### UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP ADJUSTED RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Twelve Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>October 28, 2018</td>
<td>October 29, 2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td>October 28, 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td>October 29, 2017</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjusted Gross Profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported gross profit - GAAP basis</td>
<td>$1,780</td>
<td>$1,787</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Non-GAAP adjusted gross profit</td>
<td>$1,825</td>
<td>$1,832</td>
</tr>
<tr>
<td>Non-GAAP adjusted gross margin</td>
<td>45.5%</td>
<td>46.2%</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjusted Operating Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported operating income - GAAP basis</td>
<td>$1,016</td>
<td>$1,098</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td>Acquisition integration and deal costs</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Other gains, losses or charges, net</td>
<td>-</td>
<td>(9)</td>
</tr>
<tr>
<td>Non-GAAP adjusted operating income</td>
<td>$1,069</td>
<td>$1,138</td>
</tr>
<tr>
<td>Non-GAAP adjusted operating margin</td>
<td>26.6%</td>
<td>28.7%</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjusted Net Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported net income - GAAP basis</td>
<td>$876</td>
<td>$982</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td>Acquisition integration and deal costs</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Impairment (gain on sale) of strategic investments, net</td>
<td>(15)</td>
<td>(7)</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other gains, losses or charges, net</td>
<td>-</td>
<td>(9)</td>
</tr>
<tr>
<td>Income tax effect of share-based compensation</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Income tax effect of changes in applicable U.S. tax laws</td>
<td>23</td>
<td>1,112</td>
</tr>
<tr>
<td>Resolution of prior year's income tax filings and other tax items</td>
<td>6</td>
<td>(11)</td>
</tr>
<tr>
<td>Income tax effect of non-GAAP adjustments</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Non-GAAP adjusted net income</td>
<td>$956</td>
<td>$1,005</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjusted Earnings Per Diluted Share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported earnings per diluted share - GAAP basis</td>
<td>$0.89</td>
<td>$0.91</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>0.05</td>
<td>0.04</td>
</tr>
<tr>
<td>Impairment (gain on sale) of strategic investments, net</td>
<td>(0.01)</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Other gains, losses or charges, net</td>
<td>-</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Income tax effect of share-based compensation</td>
<td>0.01</td>
<td>-</td>
</tr>
<tr>
<td>Income tax effect of changes in applicable U.S. tax laws</td>
<td>0.02</td>
<td>-</td>
</tr>
<tr>
<td>Resolution of prior year's income tax filings and other tax items</td>
<td>0.01</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Non-GAAP adjusted earnings per diluted share</td>
<td>$0.97</td>
<td>$0.93</td>
</tr>
<tr>
<td>Weighted average number of diluted shares</td>
<td>984</td>
<td>1,076</td>
</tr>
</tbody>
</table>

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Applied adopted the accounting standard related to share-based compensation (ASU 2016-09) in the first quarter of fiscal 2018, which resulted in $51 million tax benefit on a GAAP basis for fiscal 2018; this benefit was being recognized ratably over the fiscal year on a non-GAAP basis.
3. Charges to income tax provision related to a one-time transition tax and a decrease in U.S. deferred tax assets as a result of the recent U.S. tax legislation.
4. Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.
# Unaudited Reconciliation of GAAP to Non-GAAP Adjusted Semiconductor Systems Operating Results

**Three Months Ended**

<table>
<thead>
<tr>
<th></th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported operating income (GAAP basis)</td>
<td>$638</td>
<td>$801</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted operating income</strong></td>
<td><strong>$684</strong></td>
<td><strong>$847</strong></td>
</tr>
<tr>
<td>Non-GAAP adjusted operating margin (% of net sales)</td>
<td>29.6%</td>
<td>34.8%</td>
</tr>
</tbody>
</table>

**Twelve Months Ended**

<table>
<thead>
<tr>
<th></th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported operating income (GAAP basis)</td>
<td>$3,634</td>
<td>$3,173</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>183</td>
<td>184</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted operating income</strong></td>
<td><strong>$3,817</strong></td>
<td><strong>$3,357</strong></td>
</tr>
<tr>
<td>Non-GAAP adjusted operating margin (% of net sales)</td>
<td>35.0%</td>
<td>35.3%</td>
</tr>
</tbody>
</table>

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# Unaudited Reconciliation of GAAP to Non-GAAP Adjusted AGS Operating Results

**Three Months Ended**

<table>
<thead>
<tr>
<th></th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported operating income (GAAP basis)</td>
<td>$289</td>
<td>$232</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition integration costs</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted operating income</strong></td>
<td><strong>$290</strong></td>
<td><strong>$232</strong></td>
</tr>
<tr>
<td>Non-GAAP adjusted operating margin (% of net sales)</td>
<td>29.7%</td>
<td>27.9%</td>
</tr>
</tbody>
</table>

