

KLA+ Earnings

Q1 Fiscal 2022

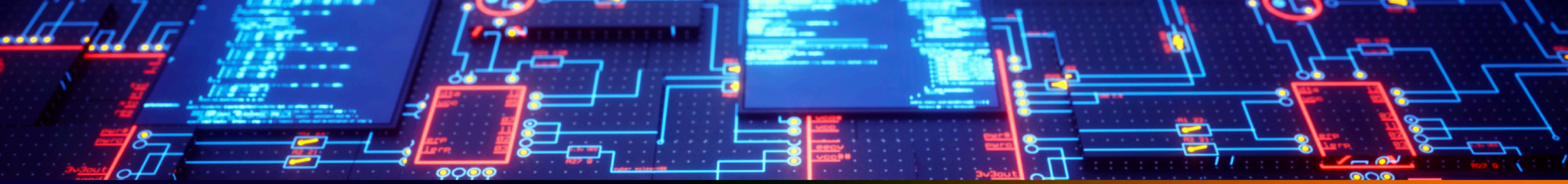
(Quarter Ended September 30, 2021)

Reporting Date: October 27, 2021

Forward-Looking Statements

Statements in this presentation other than historical facts, such as statements pertaining to: (i) growth rates for 2021 and 2022; (ii) our ability to meet or exceed our 2023 financial targets ahead of expectations; (iii) continued improvement of industry demand for semiconductors and WFE; (iv) foundry/logic strength with our customers increasing their demand forecast in 2021; (v) strong demand for memory in 2021 and 2022; (vi) high R&D investment; (vii) expansion of service opportunities; (viii) capital allocation; (ix) the forecast of Optical Patterned Wafer Inspection to be among the fastest-growing segments in WFE; (x) our flagship reticle inspection business being on pace for a record year in 2021; (xi) continued improvement of revenue throughout calendar year 2021; (xii) levels of business activity in the quarter ending December 31, 2021 and for calendar 2021; (xiii) future capital returns to shareholders; (xiv) our non-GAAP operating expenses for the quarter ending December 31, 2021 and near term budget; (xv) our effective tax planning rate for the quarter ending December 31, 2021; (xvi) WFE growth in 2021 and 2022, and demand levels across end markets; and (xvii) revenues, GAAP and non-GAAP gross margin and GAAP and non-GAAP diluted EPS for the quarter ending December 31, 2021 and revenues across customer segments in the quarter ending December 31, 2021; are forward-looking statements and subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on current information and expectations and involve a number of risks and uncertainties. Actual results may differ materially from those projected in such statements due to various factors, including but not limited to: the future impacts of the COVID-19 pandemic; delays and disruptions in the supply chain; cybersecurity incidents of ours and our customer' and suppliers' networks; the demand for semiconductors; the financial condition of the global capital markets and the general macroeconomic environment; new and enhanced product and technology offerings by competitors; push-out of deliveries or cancellation of orders by customers; the ability of KLA's research and development teams to successfully innovate and develop technologies and products that are responsive to customer demands; KLA's ability to successfully manage its costs; market acceptance of KLA's existing and newly launched products; changing customer demands; and industry transitions. For other factors that may cause actual results to differ materially from those projected and anticipated in forward-looking statements in this letter, please refer to KLA's Annual Report on Form 10-K for the year ended June 30, 2021, and other subsequent filings with the Securities and Exchange Commission (including, but not limited to, the risk factors included therein). KLA assumes no obligation to, and does not currently intend to, update these forward-looking statements.



Strategic Overview and Highlights

Rick Wallace | Chief Executive Officer



Semiconductor Industry Demand Environment

Industry Demand Momentum Continues – Industry demand for semiconductors and WFE continues to improve. KLA benefited with broad, diversified strength across each of our major markets, with all major product groups seeing sequential growth. KLA is revising up its CY21 WFE estimate for the fourth time this year to approximately 40% (up from the mid 30's), with growth continuing into CY22.

Customer R&D Investment Remains Very Strategic & Resilient – KLA helps enable critical technology transitions across Foundry/Logic (61% of quarterly semi process sales) and Memory (39% of quarterly semi process sales). As a result, our business is most levered to customers' strategic R&D investments and leading-edge product developments. As the world-wide market leader in Process Control, KLA is on the critical path to enable the implementation for all advanced technologies and improve yields.

Strong Secular Growth Drivers For Semiconductors – Regionalization of semiconductors can now be added to other strong existing secular growth drivers such as rising data center demand, the build out of 5G infrastructure and continued smartphone growth, the electrification of automotive, digital healthcare, work from home, virtual collaboration, remote learning, and digital entertainment. Semiconductors remain at the center of the digitization of more industries and related end-markets than ever before.

KLA is on Track to Exceed 2023 Financial Targets Well Ahead of Expectations

Innovate to Differentiate

Product Differentiation

Leadership in Design, Technology, Performance and Customer Success



R&D INVESTMENTS¹ (\$M)



Investing to Sustain Technology Leadership

September Quarter 2021 Business Highlights

1



KLA's Consistency Led By Execution and Strong Portfolio. We continue to benefit from strength across all our major end markets with overall revenue up 35% year-over-year. We are not immune from supply chain challenges, but we are navigating them well. In Foundry/Logic, simultaneous investments across multiple nodes and rising capital intensity continues to be a tailwind. In Memory, demand remains broad-based across multiple customers, with growth in 2021 led by DRAM, and 2022 setting up to be a strong year for NAND.

2



Optical Metrology Business Stands Out. KLA's metrology revenue is on track to grow meaningfully faster than the WFE market in 2021, after experiencing similar levels of absolute growth in 2020. This is driven by market leadership, as well as increasing adoption of metrology applications in leading edge technology development and capacity monitoring. The optical metrology market is strongly leveraged to EUV and critical next-generation architectures including gate-all-around (GAA) and multi-stack 160+ layer 3D NAND.

3



KLA's Market Leadership in the Largest and Fastest-Growing Segments of Process Control is Delivering Strong Relative Growth in our Semiconductor Process Control Segment. Optical patterned wafer inspection is forecasted to be among the fastest-growing markets in WFE in 2021 (for product segments over \$1 billion in revenue), following a similar result in 2020. Just last month, [KLA introduced the new Voyager® 1035 laser scanning patterned wafer inspector](#), the latest in an extensive portfolio of inline defect inspection tools for critical process monitoring applications in advanced logic and memory chip manufacturing.

