Teradyne, Inc.

Certain Non-GAAP financial measures discussed during the Third Quarter of 2021 Earnings Conference Call October 27, 2021

On the Company's earnings conference call on October 27, 2021, the following non-GAAP financial measures were discussed or presented:

- Q3'21 EPS growth vs. Q3'20 EPS (35%)
- Q3'21 EPS growth vs. Q3'19 EPS (106%)
- Q3'21 EPS ($1.59)
- Q2'21 EPS ($1.91)
- Q3'20 EPS ($1.18)
- 9 months'20 EPS ($3.52)
- 9 months'21 EPS ($4.61)
- Q3'21 net income ($278.6M)
- Q4'21 Guidance EPS ($1.14 to $1.40)
- 2021 Estimate EPS at Midpoint of Q4 Guidance ($5.88 up 27% from 2020)
- 31% EPS growth 9months'21 vs. 9months'20
- Q3'21 Operating Expenses ($242M or 25.5% of revenue)
- Q3'21 operating profit (35%)
- Q3'21 diluted shares (176M)
- Q3'21 Free Cash Flow ($493M)
- Q4'21 Guidance diluted shares (174M)
- Q4'21 Guidance Operating Expenses (28-31%)
- Q4'21 Guidance Midpoint Operating Profit Rate (30%)
- 2021 Estimate Operating Expenses ($980M) up 17% from 2020
- 2020 GM (57.2%)
- 2020 Operating Profit Rate (30%)
- 2021 Estimate Operating Profit Rate at Midpoint of Q4 Guidance (33%)
- 9months'19 EPS ($1.97)
- Q3'21 – Gross Margin (60.1% and $571M), Operating Expenses (25.5% and $242M), Operating Profit (34.6% and $329M), EPS ($1.59), Free Cash Flow ($493M), Effective Tax Rate (14.8% or $48M), Diluted shares (176M)
- Q2'21 – Gross Margin (59.6% and $647M), Operating Expenses (23% and $250M), Operating Profit (36.5% and $397M), EPS ($1.91), Free Cash Flow ($172M), Effective Tax Rate (14.8% or $58M), Diluted shares (177M)
- Q3'20 –Gross Margin (56% and $459M), Operating Expenses (25.7% and $211M), Operating Profit (30.3% and $248M), EPS ($1.18), Free Cash Flow ($280M), Effective Tax Rate (17.4% or $43M), shares (175M)
- Q4'21 Guidance –Operating Expenses (31-28%), Operating Profit (28-32%), Effective Tax Rate (14.8%), EPS ($1.14-$1.40), Diluted shares (174M)
- Free Cash Flow – 2015 ($323M), 2016 ($370M), 2017 ($521M), 2018 ($370M), 2019 ($444M), 2020 ($684M), 9months'21 ($664M)
- 2022 Estimate Old Model Target OPEX (32-31%), PBIT (26-28%), EPS ($3.50 to $4.25)
- 2024 Estimate New Model Target OPEX (29-28%), PBIT (30-31%), EPS ($5.25 to $6.75)
- 2020 – GM (57%), Opex (27%), PBIT (30%), EPS ($4.62)
- 2019 - GM (58%), Opex (33%), PBIT (25%), EPS ($2.86)

Appendix | GAAP to Non-GAAP Reconciliation

In addition to disclosing results that are determined in accordance with GAAP, Teradyne also discloses in this presentation and on the earnings call non-GAAP results of operations that exclude certain income items and charges. These results are provided as a complement to results provided in accordance with GAAP. These non-GAAP performance measures are used to make operational decisions, to determine employee compensation, to forecast future operational results, and for comparison with the Company's business plan, historical operating results and the operating results of the Company's competitors. Management believes each of these non-GAAP performance measures provides useful supplemental information for investors, allowing greater transparency to the information used by management in its operational decision making and in the review of the Company's financial and operational performance, as well as facilitating meaningful comparisons of the Company's results in the current period compared with those in prior and future periods. A reconciliation of each available GAAP to non-GAAP financial measure discussed in this presentation is contained in the following slides and on the Teradyne website at www.teradyne.com by clicking on "Investors" and then selecting the "GAAP to Non-GAAP Reconciliation" link. The non-GAAP performance measures discussed in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

