illumina®

ILMN Q418 Summary of Prepared Remarks

	Q418	Yr/Yr	Management Commentary
Sequencing Consumables	$466M	8%	- Reflects Yr/Yr growth across high-throughput (HT), mid-throughput (MT), and low-throughput (LT) categories - Includes approximately $5M of China tariff-related stocking - After normalizing for stocking orders, Yr/Yr growth is 16%
Microarrays Consumables	$96M	17%	
Total Consumables	$562M	9%	- Represented 65% of total revenue in Q4 2018.
Sequencing Instruments	$159M	21%	- Grew 15% Qtr/Qtr - Represents a new quarterly record for Illumina - Strength across the portfolio, including more than 100 NovaSeq shipments
Microarrays Instruments	$11M	38%	
Total Instruments	$170M	22%	- Represented 20% of total revenue in Q4 2018.
Total Products	$738M	12%	- Includes freight.
Sequencing Service & Other	$104M	20%	
Microarray Service & Other	$25M	-22%	
Total Service & Other	$129M	8%	
Total Revenue	$867M	11%	

	Yr/Yr	Management Commentary
Americas	12%	- Grew sequentially for the 8th straight quarter with strong performance across the business
EMEA	12%	- Strong contribution from Genomics England which announced in December that it sequenced its 100,000th whole genome - Other growth drivers included strong sequencing system placements, notably NovaSeq shipments, and sequencing consumables
Asia Pacific	9%	- NIPT continues to make headway in the region as we signed up our first partner in Korea - BioGeno and look to expand further in 2019
Greater China	8%	- Sequencing growth moderated by the effects of tariff-related stocking in Q2 and Q3 of 2018 - When adjusting for the tariff impact, the region grew 28% from the prior-year period

Sequencing Updates

	Management Commentary
High-Throughput (HT): NovaSeq & HiSeq	- HiSeq consumables continued their expected decline as customers transition to NovaSeq - For the full year, NovaSeq consumable revenue increased by a factor of more than 5 - Normalizing for timing of stocking orders, NovaSeq consumable pull-through was roughly flat with the record level reported in Q3
Mid-Throughput (MT): NextSeq	- Another record revenue quarter for our mid-throughput sequencing consumables, in large part due to growing adoption of oncology and NIPT applications - NextSeq pull-through per system was at the high-end of the $100,000 to $150,000 per year range - NextSeq shipment revenue was the second highest in any quarter since launch - NextSeqDx was approved by the PMDA in Japan, establishing Illumina's first IVD registered instrument in the country
Low-Throughput (LT): MiSeq, MiniSeq & iSeq	- MiSeq and MiniSeq system shipments were up sequentially - iSeq ended the year with approximately 350 units shipped in its first two quarters of launch - Strong growth year over year, with pull-through for both MiSeq and MiniSeq within their respective ranges - LT consumable revenue also benefited from a modest contribution from iSeq

Microarray Updates

	Management Commentary
Microarrays	- Up 7% from Q4 2017 - Down sequentially, with lower system revenue following the record third quarter, and a decrease in array services revenue

Q418 Non-GAAP Financial Highlights

You are encouraged to review the GAAP reconciliation of the following non-GAAP measures at the end of this summary.

	Q418	Yr/Yr	Qtr/Qtr	Management Commentary
Gross Margin	69.1%	-1.8%	-2.0%	- Qtr/Qtr decline primarily driven by product mix - Yr/Yr decline primarily due to product mix and lower margins in our services business
Operating expenses	$388M	+$81M	+$32M	- Qtr/Qtr largely reflecting the timing of OpEx spend weighted toward the end of the year – specifically, higher R&D and Marketing spend
Operating Margin	24.3%	-7.1%	-5.1%	- Excluding Helix, operating margin was 27.1% compared to 32.0% in Q318.
Tax Rate	16.3%	-1.7%	-1.0%	- Down from last quarter due to prior year tax return adjustment
Net Income attributable to Illumina stockholders	$197M	-$15M	-$30M	
EPS attributable to Illumina stockholders (diluted)	$1.32	-8%	-13%	

