
**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): February 18, 2021

Applied Materials, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

000-06920
(Commission File Number)

94-1655526
(IRS Employer Identification No.)

3050 Bowers Avenue
P.O. Box 58039
Santa Clara, CA 95052-8039
(Address of principal executive offices)

Registrant's telephone number, including area code: (408) 727-5555

N/A

(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:

- 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 \$.01 per share | AMAT | The NASDAQ Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company 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.

Item 2.02 Results of Operations and Financial Condition.

On February 18, 2021, Applied Materials, Inc. (“Applied Materials”) announced its financial results for its first quarter ended January 31, 2021. A copy of Applied Materials’ press release is attached hereto as Exhibit 99.1.

The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of Applied Materials, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing. The information in this report, including the exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release issued by Applied Materials, Inc. dated February 18, 2021 |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL) |

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.

Applied Materials, Inc.
(Registrant)

Date: February 18, 2021

By: /s/ Teri A. Little
Teri A. Little
*Senior Vice President, Chief Legal Officer and
Corporate Secretary*



NEWS RELEASE

APPLIED MATERIALS ANNOUNCES FIRST QUARTER 2021 RESULTS

- Record quarterly revenue of \$5.16 billion, up 24 percent year over year
- Quarterly GAAP EPS of \$1.22 and record non-GAAP EPS of \$1.39, up 27 percent and 42 percent year over year, respectively
- Generated \$1.42 billion in cash from operations

SANTA CLARA, Calif., Feb. 18, 2021 — Applied Materials, Inc. (NASDAQ: AMAT) today reported results for its first quarter ended Jan. 31, 2021.

First Quarter Results

Applied generated revenue of \$5.16 billion. On a GAAP basis, the company recorded gross margin of 45.5 percent, operating income of \$1.28 billion or 24.9 percent of net sales, and earnings per share (EPS) of \$1.22.

On a non-GAAP adjusted basis, the company reported gross margin of 45.9 percent, operating income of \$1.50 billion or 29.0 percent of net sales, and EPS of \$1.39.

The company generated \$1.42 billion in cash from operations and paid dividends of \$201 million to shareholders.

“In our first fiscal quarter, we’ve seen a continued acceleration of demand in our semiconductor business as major macro and industry trends fuel increasing consumption of silicon across a wide range of markets and applications,” said Gary Dickerson, president and CEO. “We have strong momentum across the company, as our broad portfolio and exposure to technology inflections, combined with the traction of our new products, put us in a great position to substantially outgrow our markets again in 2021 and beyond.”

Quarterly Results Summary

| | Q1 FY2021 | Q1 FY2020 | Change |
|------------------------------------|--|-----------|--------------|
| | <i>(In millions, except per share amounts and percentages)</i> | | |
| Net sales | \$ 5,162 | \$ 4,162 | 24% |
| Gross margin | 45.5 % | 44.6 % | 0.9 points |
| Operating margin | 24.9 % | 25.0 % | (0.1) points |
| Net income | \$ 1,130 | \$ 892 | 27% |
| Diluted earnings per share | \$ 1.22 | \$ 0.96 | 27% |
| Non-GAAP Adjusted Results | | | |
| Non-GAAP adjusted gross margin | 45.9 % | 44.9 % | 1.0 points |
| Non-GAAP adjusted operating margin | 29.0 % | 25.7 % | 3.3 points |
| Non-GAAP adjusted net income | \$ 1,282 | \$ 904 | 42% |
| Non-GAAP adjusted diluted EPS | \$ 1.39 | \$ 0.98 | 42% |

First quarter GAAP results included \$152 million of severance and related charges primarily related to a one-time voluntary retirement program offered to certain eligible employees, which reduced earnings per share by \$0.13.

A reconciliation of the GAAP and non-GAAP adjusted results is provided in the financial tables included in this release. See also “Use of Non-GAAP Adjusted Financial Measures” section.

Business Outlook

In the second quarter of fiscal 2021, Applied expects net sales to be approximately \$5.39 billion, plus or minus \$200 million. Non-GAAP adjusted diluted EPS is expected to be in the range of \$1.44 to \$1.56.

This outlook for non-GAAP adjusted diluted EPS excludes known charges related to completed acquisitions of \$0.01 per share, includes the normalized tax benefit of share-based compensation of \$0.01 per share and a net income tax benefit related to intra-entity intangible asset transfers of \$0.03 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.