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GAAP to Non-GAAP Earnings Reconciliation

	Mid Guidance Q4 2021
GAAP income from operations as a % of revenue ($860M)	29%
Exclude acquired intangible asset amortization	1%
Non-GAAP income from operations as a % of revenue ($860M)	30%

FY 2021 Estimated Operating Expense Increase	
FY 2021 GAAP Operating Expense Increase over FY 2020	18%
Exclude acquired intangible asset amortization & restructuring and other	-1%
FY 2021 Non-GAAP Operating Expense Increase over FY 2020	17%

FY 2021 Estimated Operating Expenses	$ M
FY 2021 GAAP Operating Expenses	$998
Exclude acquired intangible asset amortization	($21)
Exclude restructuring and other	$3
FY 2021 Non-GAAP Operating Expenses	$980

		FY 2021
6		
7		
4	Income from operations - GAAP	*32.5%*
5	Restructuring and other	*-0.1%*
6	Acquired intangible assets amortization	*0.6%*
8	Income from operations - non-GAAP	*33.0%*

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Appendix | GAAP to Non-GAAP Reconciliation

GAAP to Non-GAAP Earnings Reconciliation

(In millions, except per share amounts)

	Quarter Ended					
	October 3, 2021	% of Net Revenues	July 4, 2021	% of Net Revenues	September 27, 2020	% of Net Revenues
Net revenues	$ 950.5		$ 1,085.7		$ 819.5	
Gross profit GAAP	$ 571.0	60.1%	$ 647.0	59.6%	$ 458.9	56.0%
Inventory step-up	-	-	-	-	0.1	0.0%
Gross profit non-GAAP	$ 571.0	60.1%	$ 647.0	59.6%	$ 459.0	56.0%
Income from operations - GAAP	$ 322.4	33.9%	$ 388.9	35.8%	$ 269.7	32.9%
Restructuring and other (1)	1.2	0.1%	2.5	0.2%	(27.7)	-3.4%
Acquired intangible assets amortization	5.4	0.6%	5.4	0.5%	6.2	0.8%
Inventory step-up	-	-	-	-	0.1	0.0%
Income from operations - non-GAAP	$ 329.0	34.6%	$ 396.8	36.5%	$ 248.3	30.3%

	October 3, 2021	% of Net Revenues	Net Income per Common Share		July 4, 2021	% of Net Revenues	Net Income per Common Share		September 27, 2020	% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted			Basic	Diluted
Net income - GAAP	$ 256.7	27.0%	$ 1.56	$ 1.41	$ 328.3	30.2%	$ 1.98	$ 1.76	$ 222.7	27.2%	$ 1.34	$ 1.21
Restructuring and other (1)	1.2	0.1%	0.01	0.01	2.5	0.2%	0.02	0.01	(27.7)	-3.4%	(0.17)	(0.15)
Acquired intangible assets amortization	5.4	0.6%	0.03	0.03	5.4	0.5%	0.03	0.03	6.2	0.8%	0.04	0.03
Loss on convertible debt conversions (2)	20.2	2.1%	0.12	0.11	1.2	0.1%	0.01	0.01	-	-	-	-
Interest and other (2)	2.3	0.2%	0.01	0.01	3.3	0.3%	0.02	0.02	3.6	0.4%	0.02	0.02
Pension mark-to-market adjustment (2)	-	-	-	-	(0.6)	-0.1%	(0.00)	(0.00)	2.7	0.3%	0.02	0.01
Inventory step-up	-	-	-	-	-	-	-	-	0.1	0.0%	0.00	0.00
Exclude discrete tax adjustments	(5.9)	-0.6%	(0.04)	(0.03)	(1.1)	-0.1%	(0.01)	(0.01)	(4.4)	-0.5%	(0.03)	(0.02)
Non-GAAP tax adjustments	(1.3)	-0.1%	(0.01)	(0.01)	(1.5)	-0.1%	(0.01)	(0.01)	2.2	0.3%	0.01	0.01
Convertible share adjustment (3)	-	-	-	0.06	-	-	-	0.10	-	-	-	0.06
Net income - non-GAAP	$ 278.6	29.3%	$ 1.69	$ 1.59	$ 337.5	31.1%	$ 2.03	$ 1.91	$ 205.4	25.1%	$ 1.24	$ 1.18