4



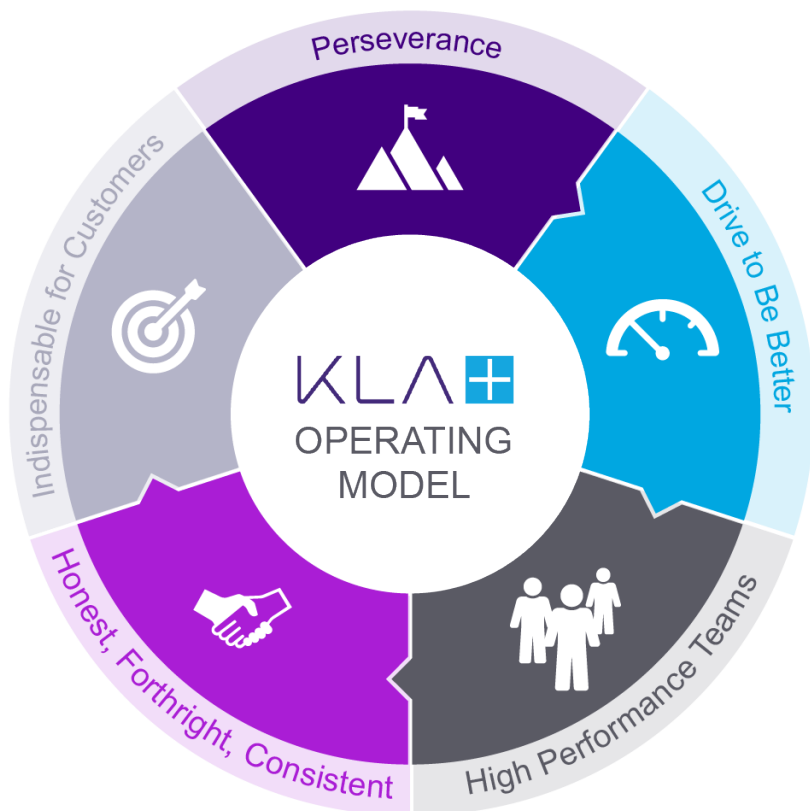
Stellar Services Performance as Double-Digit Growth Continues. Our Services business (22% of total revenue) continues to perform well, and grew 15% year-over-year, above its targeted long-term growth rate of 9% to 11%. Improved long-term growth in Services is being driven by a growing installed base, increasing complexity of our systems, tighter time-to-market requirements for our customers, and market expansion at trailing edge nodes. KLA's Services contract penetration rate is over 75% of overall Service revenue.

5



Company Delivered Exceptional Free Cash Flow Generation and Consistent Capital Returns. Quarterly free cash flow grew to a record level of \$795 million which drove LTM free cash flow up 42% year-over-year to \$2.29 billion. We have also remained focused on returning capital to shareholders via our dividend and stock repurchase program, both of which are up materially year-over-year, including \$563 million in share repurchases and dividends during the quarter.

The KLA Operating Model



Consistent strategy and execution

- Application of common processes and discipline
- Cascades throughout the organization
- Strong focus on talent development

Management by metrics

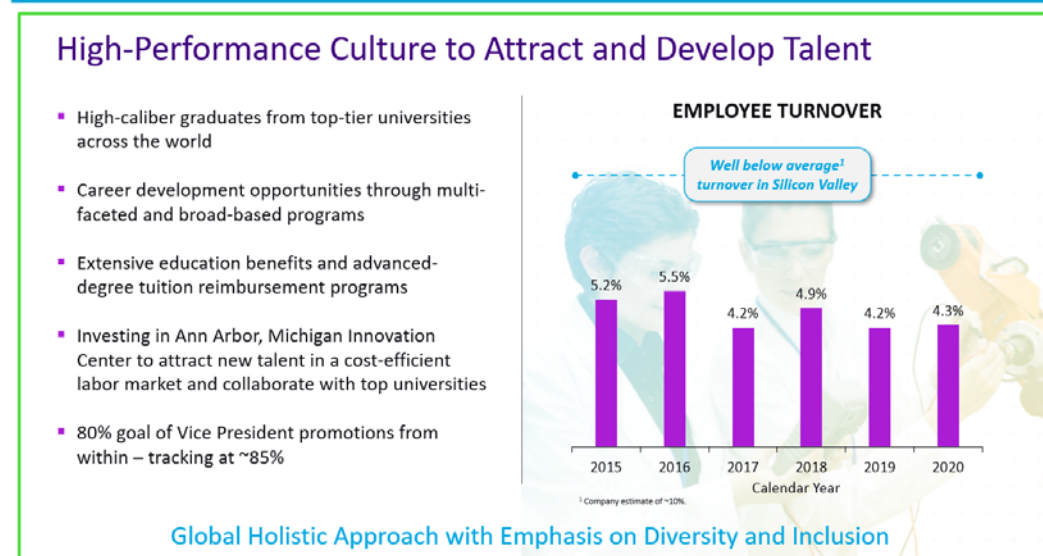
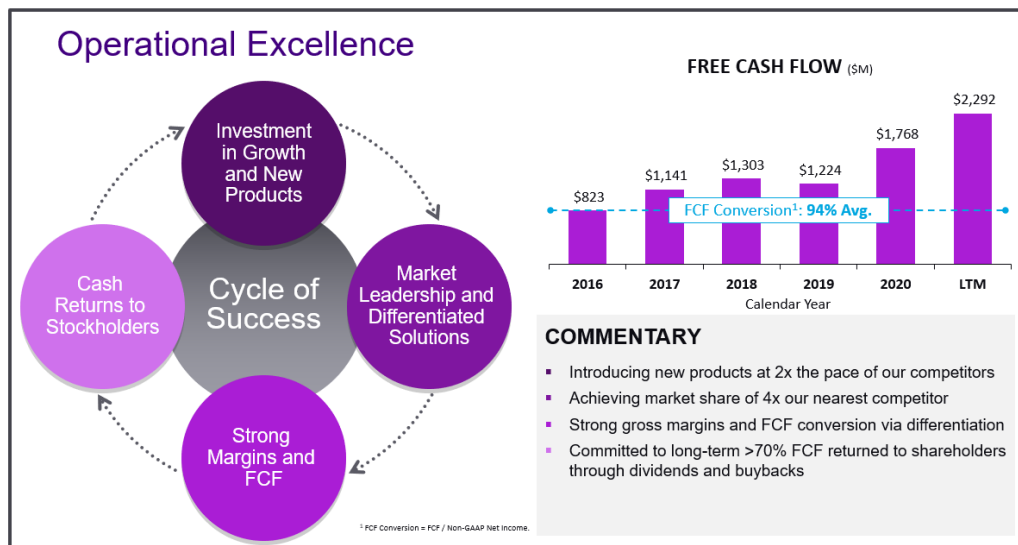
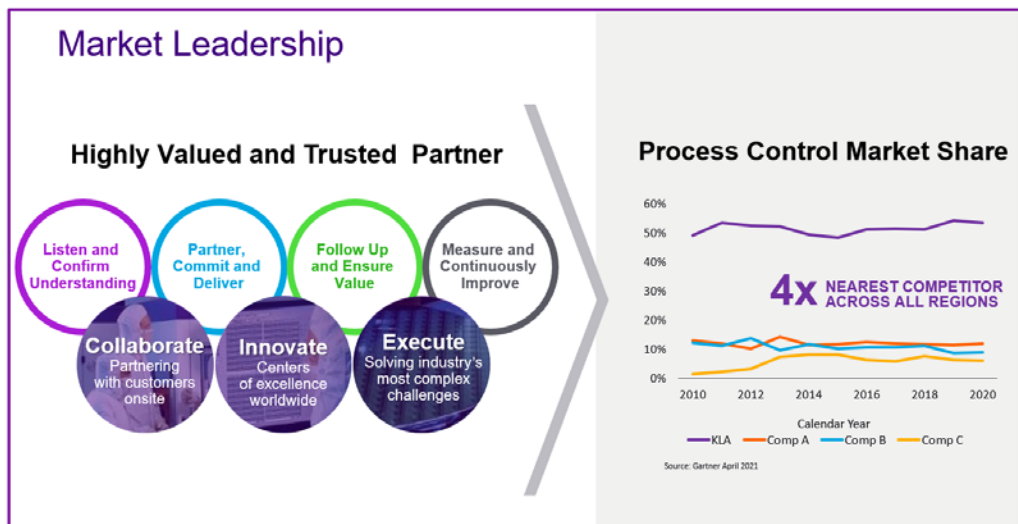
- Culture of performance and accountability
- Expectation of continuous improvement
- Superior margins driven by market leadership and differentiation

