u>\$ 4,768,558</u> | <u>\$ 3,913,396</u> | <u>\$ 4,768,558</u> |

(1) Derived from audited financial statements.

Non-GAAP Financial Summary
(in thousands, except percentages and per share data)
(unaudited)

| | Three Months Ended | |
|--|---------------------------|---------------------------|
| | June 30, 2019 | March 31, 2019 |
| Revenue | \$ 2,361,147 | \$ 2,439,048 |
| Gross margin | \$ 1,084,881 | \$ 1,099,550 |
| Gross margin as percentage of revenue | 45.9% | 45.1% |
| Operating expenses | \$ 450,161 | \$ 488,389 |
| Operating income | \$ 634,720 | \$ 611,161 |
| Operating income as a percentage of revenue | 26.9% | 25.1% |
| Net income | \$ 558,832 | \$ 584,350 |
| Net income per diluted share | \$ 3.62 | \$ 3.70 |
| Shares used in per share calculation - diluted | 154,474 | 157,849 |

Reconciliation of U.S. GAAP Net Income to Non-GAAP Net Income
(in thousands, except per share data)
(unaudited)

| | Three Months Ended | |
|---|---------------------------|---------------------------|
| | June 30, 2019 | March 31, 2019 |
| U.S. GAAP net income | \$ 541,825 | \$ 547,390 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations - cost of goods sold | 3,389 | 22,342 |
| Restructuring charges - cost of goods sold | 601 | 2,871 |
| Restructuring charges - research and development | 206 | 4,698 |
| Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative | 12,357 | 12,446 |
| Restructuring charges - selling, general and administrative | 1,082 | 3,287 |
| Amortization of note discounts - other expense, net | 1,195 | 956 |
| Net income tax benefit on non-GAAP items | (3,104) | (6,718) |
| Income tax benefit on conclusion of certain tax matters | (172) | (2,922) |
| Income tax expense associated with U.S. tax reform | 1,453 | — |
| Non-GAAP net income | \$ 558,832 | \$ 584,350 |
| Non-GAAP net income per diluted share | \$ 3.62 | \$ 3.70 |
| U.S. GAAP net income per diluted share | \$ 3.51 | \$ 3.47 |
| U.S. GAAP number of shares used for per diluted share calculation | 154,474 | 157,849 |

Reconciliation of U.S. GAAP Gross Margin, Operating Expenses and Operating Income to Non-GAAP Gross Margin, Operating Expenses and Operating Income
(in thousands, except percentages)
(unaudited)

| | Three Months Ended | |
|--|---------------------------|---------------------------|
| | June 30, 2019 | March 31, 2019 |
| U.S. GAAP gross margin | \$ 1,080,891 | \$ 1,074,337 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | 3,389 | 22,342 |
| Restructuring charges | 601 | 2,871 |
| Non-GAAP gross margin | <u>\$ 1,084,881</u> | <u>\$ 1,099,550</u> |
| U.S. GAAP gross margin as a percentage of revenue | 45.8% | 44.0% |
| Non-GAAP gross margin as a percentage of revenue | 45.9% | 45.1% |
| U.S. GAAP operating expenses | \$ 463,806 | \$ 508,820 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | (12,357) | (12,446) |
| Restructuring charges | (1,288) | (7,985) |
| Non-GAAP operating expenses | <u>\$ 450,161</u> | <u>\$ 488,389</u> |
| U.S. GAAP operating income | <u>\$ 617,085</u> | <u>\$ 565,517</u> |
| Non-GAAP operating income | <u>\$ 634,720</u> | <u>\$ 611,161</u> |
| U.S. GAAP operating income as percent of revenue | 26.1% | 23.2% |
| Non-GAAP operating income as a percent of revenue | 26.9% | 25.1% |