First Quarter Reportable Segment Information

Semiconductor Systems

| | Q1 FY2021 | Q1 FY2020 |
|------------------------------------|--|-----------|
| | <i>(In millions, except percentages)</i> | |
| Net sales | \$ 3,553 | \$ 2,814 |
| Foundry, logic and other | 58 % | 68 % |
| DRAM | 17 % | 15 % |
| Flash memory | 25 % | 17 % |
| Operating income | 1,261 | 915 |
| Operating margin | 35.5 % | 32.5 % |
| Non-GAAP Adjusted Results | | |
| Non-GAAP adjusted operating income | \$ 1,281 | \$ 925 |
| Non-GAAP adjusted operating margin | 36.1 % | 32.9 % |

Applied Global Services

| | Q1 FY2021 | Q1 FY2020 |
|------------------------------------|--|-----------|
| | <i>(In millions, except percentages)</i> | |
| Net sales | \$ 1,155 | \$ 997 |
| Operating income | 332 | 278 |
| Operating margin | 28.7 % | 27.9 % |
| Non-GAAP Adjusted Results | | |
| Non-GAAP adjusted operating income | \$ 340 | \$ 278 |
| Non-GAAP adjusted operating margin | 29.4 % | 27.9 % |

Display and Adjacent Markets

| | Q1 FY2021 | Q1 FY2020 |
|------------------------------------|--|-----------|
| | <i>(In millions, except percentages)</i> | |
| Net sales | \$ 411 | \$ 332 |
| Operating income | 65 | 38 |
| Operating margin | 15.8 % | 11.4 % |
| Non-GAAP Adjusted Results | | |
| Non-GAAP adjusted operating income | \$ 75 | \$ 41 |
| Non-GAAP adjusted operating margin | 18.2 % | 12.3 % |

Use of Non-GAAP Adjusted Financial Measures

Applied provides investors with certain non-GAAP adjusted financial measures, which are adjusted for the impact of certain costs, expenses, gains and losses, including certain items related to mergers and acquisitions; restructuring and severance charges and any associated adjustments; certain incremental expenses related to COVID-19; impairments of assets, or investments; gain or loss on sale of strategic investments; loss on early extinguishment of debt; certain income tax items and other discrete adjustments. On a non-GAAP basis, the tax effect related to share-based compensation is recognized ratably over the fiscal year. Additionally, non-GAAP results exclude estimated discrete income tax expense items associated with U.S. tax legislation. Reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are provided in the financial tables included in this release.

Management uses these non-GAAP adjusted financial measures to evaluate the company's operating and financial performance and for planning purposes, and as performance measures in its executive compensation program. Applied believes these measures enhance an overall understanding of its performance and investors' ability to review the company's business from the same perspective as the company's management, and facilitate comparisons of this period's results with prior periods on a consistent basis by excluding items that management does not believe are indicative of Applied's ongoing operating performance. There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles, may be different from non-GAAP financial measures used by other companies, and may exclude certain items that may have a material impact upon our reported financial results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

Webcast Information

Applied Materials will discuss these results during an earnings call that begins at 1:30 p.m. Pacific Time today. A live webcast and related slide presentation will be available at www.appliedmaterials.com. A replay will be available on the website beginning at 5:00 p.m. Pacific Time today.

Forward-Looking Statements

This press release contains forward-looking statements, including those regarding anticipated growth and trends in our businesses and markets, industry outlooks and demand drivers, technology transitions, our business and financial performance and market share positions, our capital allocation and cash deployment strategies, our investment and growth strategies, our development of new products and technologies, our business outlook for the second quarter of fiscal 2021 and beyond, the impact of the ongoing COVID-19 pandemic and responses thereto on our operations and financial results, strategic acquisitions and investments, including the proposed acquisition of Kokusai Electric Corporation, and other statements that are not historical facts. These statements and their underlying assumptions are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements include, without limitation: the level of demand for our products; global economic and industry conditions; the effects of regional or global health epidemics, including the severity and duration of the ongoing COVID-19 pandemic; global trade issues and changes in trade and export license policies, including the recent rules and interpretations promulgated by U.S. Department of Commerce expanding export license requirements for certain products sold to certain entities in China; consumer demand for electronic products; the demand for semiconductors; customers' technology and capacity requirements; the introduction of new and innovative technologies, and the timing of technology transitions; our ability to develop, deliver and support new products and technologies; the concentrated nature of our customer base; acquisitions, investments and divestitures; changes in income tax laws; our ability to expand our current markets, increase market share and develop new markets; market acceptance of existing and newly developed products; our ability to obtain and protect intellectual property rights in key technologies; our ability to achieve the objectives of operational and strategic initiatives, align our resources and cost structure with business conditions, and attract, motivate and retain key employees; the variability of operating expenses and results among products and segments, and our ability to accurately forecast future results, market conditions, customer requirements and business needs; and other risks and uncertainties described in our SEC filings, including our recent Forms 10-K and 8-K. All forward-looking statements are based on management's current estimates, projections and assumptions, and we assume no obligation to update them.