	Q418	Yr/Yr	Qtr/Qtr	Management Commentary
Cash Flow from Operations	$300M	+$6M	+$8M	
DSO	54 days		+8 days	- The increase was driven by less favorable revenue linearity and geography in addition to collection seasonality
Capital expenditures	$65M	-$11M	+$1M	
Free Cash Flow	$235M	+$17M	+$7M	
Cash, Cash Equivalents & Short-term Investments	$3.5B	+$1.4B	+$123M	

Guidance

	FY19 Guidance	Management Commentary
FY19 Revenue	Approximately 13-14% growth ($3.77B - $3.80B)	- Expect 2019 to be more back-end loaded than 2018, expecting the proportion of revenue in the second half of 2019 to exceed 52% - Expect our sequencing revenue to grow in the mid-teens and sequencing consumables to grow above 20% - Expect array revenue to grow in the low-single-digit range reflecting a cautious view on the consumer opportunity - Expect sequencing systems to grow in the mid-single digits, with NovaSeq shipments expected to be flat to slightly up compared to 2018
FY19 Non-GAAP GM	-	- Expect to be down slightly from 2018, with a higher revenue contribution from lower margin population genomics initiatives and our oncology collaborations
FY19 Operating Expenses	-	- Expect operating expenses to be down slightly on a percentage of revenue basis compared to 2018
FY19 Tax Rate	~17%	- Up from 2018 due to a one-time tax benefit related to our Helix investment in 2018
FY19 GAAP EPS attributable to Illumina stockholders	$6.07 to $6.17	
FY19 Non-GAAP EPS attributable to Illumina stockholders	$6.50 to $ 6.60	- Includes approximately $0.20 of expected Helix dilution

	Management Commentary
Q119 Revenue	- Expect total revenue to be down on a sequential basis - Expect sequencing system revenue to decline approximately $50 million compared to Q4 2018 - Expect sequencing consumables to be flat to slightly up sequentially from Q4 2018 - We expect sequencing services and other to be flat, with growth offset by the expected decline in GeL revenue - Expect microarrays to grow sequentially in the mid-to-high single digits
Q119 Non-GAAP GM	- Expect non-GAAP gross margin to be up slightly compared to 69.1% in Q4 2018 due to favorable mix, partially offset by higher expected array service revenue
Q119 Non-GAAP Operating Expenses	- Expect to be flat on a percentage of revenue basis compared to the 44.8% reported in Q4 2018
Q119 Tax Rate	- Expect Q1 2019 tax rate to be meaningfully lower than our expected full-year rate (~17%) due to a one-time benefit
Q119 Share Count	- Do not expect meaningful change compared to last quarter

Statement regarding use of non-GAAP financial measures

The company reports non-GAAP results for diluted net income per share, net income, gross margins, operating expenses, operating margins, other income, and free cash flow in addition to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The company's financial measures under GAAP include substantial charges such as amortization of acquired intangible assets, non-cash interest expense associated with the company's convertible debt instruments that may be settled in cash, and others that are listed in the itemized reconciliations between GAAP and non-GAAP financial measures included in this press release. Management has excluded the effects of these items in non-GAAP measures to assist investors in analyzing and assessing past and future operating performance. Additionally, non-GAAP net income attributable to Illumina stockholders and diluted earnings per share attributable to Illumina stockholders are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation.

The company encourages investors to carefully consider its results under GAAP, as well as its supplemental non-GAAP information and the reconciliation between these presentations, to more fully understand its business. Reconciliations between GAAP and non-GAAP results are presented in the tables of this release.