Financial discipline and rigor

- Exert efficiency and operating discipline in our investments
- Strong track record of high returns
- Focused on enhancing shareholder value

Focused on Driving Sustainable Profitability and Growth

KLA's Four Strategic Objectives Serve As Our Guide



Sources: Industry data and Company estimates.



Business Performance and Guidance

Bren Higgins | Chief Financial Officer



September Quarter 2021 Financial Highlights

\$2,084M
Revenue

42.2%
Op. Margin*

\$712M
Net Income*

62.9%
Gross Margin*

\$795M
Free Cash Flow*

\$4.64
NON-GAAP DILUTED EPS*

\$432M
Operating Expenses*

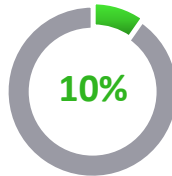
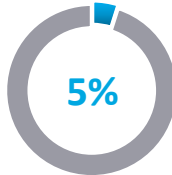
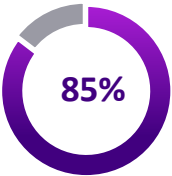
112%
FCF Conversion*

\$6.96
GAAP DILUTED EPS

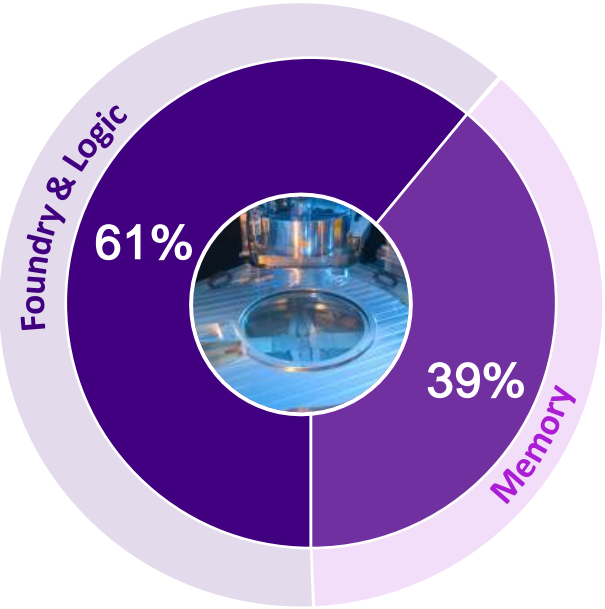
* Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP . Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures.

Breakdown of Revenue by Reportable Segments & End Markets

Revenue	Q1-FY22 (\$M)	Y/Y Growth %	Q/Q Growth %
Semiconductor Process Control <i>(Systems + Services)</i>	\$1,779	+40%	+13%
Specialty Semiconductor Process <i>(Systems + Services)</i>	\$102	+15%	+4%
PCB, Display and Component Inspection <i>(Systems + Services)</i>	\$203	+12%	-18%
Total	\$2,084 ¹	+35%	+8%