	October 3, 2021	July 4, 2021	September 27, 2020
GAAP and non-GAAP weighted average common shares - basic	164.6	166.0	166.0
GAAP weighted average common shares - diluted	182.0	186.8	184.3
Exclude dilutive shares related to convertible note transaction	(6.5)	(9.6)	(9.2)
Non-GAAP weighted average common shares - diluted	175.5	177.2	175.2

Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Quarter Ended		
	October 3, 2021	July 4, 2021	September 27, 2020
Employee severance	$ 0.6	$ 0.4	$ 0.5
Acquisition related expenses and compensation	0.3	0.3	(1.1)
Contingent consideration fair value adjustment	-	-	(27.2)
Contract termination settlement fee	-	-	-
Other	0.3	1.8	0.1
	$ 1.2	$ 2.5	$ (27.7)

(2) For the quarters ended October 3, 2021, July 4, 2021, and September 27, 2020, Interest and other included non-cash convertible debt interest expense. For the quarters ended October 3, 2021 and July 4, 2021, adjustment to exclude loss on convertible debt conversions. For the quarters ended July 4, 2021 and September 27, 2020, adjustments to exclude actuarial (gain) recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the quarters ended October 3, 2021, July 4, 2021, and September 27, 2020, the non-GAAP diluted EPS calculation adds back $0.4 million, $0.9 million, and $1.3 million, respectively, of convertible debt interest expense to non-GAAP net income, and non-GAAP weighted average diluted common shares include 9.8 million, 10.1 million and 7.8 million shares, respectively, from the convertible note hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

	Nine Months Ended			
	October 3, 2021	% of Net Revenues	September 27, 2020	% of Net Revenues
Net Revenues	$ 2,817.8		$ 2,362.5	
Gross profit GAAP	$ 1,679.6	59.6%	$ 1,336.0	56.6%
Inventory step-up	-	-	0.4	0.0%
Gross profit non-GAAP	$ 1,679.6	59.6%	$ 1,336.4	56.6%
Income from operations - GAAP	$ 944.3	33.5%	$ 694.3	29.4%
Restructuring and other (1)	(3.4)	-0.1%	1.9	0.1%
Acquired intangible assets amortization	16.3	0.6%	25.1	1.1%
Inventory step-up	-	-	0.4	0.0%
Income from operations - non-GAAP	$ 957.2	34.0%	$ 721.7	30.5%