Use of forward-looking statements

This release contains forward-looking statements that involve risks and uncertainties, including our financial outlook and guidance for fiscal 2019. Among the important factors that could cause actual results to differ materially from those in any forward-looking statements are: (i) our expectations and beliefs regarding future conduct and growth of the business and the markets in which we operate; (ii) the volume, timing and mix of customer orders among our products and services; (iii) our expectations regarding the pending acquisition of Pacific Biosciences; (iv) our ability to manufacture robust instrumentation and consumables; (v) the success of products and services competitive with our own; (vi) challenges inherent in developing, manufacturing, and launching new products and services, including expanding or modifying manufacturing operations and reliance on third-party suppliers for critical components; (vii) the impact of recently launched or pre-announced products and services on existing products and services; (viii) our ability to further develop and commercialize our instruments and consumables, to deploy new products, services, and applications, and to expand the markets for our technology platforms; (ix) our ability to successfully identify and integrate acquired technologies, products, or businesses; and (x) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments, together with other factors detailed in our filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which are released beforehand. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current quarter.

Illumina, Inc.
Condensed Consolidated Balance Sheets
(In millions)

	December 30, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,144	$ 1,225
Short-term investments	2,368	920
Accounts receivable, net	514	411
Inventory	386	333
Prepaid expenses and other current assets	78	91
Total current assets	4,490	2,980
Property and equipment, net	1,075	931
Goodwill	831	771
Intangible assets, net	185	175
Deferred tax assets, net	70	88
Other assets	308	312
Total assets	$ 6,959	$ 5,257
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 184	$ 160
Accrued liabilities	513	432
Build-to-suit lease liability	—	144
Long-term debt, current portion	1,107	10
Total current liabilities	1,804	746
Long-term debt	890	1,182
Other long-term liabilities	359	360
Redeemable noncontrolling interests	61	220
Stockholders' equity	3,845	2,749
Total liabilities and stockholders' equity	$ 6,959	$ 5,257

Illumina, Inc.
Condensed Consolidated Statements of Income
(In millions, except per share amounts)
(unaudited)

	Three Months Ended		Years Ended	
	December 30, 2018	December 31, 2017	December 30, 2018	December 31, 2017
Revenue:				
Product revenue	$ 738	$ 659	$ 2,749	$ 2,289
Service and other revenue	129	119	584	463
Total revenue	867	778	3,333	2,752
Cost of revenue:				
Cost of product revenue **(a)**	198	172	738	679
Cost of service and other revenue **(a)**	70	55	260	208
Amortization of acquired intangible assets	9	9	35	39
Total cost of revenue	277	236	1,033	926
Gross profit	590	542	2,300	1,826
Operating expense:				
Research and development **(a)**	176	137	623	546
Selling, general and administrative **(a)**	217	175	794	674
Total operating expense	393	312	1,417	1,220
Income from operations	197	230	883	606
Other income (expense), net	13	(6)	11	437
Income before income taxes	210	224	894	1,043
Provision for income taxes	12	166	112	365
Consolidated net income	198	58	782	678
Add: Net loss attributable to noncontrolling	12	10	44	48
Net income attributable to Illumina stockholders	$ 210	$ 68	$ 826	$ 726
Net income attributable to Illumina stockholders for earnings per share **(b)**	$ 210	$ 68	$ 826	$ 725
Earnings per share attributable to Illumina				
Basic	$ 1.43	$ 0.47	$ 5.63	$ 4.96
Diluted	$ 1.41	$ 0.46	$ 5.56	$ 4.92
Shares used in computing earnings per common				
Basic	147	146	147	146
Diluted	149	148	149	148

(a) Includes stock-based compensation expense for stock-based awards:

	Three Months Ended		Years Ended	
	December 30, 2018	December 31, 2017	December 30, 2018	December 31, 2017
Cost of product revenue	$ 4	$ 3	$ 16	$ 12
Cost of service and other revenue	—	—	3	2
Research and development	15	13	60	51
Selling, general and administrative	28	25	114	99
Stock-based compensation expense before taxes	$ 47	$ 41	$ 193	$ 164

(1) Includes stock-based compensation of $1.6 million and $3.9 million for Helix for the three months and year ended December 30, 2018, respectively. This compares to stock-based compensation of $0.9 million and $3.5 million for Helix for the three months and year ended December 31, 2017, respectively, and $10.1 million for GRAIL for the year ended December 31, 2017.

(b) Amount reflects the additional losses attributable to the common shareholders of Helix and GRAIL for earnings per share purposes.