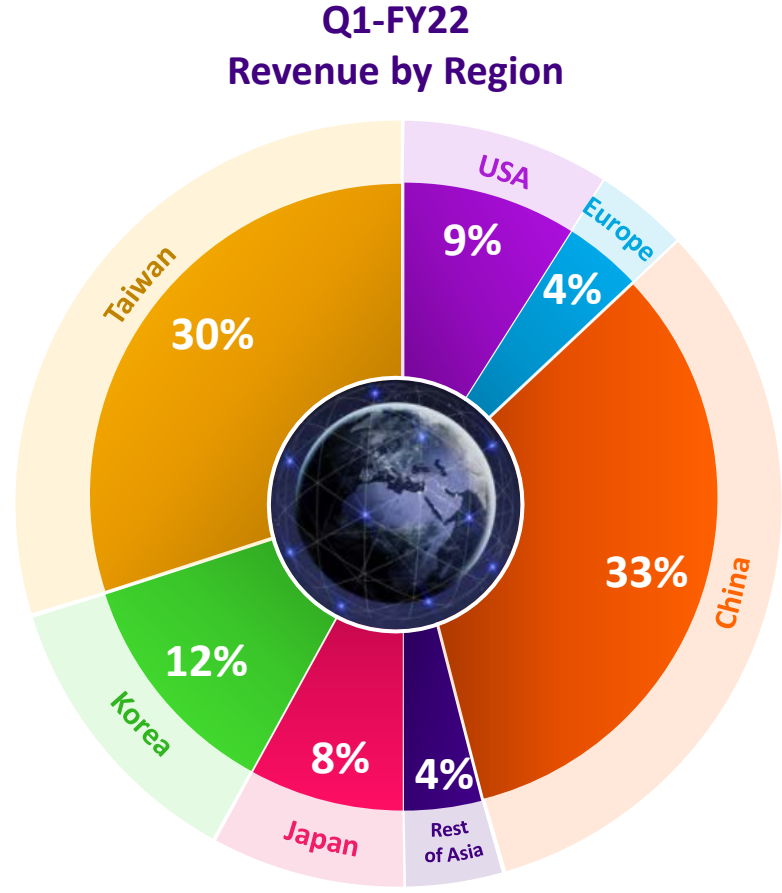
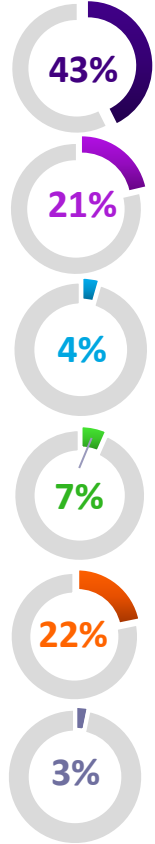
Q1-FY22: Semi Process Control End Market System Revenue



1. Rounding difference with sum of above

Breakdown of Revenue by Major Product Categories and Region

Revenue	Q1-FY22 (\$M)	Y/Y Growth %	Q/Q Growth %
Wafer Inspection <i>(Systems Only)</i>	\$888	+71%	+20%
Patterning <i>(Systems Only)</i>	\$440	+19%	+3%
Specialty Semi Process <i>(Systems Only)</i>	\$93	+26%	+14%
PCB, Display and Component Inspection <i>(Systems Only)</i>	\$138	+14%	-25%
Services	\$454	+15%	+2%
Other ¹	\$72	+19%	+50%
Total	\$2,084 ²	+35%	+8%



¹ Included in the Semiconductor Process Control Segment
² Rounding difference with sum of above

Strong Balance Sheet With No Bond Maturities Until 2024

Balance Sheet Summary¹ (\$M)

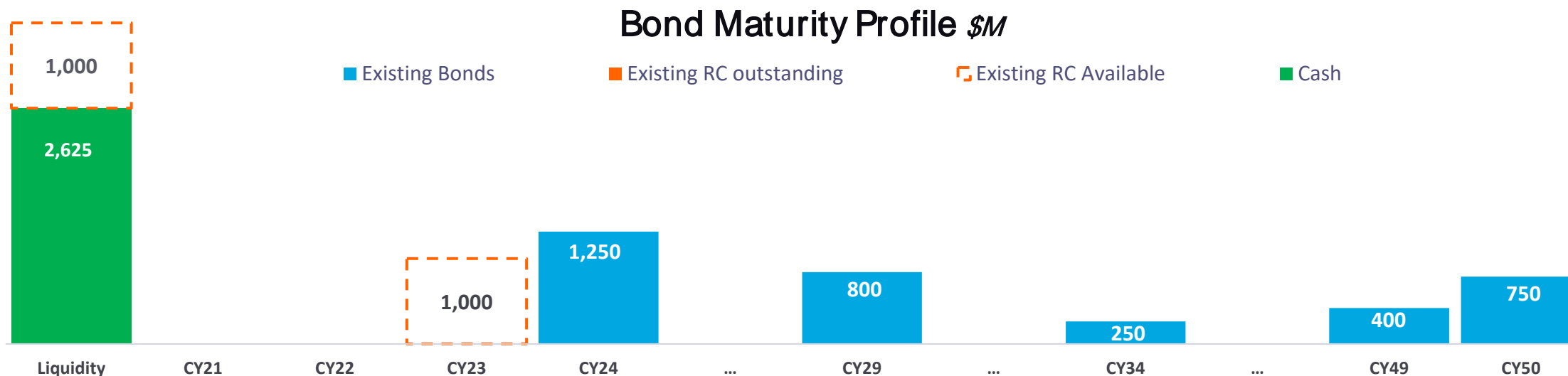
Total Cash ²	\$ 2,625
Working Capital	\$ 3,622
Total Assets	\$ 11,146
Debt ²	\$ 3,423
Total Shareholders' Equity	\$ 3,859

Bond Maturity Profile

Bonds Outstanding	\$ 3,450M
Weighted Average Rate	4.37%
Weighted Average Maturity	13.2 years