	October 3, 2021	% of Net Revenues	Net Income Basic	Net Income Diluted	September 27, 2020	% of Net Revenues	Net Income Basic	Net Income Diluted
Net income - GAAP	$ 790.5	28.1%	$ 4.77	$ 4.26	$ 587.8	24.9%	$ 3.54	$ 3.23
Restructuring and other (1)	(3.4)	-0.1%	(0.02)	(0.02)	1.9	0.1%	0.01	0.01
Acquired intangible assets amortization	16.3	0.6%	0.10	0.09	25.1	1.1%	0.15	0.14
Loss on convertible debt conversions (2)	25.4	0.9%	0.15	0.14	-	-	-	-
Interest and other (2)	9.1	0.3%	0.05	0.05	10.8	0.5%	0.07	0.06
Pension mark-to-market adjustment (2)	(0.6)	0.0%	(0.00)	(0.00)	2.6	0.1%	0.02	0.01
Inventory step-up	-	-	-	-	0.4	0.0%	0.00	0.00
Exclude discrete tax adjustments	(22.1)	-0.8%	(0.13)	(0.12)	(13.1)	-0.6%	(0.08)	(0.07)
Non-GAAP tax adjustments	(3.2)	-0.1%	(0.02)	(0.02)	(8.0)	-0.3%	(0.05)	(0.04)
Convertible share adjustment (3)	-	-	-	0.22	-	-	-	0.16
Net income - non-GAAP	$ 812.0	28.8%	$ 4.90	$ 4.61	$ 607.5	25.7%	$ 3.66	$ 3.52
GAAP and non-GAAP weighted average common shares - basic	165.7				166.1			
GAAP weighted average common shares - diluted	185.5				181.8			
Exclude dilutive shares from convertible note	(8.8)				(8.0)			
Non-GAAP weighted average common shares - diluted	176.7				173.8			

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Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Nine Months Ended	
	October 3, 2021	September 27, 2020
Contingent consideration fair value adjustment	$ (7.2)	$ (8.0)
Employee severance	1.2	1.2
Acquisition related expenses and compensation	0.3	3.4
Contract termination settlement fee	-	4.0
Other	2.2	1.2
	$ (3.4)	$ 1.9

(2) For the nine months ended October 3, 2021 and September 27, 2020, Interest and other included non-cash convertible debt interest expense. For the nine months ended October 3, 2021, adjustment to exclude loss on convertible debt conversions. For the nine months ended October 3, 2021 and September 27, 2020, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(3) For the nine months ended October 3, 2021 and September 27, 2020, the non-GAAP diluted EPS calculation adds back $2.6 million and $3.9 million, respectively, of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 9.8 million and 6.4 million shares, respectively, related to the convertible debt hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

Nine Months Ended

	September 27, 2020	% of Net Revenues	September 29, 2019	% of Net Revenues
Net Revenues	$ 2,362.5		$ 1,640.3	
Gross profit GAAP	$ 1,336.0	56.6%	$ 956.6	58.3%
Inventory step-up	0.4	0.0%	0.4	0.0%
Gross profit non-GAAP	$ 1,336.4	56.6%	$ 957.0	58.3%
Income from operations - GAAP	$ 694.3	29.4%	$ 382.0	23.3%
Acquired intangible assets amortization	25.1	1.1%	30.4	1.9%
Restructuring and other (1)	1.9	0.1%	(11.8)	-0.7%
Inventory step-up	0.4	0.0%	0.4	0.0%
Equity modification charge (2)	-	-	2.1	0.1%
Income from operations - non-GAAP	$ 721.7	30.5%	$ 403.1	24.6%

	September 27, 2020	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted	September 29, 2019	% of Net Revenues	Net Income per Common Share Basic	Net Income per Common Share Diluted
Net income - GAAP	$ 587.8	24.9%	$ 3.54	$ 3.23	$ 342.4	20.9%	$ 2.00	$ 1.92
Acquired intangible assets amortization	25.1	1.1%	0.15	0.14	30.4	1.9%	0.18	0.17
Interest and other (3)	10.8	0.5%	0.07	0.06	10.2	0.6%	0.06	0.06
Pension mark-to-market adjustments (3)	2.6	0.1%	0.02	0.01	0.4	0.0%	0.00	0.00
Restructuring and other (1)	1.9	0.1%	0.01	0.01	(11.8)	-0.7%	(0.07)	(0.07)
Inventory step-up	0.4	0.0%	0.00	0.00	0.4	0.0%	0.00	0.00
Equity modification charge (2)	-	-	-	-	2.1	0.1%	-	-
Exclude discrete tax adjustments (4)	(13.1)	-0.6%	(0.08)	(0.07)	(23.9)	-1.5%	(0.14)	(0.13)
Non-GAAP tax adjustments	(8.0)	-0.3%	(0.05)	(0.04)	(9.0)	-0.5%	(0.05)	(0.05)
Convertible share adjustment (5)	-	-	-	0.16	-	-	-	0.06
Net income - non-GAAP	$ 607.5	25.7%	$ 3.66	$ 3.52	$ 341.2	20.8%	$ 1.99	$ 1.97