Illumina, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(unaudited)

	Three Months Ended		Years Ended	
	December 30, 2018	December 31, 2017	December 30, 2018	December 31, 2017
Net cash provided by operating activities	$ 300	$ 294	$ 1,142	$ 875
Net cash used in investing activities	(349)	(315)	(1,813)	(214)
Net cash (used in) provided by financing activities	(153)	(109)	594	(176)
Effect of exchange rate changes on cash and cash equivalents	—	1	(4)	5
Net (decrease) increase in cash and cash equivalents	(202)	(129)	(81)	490
Cash and cash equivalents, beginning of period	1,346	1,354	1,225	735
Cash and cash equivalents, end of period	$ 1,144	$ 1,225	$ 1,144	$ 1,225
Calculation of free cash flow:				
Net cash provided by operating activities	$ 300	$ 294	$ 1,142	$ 875
Purchases of property and equipment	(65)	(76)	(296)	(310)
Free cash flow **(a)**	$ 235	$ 218	$ 846	$ 565

(a) Free cash flow, which is a non-GAAP financial measure, is calculated as net cash provided by operating activities reduced by purchases of property and equipment. Free cash flow is useful to management as it is one of the metrics used to evaluate our performance and to compare us with other companies in our industry. However, our calculation of free cash flow may not be comparable to similar measures used by other companies.

Illumina, Inc.
Results of Operations - Non-GAAP
(In millions, except per share amounts)
(unaudited)

ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP EARNINGS PER SHARE ATTRIBUTABLE TO ILLUMINA STOCKHOLDERS:

	Three Months Ended		Years Ended	
	December 30, 2018	December 31, 2017	December 30, 2018	December 31, 2017
GAAP earnings per share attributable to Illumina stockholders - diluted	**$ 1.41**	**$ 0.46**	**$ 5.56**	**$ 4.92**
Non-cash interest expense **(a)**	0.10	0.05	0.28	0.20
Amortization of acquired intangible assets	0.07	0.07	0.25	0.30
Strategic investment related gain, net **(b)**	(0.12)	—	(0.16)	(0.01)
Restructuring **(c)**	0.01	0.03	0.04	0.03
Acquisition related expense (gain) **(d)**	0.01	—	0.01	(0.01)
Gain on deconsolidation of GRAIL **(e)**	—	—	—	(3.07)
Impairments **(f)**	—	—	—	0.15
Performance-based compensation related to GRAIL Series B financing **(g)**	—	—	—	0.03
Incremental non-GAAP tax expense **(h)**	(0.01)	(0.05)	(0.10)	0.80
U.S. Tax Reform **(i)**	—	1.01	0.07	1.01
Excess tax benefit from share-based	(0.15)	(0.13)	(0.23)	(0.35)
Non-GAAP earnings per share attributable to Illumina stockholders - diluted **(k)**	$ 1.32	$ 1.44	$ 5.72	$ 4.00

ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP NET INCOME ATTRIBUTABLE TO ILLUMINA

GAAP net income attributable to Illumina	**$ 210**	**$ 68**	**$ 826**	**$ 726**
Non-cash interest expense **(a)**	15	8	41	30
Amortization of acquired intangible assets	10	10	37	45
Strategic investment related gain, net **(b)**	(18)	—	(24)	(2)
Restructuring **(c)**	2	4	6	4
Acquisition related expense (gain) **(d)**	2	—	2	(1)
Gain on deconsolidation of GRAIL **(e)**	—	—	—	(453)
Impairments **(f)**	—	—	—	23
Performance-based compensation related to GRAIL Series B financing **(g)**	—	—	—	4
Incremental non-GAAP tax expense **(h)**	(2)	(7)	(15)	117
U.S. Tax Reform **(i)**	—	150	11	150
Excess tax benefit from share-based	(22)	(21)	(34)	(52)
Non-GAAP net income attributable to Illumina stockholders **(k)**	$ 197	$ 212	$ 850	$ 591

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

(a) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash.

(b) Amount consists primarily of mark-to-market adjustments and impairments from our strategic investments.

(c) Amount consists primarily of employee and lease exit costs related to restructuring that occurred in Q1 2018 and Q4 2017.