Investment Grade Credit Ratings

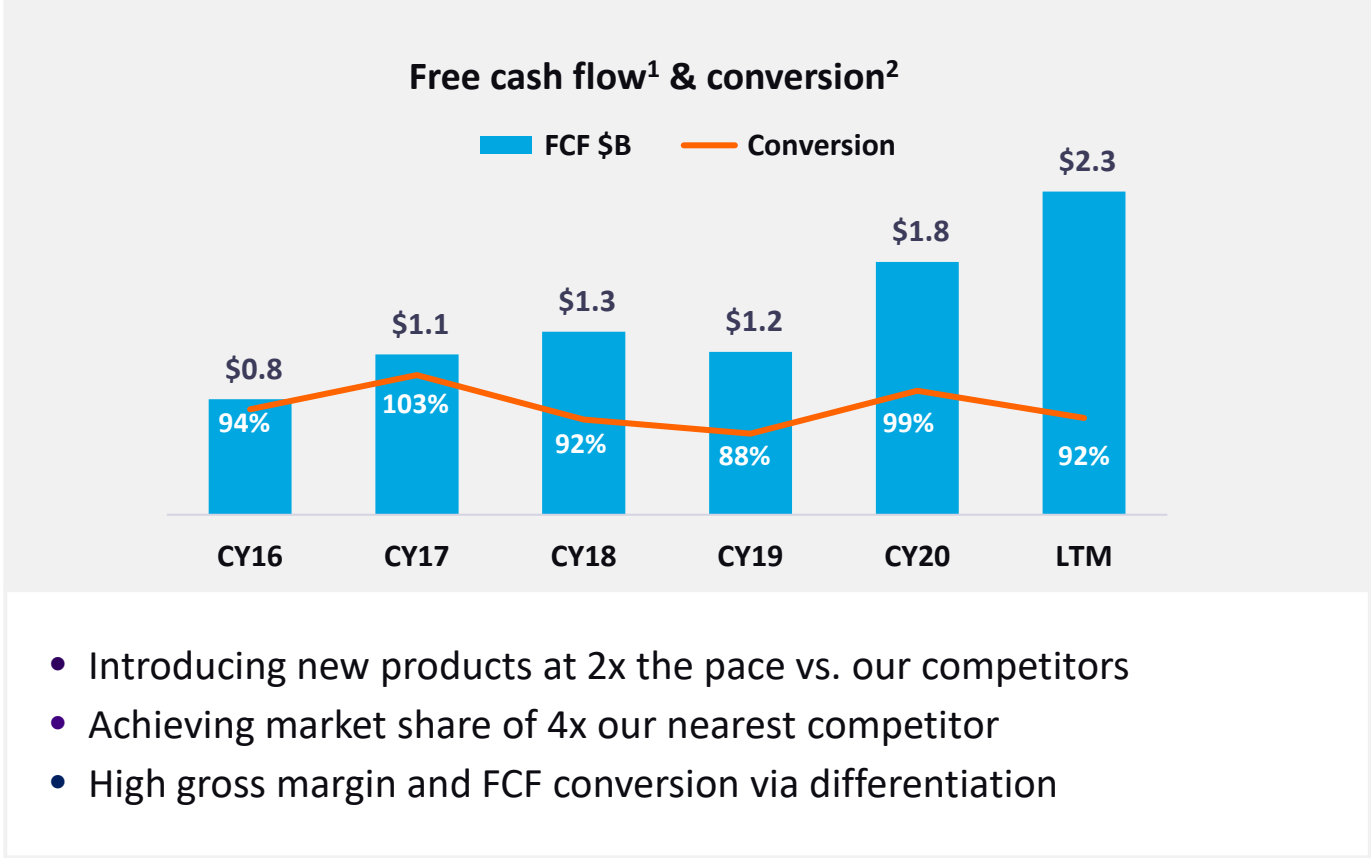
Moody's	A2
S&P	BBB+
Fitch	BBB+



¹ As of 09/30/21; ² Total Cash includes Cash, Cash Equivalents and Marketable Securities;

² Difference between Bonds Outstanding of \$3.450B and gross debt of \$3.423B is un-amortized debt issuance discounts and costs. KLA also has a \$20M notes payable due in CY22

FCF Generation Fuels Consistent Capital Return to Shareholders



Committed to Long-Term >70%³ FCF Returned to Shareholders through Dividends and Buybacks

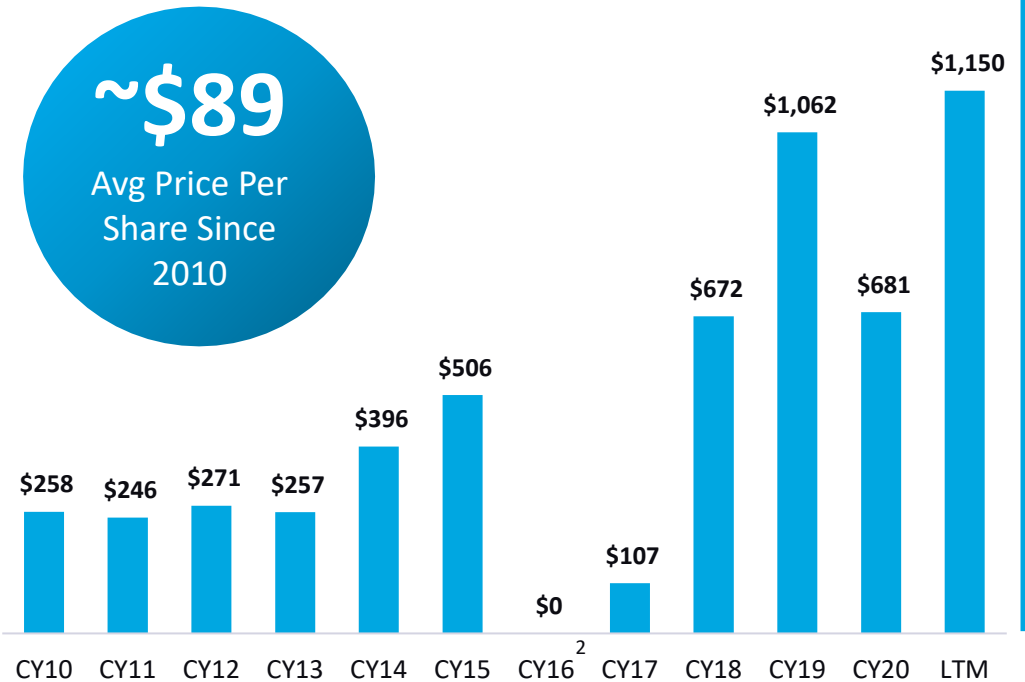
¹ Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures
² FCF Conversion defined as FCF/Non-GAAP Net Income; Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP
³ For calendar 2021 KLA committed to return > 85% of FCF as disclosed originally on 4/29/21 earnings call