About Applied Materials

Applied Materials, Inc. (Nasdaq: AMAT) is the leader in materials engineering solutions used to produce virtually every new chip and advanced display in the world. Our expertise in modifying materials at atomic levels and on an industrial scale enables customers to transform possibilities into reality. At Applied Materials, our innovations make possible the technology shaping the future. Learn more at www.appliedmaterials.com.

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APPLIED MATERIALS, INC.
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

| | Three Months Ended | |
|--|---------------------|---------------------|
| | January 31, 2021 | January 26, 2020 |
| <i>(In millions, except per share amounts)</i> | | |
| Net sales | \$ 5,162 | \$ 4,162 |
| Cost of products sold | 2,813 | 2,304 |
| Gross profit | 2,349 | 1,858 |
| Operating expenses: | | |
| Research, development and engineering | 606 | 552 |
| Marketing and selling | 147 | 135 |
| General and administrative | 161 | 129 |
| Severance and related charges | 152 | — |
| Total operating expenses | 1,066 | 816 |
| Income from operations | 1,283 | 1,042 |
| Interest expense | 61 | 59 |
| Interest and other income, net | 18 | 22 |
| Income before income taxes | 1,240 | 1,005 |
| Provision for income taxes | 110 | 113 |
| Net income | \$ 1,130 | \$ 892 |
| Earnings per share: | | |
| Basic | \$ 1.23 | \$ 0.97 |
| Diluted | \$ 1.22 | \$ 0.96 |
| Weighted average number of shares: | | |
| Basic | 915 | 916 |
| Diluted | 925 | 927 |

APPLIED MATERIALS, INC.
UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEETS

| <i>(In millions)</i> | January 31, 2021 | October 25, 2020 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 6,213 | \$ 5,351 |
| Short-term investments | 410 | 387 |
| Accounts receivable, net | 3,045 | 2,963 |
| Inventories | 3,925 | 3,904 |
| Other current assets | 676 | 764 |
| Total current assets | 14,269 | 13,369 |
| Long-term investments | 1,601 | 1,538 |
| Property, plant and equipment, net | 1,638 | 1,604 |
| Goodwill | 3,479 | 3,466 |
| Purchased technology and other intangible assets, net | 140 | 153 |
| Deferred income taxes and other assets | 2,178 | 2,223 |
| Total assets | \$ 23,305 | \$ 22,353 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 2,932 | \$ 3,138 |
| Contract liabilities | 1,572 | 1,321 |
| Total current liabilities | 4,504 | 4,459 |
| Long-term debt, net of current portion | 5,449 | 5,448 |
| Income taxes payable | 1,210 | 1,206 |
| Other liabilities | 669 | 662 |
| Total liabilities | 11,832 | 11,775 |
| Total stockholders' equity | 11,473 | 10,578 |
| Total liabilities and stockholders' equity | \$ 23,305 | \$ 22,353 |

APPLIED MATERIALS, INC.
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

| <i>(In millions)</i> | Three Months Ended | |
|--|---------------------|---------------------|
| | January 31, 2021 | January 26, 2020 |
| Cash flows from operating activities: | | |
| Net income | \$ 1,130 | \$ 892 |
| Adjustments required to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 94 | 94 |
| Severance and related charges | 148 | — |
| Share-based compensation | 107 | 93 |
| Deferred income taxes | 28 | 30 |
| Other | — | 15 |
| Net change in operating assets and liabilities | (86) | (137) |
| Cash provided by operating activities | 1,421 | 987 |
| Cash flows from investing activities: | | |
| Capital expenditures | (121) | (102) |
| Cash paid for acquisitions, net of cash acquired | (12) | — |
| Proceeds from sales and maturities of investments | 358 | 368 |
| Purchases of investments | (441) | (428) |
| Cash used in investing activities | (216) | (162) |
| Cash flows from financing activities: | | |
| Proceeds from common stock issuances | — | 15 |
| Common stock repurchases | — | (200) |
| Tax withholding payments for vested equity awards | (142) | (153) |
| Payments of dividends to stockholders | (201) | (192) |
| Cash used in financing activities | (343) | (530) |
| Increase in cash, cash equivalents and restricted cash equivalents | 862 | 295 |
| Cash, cash equivalents and restricted cash equivalents—beginning of period | 5,466 | 3,129 |
| Cash, cash equivalents and restricted cash equivalents — end of period | \$ 6,328 | \$ 3,424 |
| Reconciliation of cash, cash equivalents, and restricted cash equivalents | | |
| Cash and cash equivalents | \$ 6,213 | \$ 3,424 |
| Restricted cash equivalents included in deferred income taxes and other assets | 115 | — |
| Total cash, cash equivalents, and restricted cash equivalents | \$ 6,328 | \$ 3,424 |
| Supplemental cash flow information: | | |
| Cash payments for income taxes | \$ 110 | \$ 82 |
| Cash refunds from income taxes | \$ 19 | \$ 1 |
| Cash payments for interest | \$ 35 | \$ 34 |