	September 27, 2020	September 29, 2019
GAAP and non-GAAP weighted average common shares - basic	166.1	171.5
GAAP weighted average common shares - diluted	181.8	178.7
Exclude dilutive shares from convertible note	(8.0)	(5.9)
Non-GAAP weighted average common shares - diluted	173.8	172.8

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Appendix | GAAP to Non-GAAP Reconciliation

(1) Restructuring and other consists of:

	Nine Months Ended	
	September 27, 2020	September 29, 2019
Contingent consideration fair value adjustment	$ (8.0)	$ (16.5)
Contract termination settlement fee	4.0	-
Acquisition related expenses and compensation	3.4	2.3
Employee severance	1.2	2.4
Other	1.2	-
	$ 1.9	$ (11.8)

(2) For the nine months ended September 29, 2019, selling and administrative expenses include an equity charge for the modification of Teradyne's retired CFO's outstanding equity awards to allow continued vesting and maintain the original term in connection with his July 17, 2019 retirement.

(3) For the nine months ended September 27, 2020 and September 29, 2019, Interest and other included non-cash convertible debt interest expense. For the nine months ended September 27, 2020 and September 29, 2019, adjustments to exclude actuarial (gain) loss recognized under GAAP in accordance with Teradyne's mark-to-market pension accounting.

(4) For the nine months ended September 27, 2020 and September 29, 2019, adjustment to exclude discrete income tax items. For the nine months ended September 29, 2019, income tax (benefit) provision includes a $26 million tax benefit from the release of uncertain tax position reserves due to the IRS completion of its audit of Teradyne's 2015 Federal tax return and includes a $15 million tax provision related to the finalization of

(5) For the nine months ended September 27, 2020, the non-GAAP diluted EPS calculation adds back $3.9 million of convertible debt interest expense to non-GAAP net income and non-GAAP weighted average diluted common shares include 6.4 million shares related to the convertible debt hedge transaction.

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Appendix | GAAP to Non-GAAP Reconciliation

	FY 2024 Low	FY 2024 High
2024 Estimated GAAP Operating Expenses as a % of Sales	29%	29%
Less Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Expenses as a % of Sales	29%	28%

	FY 2024 Low	FY 2024 High
2024 Estimated GAAP Operating Profit as a % of Sales	29%	31%
Add back Intangible Asset Amortization as a % of Sales	1%	0%
2024 Estimated Non-GAAP Operating Profit as a % of Sales	30%	31%

	FY 2024 Low	FY 2024 High
2024 Estimated GAAP Diluted EPS	$ 5.15	$ 6.65
Add back Intangible Asset Amortization	$ 0.10	$ 0.10
2024 Estimates Non-GAAP Diluted EPS	$ 5.25	$ 6.75

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Appendix | GAAP to Non-GAAP Reconciliation

	FY 2022 Low	FY 2022 High
2022 Estimated GAAP Operating Expenses as a % of Sales	33%	32%
Less Intangible Asset Amortization as a % of Sales	1%	1%
2022 Estimated Non-GAAP Operating Expenses as a % of Sales	32%	31%

	FY 2022 Low	FY 2022 High
2022 Estimated GAAP Operating Profit as a % of Sales	25%	27%
Add back Intangible Asset Amortization as a % of Sales	1%	1%
2022 Estimated Non-GAAP Operating Profit as a % of Sales	26%	28%