Return to Shareholders Balanced Between Buybacks and Dividends

Consistent share repurchases ¹

\$Millions

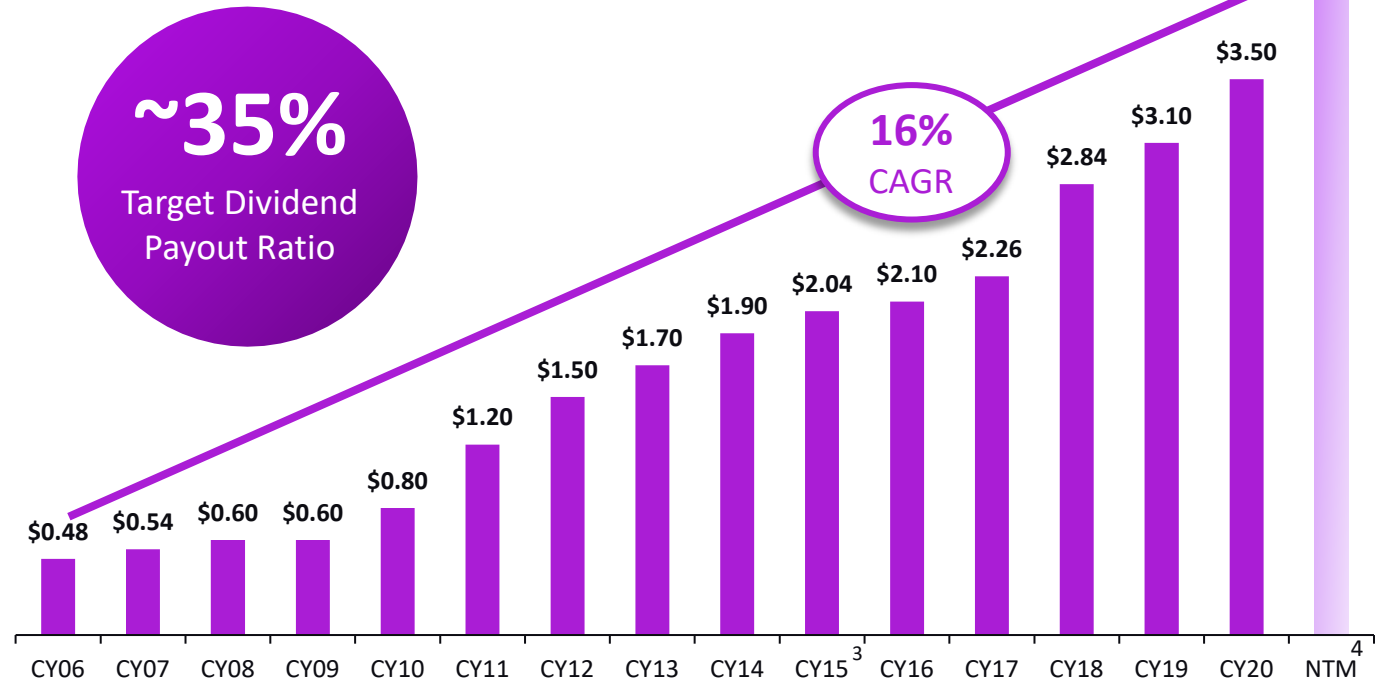
July 2021: New \$2 Billion Repurchase Authorization



Strong track record of annual per share dividend increases

(\$/per share)

July 2021: Announced Dividend Increase to \$1.05/qtr



¹Settlement Date basis ²Share repurchase halted in CY16 during KLA-Lam merger proceedings ³Excludes \$16.50 per share special dividend in CY15 ⁴NTM = Next Twelve Months (Pro forma)

Free Cash Flow and Capital Returns Highlights

\$795M

Sept Qtr FCF*

\$2,292M

LTM FCF*

\$400M

Sept Qtr Share Buyback

\$1,150M

LTM Share Buyback

\$163M

Sept Qtr Dividends Paid

\$581M

LTM Dividends Paid

* Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures. Non-GAAP metric – Refer to Appendix for Reconciliation to GAAP. Capital Returns = Dividends + Share Repurchases

December Quarter 2021 Guidance (Q2 FY2022)

December 2021 quarter

REVENUE	\$2,225M to \$2,425M
NON-GAAP GROSS MARGIN*	62% to 64%
GAAP DILUTED EPS	\$4.69 to \$5.59
NON-GAAP DILUTED EPS*	\$4.95 to \$5.85

* Non-GAAP metric – Refer to Appendix for Reconciliation to GAAP

Macro assumptions

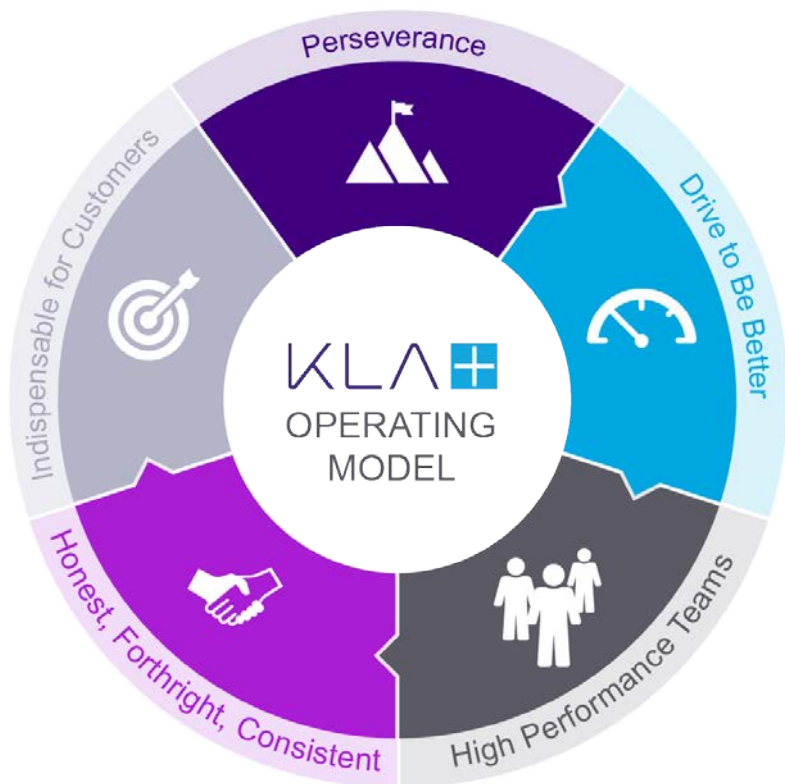
- Semi Process Control Revenue By End Market
 - Foundry/Logic: 74%
 - Memory: 26%

Model assumptions

- Non-GAAP Operating Expenses:* ~\$470M
- Other Income & Expense (OIE), Net: ~\$44M
- Effective Tax Rate: ~13.5%
- Diluted Share Count: ~152M

Driving Profitable Growth and Delivering Shareholder Value

The KLA Operating Model Continues to Guide Us



1

Global leader in process control and supplier of process-enabling solutions for the data era

2

Sustained technology leadership allows us to remain at forefront of industry trends with new capabilities and technologies, enabling our profitable growth strategy