APPLIED MATERIALS, INC.
UNAUDITED SUPPLEMENTAL INFORMATION

Corporate and Other

| <i>(In millions)</i> | Q1 FY2021 | Q1 FY2020 |
|--|-----------------|-----------------|
| Unallocated net sales | \$ 43 | \$ 19 |
| Unallocated cost of products sold and expenses | (167) | (115) |
| Share-based compensation | (107) | (93) |
| Severance and related charges | (144) | — |
| Total | \$ (375) | \$ (189) |

Additional Information

| | Q1 FY2021 | Q1 FY2020 |
|--|-----------|-----------|
| Net Sales by Geography <i>(In millions)</i> | | |
| United States | 343 | 441 |
| % of Total | 6 % | 10 % |
| Europe | 299 | 153 |
| % of Total | 6 % | 4 % |
| Japan | 458 | 351 |
| % of Total | 9 % | 8 % |
| Korea | 1,289 | 508 |
| % of Total | 25 % | 12 % |
| Taiwan | 1,200 | 1,365 |
| % of Total | 23 % | 33 % |
| Southeast Asia | 190 | 72 |
| % of Total | 4 % | 2 % |
| China | 1,383 | 1,272 |
| % of Total | 27 % | 31 % |
| Employees <i>(In thousands)</i> | | |
| Regular Full Time | 24.2 | 22.3 |

APPLIED MATERIALS, INC.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP ADJUSTED RESULTS

| | Three Months Ended | |
|---|---------------------|---------------------|
| | January 31, 2021 | January 26, 2020 |
| <i>(In millions, except percentages)</i> | | |
| Non-GAAP Adjusted Gross Profit | | |
| Reported gross profit - GAAP basis | \$ 2,349 | \$ 1,858 |
| Certain items associated with acquisitions ¹ | 8 | 9 |
| Certain incremental expenses related to COVID-19 ² | 12 | — |
| Non-GAAP adjusted gross profit | \$ 2,369 | \$ 1,867 |
| Non-GAAP adjusted gross margin | 45.9 % | 44.9 % |
| Non-GAAP Adjusted Operating Income | | |
| Reported operating income - GAAP basis | \$ 1,283 | \$ 1,042 |
| Certain items associated with acquisitions ¹ | 13 | 13 |
| Acquisition integration and deal costs | 24 | 13 |
| Certain incremental expenses related to COVID-19 ² | 24 | — |
| Severance and related charges ³ | 152 | — |
| Non-GAAP adjusted operating income | \$ 1,496 | \$ 1,068 |
| Non-GAAP adjusted operating margin | 29.0 % | 25.7 % |
| Non-GAAP Adjusted Net Income | | |
| Reported net income - GAAP basis | \$ 1,130 | \$ 892 |
| Certain items associated with acquisitions ¹ | 13 | 13 |
| Acquisition integration and deal costs | 24 | 13 |
| Certain incremental expenses related to COVID-19 ² | 24 | — |
| Severance and related charges ³ | 152 | — |
| Realized loss (gain) on strategic investments, net | (2) | 2 |
| Unrealized loss (gain) on strategic investments, net | (6) | 2 |
| Income tax effect of share-based compensation ⁴ | (29) | (33) |
| Income tax effects related to intra-entity intangible asset transfers | 20 | 21 |
| Resolution of prior years' income tax filings and other tax items | (3) | (1) |
| Income tax effect of non-GAAP adjustments ⁵ | (41) | (5) |
| Non-GAAP adjusted net income | \$ 1,282 | \$ 904 |

- 1 These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
- 2 Temporary incremental employee compensation during the COVID-19 pandemic.
- 3 The severance and related charges primarily related to a one-time voluntary retirement program offered to certain eligible employees.
- 4 GAAP basis tax benefit related to share-based compensation is recognized ratably over the fiscal year on a non-GAAP basis.
- 5 Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.