(d) Amount for 2018 consists of acquisition related expenses from the pending Pacific Biosciences acquisition. Amount for 2017 consists of change in fair value of contingent consideration.

(e) Amount represents the gain recognized as a result of the deconsolidation of GRAIL in Q1 2017. The $150 million tax effect of the gain is included in incremental non-GAAP tax expense.

(f) Impairments for 2017 include $18 million impairment of an acquired intangible asset and $5 million in-process research and development.

(g) Amount represents performance-based stock which vested as a result of the financing in Q1 2017, net of attribution to noncontrolling interest.

(h) Incremental non-GAAP tax expense reflects the tax impact of the non-GAAP adjustments listed above.

(i) Amount for 2017 primarily consists of the provisional estimate of the one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred. Amount for 2018 represents the discrete tax expense associated with updating prior year estimates of the impact of U.S. Tax Reform.

(j) Amount represents tax deductions taken in excess of stock compensation cost.

(k) Non-GAAP net income attributable to Illumina stockholders and diluted earnings per share attributable to Illumina stockholders exclude the effect of the pro forma adjustments as detailed above. Non-GAAP net income attributable to Illumina stockholders and diluted earnings per share attributable to Illumina stockholders are key components of the financial metrics utilized by the company's board of directors to measure, in part, management's performance and determine significant elements of management's compensation. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing our past and future core operating performance.

Illumina, Inc.
Results of Operations - Non-GAAP (continued)
(Dollars in millions)
(unaudited)

ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP RESULTS OF OPERATIONS AS A PERCENT OF REVENUE:

	Three Months Ended				Years Ended			
	December 30, 2018		December 31, 2017		December 30, 2018		December 31, 2017	
GAAP gross profit	**$ 590**	**68.1 %**	**$ 542**	**69.7 %**	**$ 2,300**	**69.0 %**	**$ 1,826**	**66.4 %**
Amortization of acquired intangible	9	1.0 %	9	1.2 %	35	1.1 %	39	1.4 %
Impairment **(a)**	—	—	—	—	—	—	18	0.6 %
Non-GAAP gross profit **(b)**	$ 599	69.1 %	$ 551	70.9 %	$ 2,335	70.1 %	$ 1,883	68.4 %
GAAP research and development	**$ 176**	**20.3 %**	**$ 137**	**17.7 %**	**$ 623**	**18.7 %**	**$ 546**	**19.8 %**
Restructuring **(c)**	—	—	(2)	(0.3)	(1)	—	(2)	(0.1)
Impairment **(a)**	—	—	—	—	—	—	(5)	(0.1)
Non-GAAP research and development expense	$ 176	20.3 %	$ 135	17.4 %	$ 622	18.7 %	$ 539	19.6 %
GAAP selling, general and administrative expense	**$ 217**	**25.0 %**	**$ 175**	**22.5 %**	**$ 794**	**23.8 %**	**$ 674**	**24.6 %**
Restructuring **(c)**	(3)	(0.3)	(2)	(0.3)	(5)	(0.2)	(2)	(0.1)
Amortization of acquired intangible	—	—	(1)	(0.1)	(2)	—	(6)	(0.2)
Acquisition related (expense) gain **(d)**	(2)	(0.2)	—	—	(2)	—	1	—
Performance-based compensation related to GRAIL Series B financing **(e)**	—	—	—	—	—	—	(10)	(0.4 %)
Non-GAAP selling, general and administrative expense	$ 212	24.5 %	$ 172	22.1 %	$ 785	23.6 %	$ 657	23.9 %
GAAP operating profit	**$ 197**	**22.7 %**	**$ 230**	**29.6 %**	**$ 883**	**26.5 %**	**$ 606**	**22.0 %**
Amortization of acquired intangible	10	1.2 %	10	1.3 %	37	1.1 %	45	1.6 %
Restructuring **(c)**	2	0.2 %	4	0.5 %	6	0.2 %	4	0.1 %
Acquisition related expense (gain) **(d)**	2	0.2 %	—	—	2	0.1 %	(1)	—
Impairments **(a)**	—	—	—	—	—	—	23	0.9 %
Performance-based compensation related to GRAIL Series B financing **(e)**	—	—	—	—	—	—	10	0.4 %
Non-GAAP operating profit **(b)**	$ 211	24.3 %	$ 244	31.4 %	$ 928	27.9 %	$ 687	25.0 %
GAAP other income (expense), net	**$ 13**	**1.5 %**	**$ (6)**	**(0.8)**	**$ 11**	**0.3 %**	**$ 437**	**15.9 %**
Non-cash interest expense **(f)**	15	1.7 %	8	1.1 %	41	1.2 %	30	1.2 %
Strategic investment related gain, net	(18)	(2.1)	—	—	(24)	(0.7)	(2)	(0.1)
Gain on deconsolidation of GRAIL **(h)**	—	—	—	—	—	—	(453)	(16.5)
Non-GAAP other income, net **(b)**	$ 10	1.1 %	$ 2	0.3 %	$ 28	0.8 %	$ 12	0.5 %