3

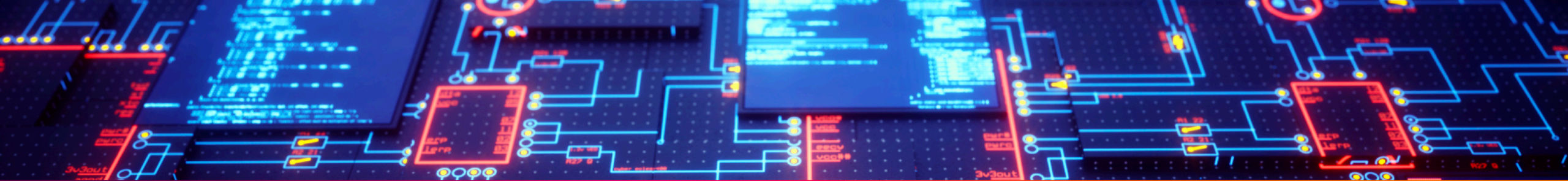
Competitive moat driven by deep, collaborative customer relationships, a broad IP portfolio, significant R&D investments, and differentiated solutions to solve our customers' most complex challenges

4

Experienced and energized leadership team utilizing the KLA Operating Model to instill a high-performance culture driving efficiency and operating performance

5

Track record of strong cash flow generation supported by diversification of revenue streams; balanced capital allocation delivering superior shareholder value



Appendix

Reconciliation of Financial Results

Reconciliation of Non-GAAP Financial Measures

		For the three months ended	For the twelve months ended					
		Sep 30, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
<i>(in thousands, except per share amounts and percentages)</i>								
GAAP net income attributable to KLA		\$ 1,068,417	\$ 2,726,142	\$ 1,367,523	\$ 1,137,653	\$ 1,420,692	\$ 656,341	\$ 863,670
<u>Adjustments to reconcile GAAP net income to non-GAAP net income*</u>								
Acquisition-related charges	a	60,168	219,248	214,533	340,318	21,218	4,737	4,383
Restructuring, severance and other charges	b	125	3,909	16,885	2,786	-	-	137
Debt extinguishment loss	c	-	-	22,538	-	-	-	-
Goodwill and intangible asset impairment	d	-	-	256,649	-	-	-	-
Merger-related charges	e	-	-	-	-	-	9,308	17,051
Income tax effect of non-GAAP adjustments	f	(19,684)	(72,012)	(74,196)	(97,828)	(1,229)	(4,631)	(6,169)
Discrete tax items	g	(397,000)	(378,966)	(10,047)	8,465	(18,089)	441,894	(3,064)
Non-GAAP net income attributable to KLA		\$ 712,026	\$ 2,498,321	\$ 1,793,885	\$ 1,391,394	\$ 1,422,592	\$ 1,107,649	\$ 876,008
GAAP diluted EPS		\$ 6.96						
Non-GAAP diluted EPS		\$ 4.64						
Shares used in diluted shares calculation		153,410						
GAAP research and development ("R&D") expenses		\$ 258,153	\$ 967,602	\$ 880,635	\$ 822,928	\$ 624,668	\$ 570,202	\$ 503,188
<u>Adjustments to reconcile GAAP R&D expenses to non-GAAP R&D expenses*</u>								
Acquisition-related charges	a	(5,962)	(5,962)	-	(3,328)	-	-	-
Restructuring, severance and other charges	b	-	(1,782)	(3,625)	(802)	-	-	(5)
Merger-related charges	e	-	-	-	-	-	(3,139)	(3,767)
Non-GAAP R&D expenses		\$ 252,191	\$ 959,858	\$ 877,010	\$ 818,798	\$ 624,668	\$ 567,063	\$ 499,416
GAAP R&D expenses as a percentage of revenue		12.4%	13.0%	14.5%	15.6%	14.5%	15.0%	15.4%
Non-GAAP R&D expenses as a percentage of revenue		12.1%	12.9%	14.4%	15.5%	14.5%	14.9%	15.3%
GAAP income before income taxes		\$ 766,348						
<u>Adjustments to reconcile GAAP income before income taxes to non-GAAP income before income taxes*</u>								
Acquisition-related charges	a	60,168						
Restructuring, severance and other charges	b	125						
Non-GAAP income before income taxes		\$ 826,641						
GAAP income tax expense (benefit)		\$ (302,137)						
<u>Adjustments to reconcile GAAP income tax expense to non-GAAP income tax expense*</u>								
Income tax effect of non-GAAP adjustments	f	19,684						
Discrete tax items	g	397,000						
Non-GAAP income tax expense (benefit)		\$ 114,547						
GAAP effective tax rate		-39.4%						
Non-GAAP effective tax rate		13.9%						

* Refer to "Reconciliation of Non-GAAP Financial Measures - Explanation of Non-GAAP Financial Measures" for detailed descriptions and information for each reconciling item

Reconciliation of Non-GAAP Financial Measures

<i>(Dollars in thousands)</i>	<u>For the three months ended</u> <u>Sep 30, 2021</u>
GAAP operating income (1)	\$ 818,800
<u>Adjustments to reconcile GAAP operating income to non-GAAP operating income*</u>	
Acquisition-related charges	a 60,168
Non-GAAP Operating income (1)	\$ 878,968
GAAP operating margin	39.3%
Non-GAAP operating margin	42.2%
GAAP Selling, General and Administrative ("SG&A") expenses (1)	\$ 193,261
<u>Adjustments to reconcile GAAP SG&A expenses to non-GAAP SG&A expenses*</u>	
Acquisition-related charges	a (13,091)
Non-GAAP SG&A expenses (1)	\$ 180,170
GAAP Operating expenses (1)	\$ 451,414
<u>Adjustments to reconcile GAAP operating expenses to non-GAAP operating expenses*</u>	
Acquisition-related charges	a (19,053)
Non-GAAP Operating expenses (1)	\$ 432,361
GAAP gross profit	\$ 1,270,214
<u>Adjustments to reconcile GAAP gross profit to non-GAAP gross profit*</u>	
Acquisition-related charges	a 41,115
Non-GAAP gross profit	\$ 1,311,329
GAAP gross margin	61.0%
<u>Adjustments to reconcile GAAP gross margin to non-GAAP gross margin*</u>	
Acquisition-related charges	a 1.9%
Non-GAAP gross margin	62.9%

* Refer to "Reconciliation of Non-GAAP Financial Measures - Explanation of Non-GAAP Financial Measures" for detailed descriptions and information for each reconciling item

- (1) Non-GAAP operating income and operating expenses include the effects of the changes in the Company's Executive Deferred Savings Plan Program ("EDSP") and the changes in the EDSP liability and asset are recorded in selling, general and administrative expense in operating expenses. The expenses (benefits) associated with changes in the liability included in selling, general and administrative expense for the quarter ended September 30, 2021 was \$(1.0) million. The gains (losses) associated with changes in the EDSP assets included in selling, general and administrative expense for the quarter ended September 30, 2021 was \$(1.1) million.