APPLIED MATERIALS, INC.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP ADJUSTED RESULTS

| <i>(In millions, except per share amounts)</i> | Three Months Ended | |
|---|---------------------|---------------------|
| | January 31, 2021 | January 26, 2020 |
| Non-GAAP Adjusted Earnings Per Diluted Share | | |
| Reported earnings per diluted share - GAAP basis | \$ 1.22 | \$ 0.96 |
| Certain items associated with acquisitions | 0.01 | 0.01 |
| Acquisition integration and deal costs | 0.02 | 0.01 |
| Certain incremental expenses related to COVID-19 | 0.02 | — |
| Severance and related charges | 0.13 | — |
| Income tax effect of share-based compensation | (0.03) | (0.03) |
| Income tax effects related to intra-entity intangible asset transfers | 0.02 | 0.03 |
| Non-GAAP adjusted earnings per diluted share | \$ 1.39 | \$ 0.98 |
| Weighted average number of diluted shares | 925 | 927 |

APPLIED MATERIALS, INC.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP ADJUSTED RESULTS

| <i>(In millions, except percentages)</i> | Three Months Ended | |
|---|---------------------|---------------------|
| | January 31, 2021 | January 26, 2020 |
| <u>Semiconductor Systems Non-GAAP Adjusted Operating Income</u> | | |
| Reported operating income - GAAP basis | \$ 1,261 | \$ 915 |
| Certain items associated with acquisitions ¹ | 10 | 10 |
| Acquisition integration costs | (2) | — |
| Certain incremental expenses related to COVID-19 ² | 12 | — |
| Non-GAAP adjusted operating income | \$ 1,281 | \$ 925 |
| Non-GAAP adjusted operating margin | 36.1 % | 32.9 % |
| <u>AGS Non-GAAP Adjusted Operating Income</u> | | |
| Reported operating income - GAAP basis | \$ 332 | \$ 278 |
| Certain incremental expenses related to COVID-19 ² | 8 | — |
| Non-GAAP adjusted operating income | \$ 340 | \$ 278 |
| Non-GAAP adjusted operating margin | 29.4 % | 27.9 % |
| <u>Display and Adjacent Markets Non-GAAP Adjusted Operating Income</u> | | |
| Reported operating income - GAAP basis | \$ 65 | \$ 38 |
| Certain items associated with acquisitions ¹ | 1 | 3 |
| Certain incremental expenses related to COVID-19 ² | 1 | — |
| Severance and related charges ³ | 8 | — |
| Non-GAAP adjusted operating income | \$ 75 | \$ 41 |
| Non-GAAP adjusted operating margin | 18.2 % | 12.3 % |

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

² Temporary incremental employee compensation during the COVID-19 pandemic.

³ The severance and related charges related to workforce reduction actions globally across the Display and Adjacent Markets business.

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.

UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP ADJUSTED EFFECTIVE INCOME TAX RATE

(In millions, except percentages)

| | Three Months Ended January 31, 2021 |
|---|--|
| Provision for income taxes - GAAP basis <i>(a)</i> | \$ 110 |
| Income tax effect of share-based compensation | 29 |
| Income tax effects related to intra-entity intangible asset transfers | (20) |
| Resolutions of prior years' income tax filings and other tax items | 3 |
| Income tax effect of non-GAAP adjustments | 41 |
| Non-GAAP adjusted provision for income taxes <i>(b)</i> | \$ 163 |
| Income before income taxes - GAAP basis <i>(c)</i> | \$ 1,240 |
| Certain items associated with acquisitions | 13 |
| Acquisition integration and deal costs | 24 |
| Certain incremental expenses related to COVID-19 | 24 |
| Severance and related charges | 152 |
| Realized loss (gain) on strategic investments, net | (2) |
| Unrealized loss (gain) on strategic investments, net | (6) |
| Non-GAAP adjusted income before income taxes <i>(d)</i> | \$ 1,445 |
| Effective income tax rate - GAAP basis <i>(a/c)</i> | 8.9 % |
| Non-GAAP adjusted effective income tax rate <i>(b/d)</i> | 11.3 % |