	FY 2022 Low	FY 2022 High
2022 Estimated GAAP Diluted EPS	$ 3.18	$ 3.87
Add back Intangible Asset Amortization	$ 0.09	$ 0.10
Add back Non Cash Convertible Debt Interest	$ 0.07	$ 0.07
Convertible share adjustment	$ 0.15	$ 0.21
2022 Estimated Non-GAAP Diluted EPS	$ 3.50	$ 4.25

	FY 2022 High Old
2022 Estimated GAAP Diluted EPS (Old)	$ 3.73
Add back Intangible Asset Amortization	$ 0.07
Add back Non Cash Convertible Debt Interest	$ 0.08
Convertible share adjustment	$ 0.13
2022 Estimated Non-GAAP Diluted EPS	$ 4.00

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Appendix | GAAP to Non-GAAP Reconciliation

	Twelve Months Ended			
	December 31, 2020	% of Net Revenues	December 31, 2019	% of Net Revenues
Net Revenues	$ 3,121.5		$ 2,295.0	
Gross profit GAAP	$ 1,785.7	57.2%	$ 1,339.8	58.4%
Inventory step-up	0.4	0.0%	0.4	0.0%
Gross profit non-GAAP	$ 1,786.1	57.2%	$ 1,340.2	58.4%
Income from operations - GAAP	$ 928.4	29.7%	$ 553.7	24.1%
Acquired intangible assets amortization	30.8	1.0%	40.1	1.7%
Restructuring and other (1)	(13.2)	-0.4%	(13.9)	-0.6%
Inventory step-up	0.4	0.0%	0.4	0.0%
Equity modification charge (2)	0.8	0.0%	2.1	0.1%
Income from operations - non-GAAP	$ 947.2	30.3%	$ 582.4	25.4%

	December 31, 2020	% of Net Revenues	Net Income per Common Share		December 31, 2019	% of Net Revenues	Net Income per Common Share	
			Basic	Diluted			Basic	Diluted
Net income - GAAP	$ 784.1	25.1%	$ 4.72	$ 4.28	$ 467.5	20.4%	$ 2.74	$ 2.60
Acquired intangible assets amortization	30.8	1.0%	0.19	0.17	40.1	1.7%	0.24	0.22
Interest and other (3)	14.4	0.5%	0.09	0.08	28.7	1.3%	0.17	0.16
Pension mark-to-market adjustments (3)	10.3	0.3%	0.06	0.06	8.2	0.4%	0.05	0.05
Restructuring and other (1)	(13.2)	-0.4%	(0.08)	(0.07)	(13.9)	-0.6%	(0.08)	(0.08)
Inventory step-up	0.4	0.0%	0.00	0.00	0.4	0.0%	0.00	0.00
Equity modification charge (2)	0.8	0.0%	0.00	0.00	2.1	0.1%	0.01	0.01
Exclude discrete tax adjustments (4)	(15.2)	-0.5%	(0.09)	(0.08)	(22.6)	-1.0%	(0.13)	(0.13)
Non-GAAP tax adjustments	(11.9)	-0.4%	(0.07)	(0.07)	(16.7)	-0.7%	(0.10)	(0.09)
Convertible share adjustment (5)	-	-	-	0.25	-	-	-	0.11
Net income - non-GAAP	$ 800.5	25.6%	$ 4.82	$ 4.62	$ 493.8	21.5%	$ 2.90	$ 2.86
GAAP and non-GAAP weighted average common shares - basic	166.1				170.4			
GAAP weighted average common shares - diluted	183.0				179.5			
Exclude dilutive shares from convertible note	(8.5)				(4.9)			
Non-GAAP weighted average common shares - diluted	174.5				174.6			

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Appendix | GAAP to Non-GAAP Reconciliation