Reconciliation of Free Cash Flow and Related Metrics

Free Cash Flow Measures <i>(Dollars in thousands)</i>	For the three months ended		For the twelve months ended						
	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
	Net cash provided by operating activities	\$ 863,797	\$ 512,171	\$ 2,536,650	\$ 1,968,126	\$ 1,794,776	\$ 1,373,031	\$ 1,389,697	\$ 1,190,475
Less Capital expenditures	(68,955)	(55,925)	(244,657)	(200,304)	(176,034)	(149,242)	(86,518)	(49,207)	(34,974)
Free cash flow	\$ 794,842	\$ 456,246	\$ 2,291,993	\$ 1,767,822	\$ 1,618,742	\$ 1,223,789	\$ 1,303,179	\$ 1,141,268	\$ 822,806
Free Cash Flow Conversion calculation									
Free cash flow	\$ 794,842		\$ 2,291,993	\$ 1,767,822		\$ 1,223,789	\$ 1,303,179	\$ 1,141,268	\$ 822,806
Non-GAAP net income attributable to KLA	712,026		2,498,321	1,793,885		1,391,394	1,422,592	1,107,649	876,008
Free cash flow conversion	111.6%		91.7%	98.5%		88.0%	91.6%	103.0%	93.9%
GAAP metric comparable to Free Cash Flow Conversion									
Net cash provided by operating activities	\$ 863,797		\$ 2,536,650	\$ 1,968,126		\$ 1,373,031	\$ 1,389,697	\$ 1,190,475	\$ 857,780
GAAP net income attributable to KLA	1,068,417		2,726,142	1,367,523		1,137,653	1,420,692	656,341	863,670
GAAP metric comparable to free cash flow conversion	80.8%		93.0%	143.9%		120.7%	97.8%	181.4%	99.3%
Cash paid for dividends	\$ 162,821	\$ 141,164							
Cash paid for share repurchases	399,677	187,897							
Capital returns	\$ 562,498	\$ 329,061							
Capital returns as a percentage of free cash flow	70.8%	72.1%							

The Company presents free cash flow and certain related metrics as supplemental non-GAAP measures of its performance. Free cash flow is determined by adjusting GAAP net cash provided by operating activities for capital expenditures. Free cash flow conversion is defined as free cash flow divided by non-GAAP net income.

Reconciliation of Q2 FY 2022 Guidance Range

<i>(In millions, except per share amounts and percentages)</i>	Low	High
GAAP diluted net income per share	\$ 4.69	\$ 5.59
Acquisition-related charges	a 0.36	0.36
Restructuring, severance and other charges	b 0.01	0.01
Income tax effect of non-GAAP adjustments	f (0.11)	(0.11)
Non-GAAP diluted net income per share	\$ 4.95	\$ 5.85
Shares used in diluted shares calculation	152.2	152.2
GAAP gross margin	60.2%	62.3%
Acquisition-related charges	a 1.8%	1.7%
Non-GAAP gross margin	62.0%	64.0%
GAAP operating expenses	\$ 480	\$ 492
Acquisition-related charges	a (14)	(14)
Restructuring, severance and other charges	b (2)	(2)
Non-GAAP operating expenses	\$ 464	\$ 476

Note: The guidance as of October 27, 2021 represents our best estimate considering the information known as of the date of issuing the guidance. We undertake no responsibility to update the above in light of new information or future events. Refer to forward looking statements for important information. Also refer to "Reconciliation of Non-GAAP Financial Measures - Explanation of Non-GAAP Financial Measures" for detailed descriptions and information about each reconciling item.

Reconciliation of Non-GAAP Financial Measures

Explanation of Non-GAAP Financial Measures:

To supplement our Condensed Consolidated Financial Statements presented in accordance with GAAP, we provide certain non-GAAP financial information, which is adjusted from results based on GAAP to exclude certain costs and expenses, as well as other supplemental information. The non-GAAP and supplemental information is provided to enhance the user's overall understanding of our operating performance and our prospects in the future. Specifically, we believe that the non-GAAP information, including non-GAAP net income attributable to KLA, non-GAAP net income per diluted share attributable to KLA, non-GAAP R&D expenses, non-GAAP gross margin, non-GAAP operating margin, non-GAAP operating expenses, Free Cash Flow, FCF Conversion and FCF Margin, provides useful measures to both management and investors regarding financial and business trends relating to our financial performance by excluding certain costs and expenses that we believe are not indicative of our core operating results to help investors compare our operating performances with our results in prior periods as well as with the performance of other companies. The non-GAAP information is among the budgeting and planning tools that management uses for future forecasting. However, because there are no standardized or generally accepted definitions for most non-GAAP financial metrics, definitions of non-GAAP financial metrics are inherently subject to significant discretion (for example, determining which costs and expenses to exclude when calculating such a metric). As a result, non-GAAP financial metrics may be defined very differently from company to company, or even from period to period within the same company, which can potentially limit the usefulness of such information to an investor. The presentation of non-GAAP and supplemental information is not meant to be considered in isolation or as a substitute for results prepared and presented in accordance with United States GAAP. The following are descriptions of the adjustments made to reconcile GAAP net income attributable to KLA to non-GAAP net income attributable to KLA:

- a) Acquisition-related charges primarily include amortization of intangible assets and other acquisition-related adjustments including adjustments for the fair valuation of inventory and backlog, and transaction costs associated with our acquisitions.
- b) Restructuring, severance and other charges primarily include costs associated with employee severance, acceleration of certain stock-based compensation arrangements, and other exit costs.
- c) Debt extinguishment loss includes a pre-tax loss on early extinguishment of the \$500 million 4.125% Senior Notes due in November 2021.
- d) Goodwill impairment includes non-cash expense recognized as a result of the company's annual testing for goodwill impairment performed in the third quarter of the fiscal year. The impairment charge resulted from the downward revision of financial outlook for the acquired Orbotech business as well as the impact of elevated risk and macroeconomic slowdown driven by the COVID-19 pandemic.
- e) Merger-related charges associated with the terminated merger agreement between KLA-Tencor and Lam Research Corporation ("Lam") primarily include employee retention-related expenses, legal expenses and other costs.
- f) Income tax effect of non-GAAP adjustments includes the income tax effects of the excluded items noted above.
- g) Discrete tax items consist of certain income tax expenses/benefits that, by excluding, help investors compare our operating performance with our results in prior periods as well as with the performance of other companies.