All amounts in tables are rounded to the nearest millions, except as otherwise noted. As a result, certain amounts may not recalculate using the rounded amounts provided.

(a) Impairments for 2017 include $18 million impairment of an acquired intangible asset and $5 million in-process research and development.

(b) Non-GAAP gross profit, included within non-GAAP operating profit, is a key measure of the effectiveness and efficiency of manufacturing processes, product mix and the average selling prices of our products and services. Non-GAAP operating profit, and non-GAAP other income, net, exclude the effects of the pro forma adjustments as detailed above. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing past and future operating performance.

(c) Amount consists primarily of employee and lease exit costs related to restructuring that occurred in Q1 2018 and Q4 2017.

(d) Amount for 2018 consists of acquisition related expenses from the pending Pacific Biosciences acquisition. Amount for 2017 consists of change in fair value of contingent consideration.

(e) Amount represents performance-based stock which vested as a result of the financing in Q1 2017.

(f) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash.

(g) Amount consists primarily of mark-to-market adjustments and impairments from our strategic investments.

(h) Amount represents the gain recognized as a result of the deconsolidation of GRAIL in Q1 2017.

Illumina, Inc.

Reconciliation of Non-GAAP Financial Guidance

Our future performance and financial results are subject to risks and uncertainties, and actual results could differ materially from the guidance set forth below. Some of the factors that could affect our financial results are stated above in this press release. More information on potential factors that could affect our financial results is included from time to time in the public reports filed with the Securities and Exchange Commission, including Form 10-K for the fiscal year ended December 31, 2017 filed with the SEC on February 12, 2018, and Form 10-Q for the fiscal quarters ended April 1, 2018, July 1, 2018, and September 30, 2018. We assume no obligation to update any forward-looking statements or information.

	Fiscal Year 2019
GAAP diluted earnings per share attributable to Illumina stockholders (a)	**$6.07 - $6.17**
Amortization of acquired intangible assets	0.24
Non-cash interest expense **(b)**	0.33
Incremental non-GAAP tax expense **(c)**	(0.14)
Non-GAAP diluted earnings per share attributable to Illumina stockholders **(a)**	$6.50 - $6.60

(a) Guidance does not include the potential impact of the pending Pacific Biosciences acquisition, which is expected to close in mid-2019.

(b) Non-cash interest expense is calculated in accordance with the authoritative accounting guidance for convertible debt instruments that may be settled in cash.

(c) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed above.

Illumina, Inc.
Results of Operations - Non-GAAP (continued)
(Dollars in millions)
(unaudited)

ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP TAX PROVISION:

	Three Months Ended December 30 2018	
GAAP tax provision	**$ 12**	**5.8%**
Incremental non-GAAP tax expense **(a)**	2	
Excess tax benefit from share-based compensation **(b)**	22	
Non-GAAP tax provision	$ 36	16.3%

(a) Incremental non-GAAP tax expense reflects the tax impact related to the non-GAAP adjustments listed above.
(b) Amount represents tax deductions taken in excess of stock compensation cost.