**Twelve Months Ended**

<table>
<thead>
<tr>
<th></th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported operating income (GAAP basis)</td>
<td>$1,102</td>
<td>$817</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Acquisition integration costs</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted operating income</strong></td>
<td><strong>$1,104</strong></td>
<td><strong>$821</strong></td>
</tr>
<tr>
<td>Non-GAAP adjusted operating margin (% of net sales)</td>
<td>29.4%</td>
<td>27.2%</td>
</tr>
</tbody>
</table>

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# Unaudited Reconciliation of GAAP to Non-GAAP Adjusted Display and Adjacent Markets Operating Results

**Three Months Ended**

<table>
<thead>
<tr>
<th></th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported operating income (GAAP basis)</td>
<td>$202</td>
<td>$212</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Acquisition integration costs</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted operating income</strong></td>
<td><strong>$206</strong></td>
<td><strong>$215</strong></td>
</tr>
<tr>
<td>Non-GAAP adjusted operating margin (% of net sales)</td>
<td>29.3%</td>
<td>31.8%</td>
</tr>
</tbody>
</table>

**Twelve Months Ended**

<table>
<thead>
<tr>
<th></th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported operating income (GAAP basis)</td>
<td>$679</td>
<td>$502</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Acquisition integration costs</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted operating income</strong></td>
<td><strong>$694</strong></td>
<td><strong>$507</strong></td>
</tr>
<tr>
<td>Non-GAAP adjusted operating margin (% of net sales)</td>
<td>27.8%</td>
<td>26.7%</td>
</tr>
</tbody>
</table>

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1 These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.

Note: The reconciliation of GAAP and non-GAAP adjusted segment results above does not include certain revenues, costs of products sold and operating expenses that are reported within corporate and other and included in consolidated operating income.
<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Twelve Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>October 28, 2018</td>
<td>October 29, 2017</td>
</tr>
<tr>
<td>Operating expenses (GAAP basis)</td>
<td>$ 764</td>
<td>$ 689</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>(5)</td>
<td>(4)</td>
</tr>
<tr>
<td>Acquisition integration and deal costs</td>
<td>(3)</td>
<td>-</td>
</tr>
<tr>
<td>Other gains, losses or charges, net</td>
<td>-</td>
<td>9</td>
</tr>
<tr>
<td>Non-GAAP adjusted operating expenses</td>
<td>$ 756</td>
<td>$ 694</td>
</tr>
</tbody>
</table>

(In millions)
### Three Months Ended

#### (In millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for income taxes (GAAP basis)</td>
<td>$122</td>
<td>$92</td>
</tr>
<tr>
<td>Income tax effect of share-based compensation</td>
<td>(13)</td>
<td>-</td>
</tr>
<tr>
<td>Income tax effect of changes in applicable U.S. tax laws</td>
<td>(23)</td>
<td>-</td>
</tr>
<tr>
<td>Resolution of prior years’ income tax filings and other tax items</td>
<td>(6)</td>
<td>11</td>
</tr>
<tr>
<td>Income tax effect of non-GAAP adjustments</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted provision for income taxes</strong></td>
<td><strong>$80</strong></td>
<td><strong>$102</strong></td>
</tr>
</tbody>
</table>

#### Three Months Ended

#### (In millions, except percentages)

<table>
<thead>
<tr>
<th>Description</th>
<th>October 28, 2018</th>
<th>October 29, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes (GAAP basis)</td>
<td>$998</td>
<td>$1,074</td>
</tr>
<tr>
<td>Certain items associated with acquisitions</td>
<td>50</td>
<td>49</td>
</tr>
<tr>
<td>Acquisition integration and deal costs</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Impairment (gain on sale) of strategic investments, net</td>
<td>(15)</td>
<td>(7)</td>
</tr>
<tr>
<td>Loss on early extinguishment of debt</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other gains, losses or charges, net</td>
<td>-</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>Non-GAAP adjusted income before income taxes</strong></td>
<td><strong>$1,036</strong></td>
<td><strong>$1,107</strong></td>
</tr>
</tbody>
</table>

#### Effective income tax rate (GAAP basis)

- October 28, 2018: 12.2%
- October 29, 2017: 8.6%

#### Non-GAAP adjusted effective income tax rate

- October 28, 2018: 7.7%
- October 29, 2017: 9.2%
Non-GAAP outlook for the first quarter of fiscal 2019 (including non-GAAP gross margin, operating margin, operating expenses and EPS) excludes known charges related to completed acquisitions of approximately $14 million, or $0.01 per share; the normalized tax benefit of share-based compensation of approximately $42 million, or $0.04 per share; and net income tax benefit related to intra-entity intangible asset transfers of $18 million or $0.02 per share, but does not reflect any items that are unknown at this time, such as any additional charges related to acquisitions or other non-operational or unusual items, as well as other tax related items, which we are not able to predict without unreasonable efforts due to their inherent uncertainty.