- Teradyne determines non-GAAP operating cash flow ("Free Cash Flow") by adjusting GAAP cash flow from operations excluding discontinued operations, less property, plant and equipment additions. Free cash flow is considered a non-GAAP financial measure. Teradyne believes that free cash flow, which measures our ability to generate cash from our business operations, is an important financial measure for use in evaluating Teradyne's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, income (loss) from continuing operations or net income (loss) as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.
- Teradyne believes it is important to view free cash flow as a measure that provides supplemental information to Teradyne's entire statement of cash flows.
- Although other companies report their free cash flow, numerous methods may exist for calculating a company's free cash flow. As a result, the method used by Teradyne to calculate free cash flow may differ from the methods other companies use to calculate their free cash flow.
- The following table sets forth a reconciliation of free cash flow, a non-GAAP financial measure, to net cash provided by operating activities, a GAAP measure, which we believe to be the GAAP financial measure most directly comparable to free cash flow.

	2015	2016	2017	2018	2019	2020	9mo21	Q3'20	Q2'21	Q3'21
GAAP Cash Flow from Operations, Excl Disc Ops	$ 413	$ 455	$ 626	$ 477	$ 579	$ 869	$ 767	$ 343	$ 206	$ 523
Less Property, Plant, and Equipment Additions net of Govt Subsidy	$ (90)	$ (85)	$ (105)	$ (107)	$ (135)	$ (185)	$ (103)	$ (63)	$ (35)	$ (29)
Non-GAAP Operating Cash Flow ("Free Cash Flow")	$ 323	$ 370	$ 521	$ 370	$ 444	$ 684	$ 664	$ 280	$ 172	$ 493

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Appendix | GAAP to Non-GAAP Reconciliation

	Q3'20		Q2'21		Q3'21		Q4'21 Low Guidance		Q4'21 High Guidance	
	$'s	% of sales	$'s	% of sales	$'s	% of sales	$'s	% of sales	$'s	% of sales
GAAP Operating Expenses	$189	23%	$258	24%	$249	26%	$256	31%	$259	29%
Intangible Asset Amortization	-$6	-1%	-$5	0%	-$5	-1%	-$5	-1%	-$5	-1%
Restructuring and Other	$28	3%	-$3	0%	-$1	0%				
Equity Modification Charge				0%						
Non GAAP Operating Expenses	$211	26%	$250	23%	$242	25%	$251	31%	$254	28%

	Q3'20		Q2'21		Q3'21	
	$'s	%	$'s	%	$'s	%
GAAP Income Tax	$41	16%	$56	15%	$41	14%
Exclude discrete tax adjustments	$4	2%	$1	0%	$1	0%
Tax effect of non-GAAP adjustments	-$2	-1%	$2	0%	$6	2%
Effect of Higher Non-GAAP PBT		1%		0%		-2%
Non GAAP Income Tax	$43	17%	$58	15%	$48	15%

Q4'21 Guidance:	Low End	High End
GAAP Operating Profit as % of Sales	27%	31%
Acquired intangible asset amortization	1%	1%
Non-GAAP Operating Profit as % of Sales	28%	32%

Q4'21 GAAP Guidance Diluted Shares	177
Exclude dilutive shares from convertible note	-3
Q4'21 Non-GAAP Guidance Diluted Shares	174

	Net Income FY 2021 Diluted EPS
Net income - GAAP	$ 5.47
Restructuring and other	(0.02)
Acquired intangible assets amortization	0.12
Loss on convertible debt conversions	0.14
Interest and other	0.05
Exclude discrete tax adjustments	(0.12)
Non-GAAP tax adjustments	(0.02)
Convertible share adjustment	0.26
Net income - non-GAAP	$ 5.88

GAAP to Non-GAAP Reconciliation of Fourth Quarter 2021 guidance:

GAAP and non-GAAP four quarter revenue guidance:	$820 million	to	$900 million
GAAP net income per diluted share	$ 1.08		$ 1.33
Exclude acquired intangible assets amortization	0.03		0.03
Exclude non-cash convertible debt interest	0.01		0.01
Tax effect of non-GAAP adjustments	(0.01)		(0.01)
Convertible share adjustment	0.02		0.03
Non-GAAP net income per diluted share	$ 1.14		$ 1.40

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