

**INTEGRATED DEVICE TECHNOLOGY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	September 30, 2012	July 1, 2012	October 2, 2011 (1)	September 30, 2012	October 2, 2011 (1)
Revenues	\$ 133,401	\$ 130,161	\$ 138,318	\$ 263,562	\$ 287,603
Cost of revenues	58,774	57,648	64,685	116,422	134,534
Gross profit	74,627	72,513	73,633	147,140	153,069
Operating expenses:					
Research and development	42,387	41,544	39,184	83,931	78,999
Selling, general and administrative	32,750	36,412	24,888	69,162	50,817
Total operating expenses	75,137	77,956	64,072	153,093	129,816
Operating income	(510)	(5,443)	9,561	(5,953)	23,253
Other-than-temporary impairment loss on investments	-	-	-	-	-
Gain on sale of wafer fab facility	-	-	-	-	-
Other income (expense), net	(206)	2,000	(1,828)	1,794	(1,784)
Income (loss) from continuing operations before income taxes	(716)	(3,443)	7,733	(4,159)	21,469
Provision (benefit) for income taxes	(33)	(3,986)	(367)	(4,019)	600
Net income (loss) from continuing operations	(683)	543	8,100	(140)	20,869
Discontinued operations:					
Gain from divestiture	886	-	45,939	886	45,939
Loss from discontinued operations	(273)	(4,858)	(7,352)	(5,131)	(14,996)
Provision (benefit) for income taxes	3	-	(60)	3	(89)
Net income (loss) from discontinued operations	610	(4,858)	38,647	(4,248)	31,032
Net income (loss)	<u>\$ (73)</u>	<u>\$ (4,315)</u>	<u>\$ 46,747</u>	<u>\$ (4,388)</u>	<u>\$ 51,901</u>
Basic net income (loss) per share continuing operations	\$ -	\$ -	\$ 0.06	\$ -	\$ 0.14
Basic net income (loss) per share discontinued operations	-	(0.03)	0.26	(0.03)	0.21
Basic net income (loss) per share	<u>\$ -</u>	<u>\$ (0.03)</u>	<u>\$ 0.32</u>	<u>\$ (0.03)</u>	<u>\$ 0.35</u>
Diluted net income (loss) per share continuing operations	\$ -	\$ -	\$ 0.06	\$ -	\$ 0.14
Diluted net income (loss) per share discontinued operations	-	(0.03)	0.26	(0.03)	0.21
Diluted net income (loss) per share	<u>\$ -</u>	<u>\$ (0.03)</u>	<u>\$ 0.32</u>	<u>\$ (0.03)</u>	<u>\$ 0.35</u>
Weighted average shares:					
Basic	143,519	142,595	144,682	143,005	146,249
Diluted	<u>143,519</u>	<u>143,984</u>	<u>146,169</u>	<u>143,005</u>	<u>148,686</u>

1) The Company's prior period financial results have been revised to reflect an immaterial correction. During the third quarter of fiscal 2012 the Company identified errors related to its accounting for certain accrued employee retention costs and other accrued liabilities. The Company assessed the materiality of these errors individually and in the aggregate on prior periods' financial statements in accordance with the SEC's Staff Accounting Bulletin No. 99 ("SAB 99"), and concluded that the errors were not material to any of its prior annual or interim financial statements. As permitted by the SEC's Staff Accounting Bulletin No. 108 ("SAB 108"), the Company elected to revise previously issued consolidated financial statements the next time they are filed.

As a result of the revisions, net income for the three and six months ended October 2, 2011 decreased by \$0.3 million and \$2.8 million, respectively.

**INTEGRATED DEVICE TECHNOLOGY, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP**  
(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	September 30, 2012	July 1, 2012	October 2, 2011	September 30, 2012	October 2, 2011
<b>GAAP net income (loss) from continuing operations</b>	<b>\$ (683)</b>	<b>\$ 543</b>	<b>\$ 8,100</b>	<b>\$ (140)</b>	<b>\$ 20,869</b>
<b>GAAP diluted net income (loss) per share continuing operations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.06</b>	<b>\$ -</b>	<b>\$ 0.14</b>
Acquisition related:					
Amortization of acquisition related intangibles	5,573	4,891	3,861	10,464	7,989
Acquisition related legal and consulting fees (1)	3,630	4,836	-	8,466	-
Other acquisition related costs (2)	1,200	1,800	-	3,000	-
Assets impairment (3)	(59)	(59)	(92)	(118)	(182)
Fair market value adjustment to acquired inventory sold	100	358	-	458	-
Restructuring related:					
Severance and retention costs	2,237	715	816	2,952	2,603
Facility closure costs (4)	34	13	(5)	47	23
Fabrication production transfer costs (5)	-	-	816	-	2,661
Gain on sale of fabrication facility	-	-	-	-	-
Other:					
Other-than-temporary impairment loss on investments	-	-	-	-	-
Stock-based compensation expense	3,617	3,122	4,282	6,739	8,054
Expenses related to stockholder activities (6)	38	2,576	-	2,614	-
Compensation expense (benefit)—deferred compensation plan (7)	480	(136)	(1,337)	344	(1,281)
Loss (gain) on deferred compensation plan securities (7)	(477)	314	1,359	(163)	1,314
Life insurance proceeds received (7)	-	(2,313)	-	(2,313)	-
Tax effects of Non-GAAP adjustments	(3,076)	(5,677)	(594)	(8,753)	(1,066)
<b>Non-GAAP net income from continuing operations</b>	<b>\$ 12,614</b>	<b>\$ 10,983</b>	<b>\$ 17,206</b>	<b>\$ 23,597</b>	<b>\$ 40,984</b>
GAAP weighted average shares - diluted	143,519	143,984	146,169	143,005	148,686
Non-GAAP adjustment	2,907	1,716	1,994	2,979	1,840
Non-GAAP weighted average shares - diluted (8)	146,426	145,700	148,163	145,984	150,526
<b>Non-GAAP diluted net income per share continuing operations</b>	<b>\$ 0.09</b>	<b>\$ 0.08</b>	<b>\$ 0.12</b>	<b>\$ 0.16</b>	<b>\$ 0.27</b>
<b>GAAP gross profit</b>	<b>74,627</b>	<b>72,513</b>	<b>73,633</b>	<b>147,140</b>	<b>153,069</b>
Acquisition and divestiture related:					
Amortization of acquisition related intangibles	3,890	3,622	2,917	7,512	6,101
Acquisition related legal and consulting fees (1)	-	-	-	-	-
Assets impairment (3)	(59)	(59)	(92)	(118)	(182)
Fair market value adjustment to acquired inventory sold	100	358	-	458	-
Restructuring related:					
Severance and retention costs	306	301	670	607	1,960
Facility closure costs (4)	3	6	(4)	9	(2)
Fabrication production transfer costs (5)	-	-	816	-	2,661
Other:					
Compensation expense (benefit)—deferred compensation plan (7)	120	(34)	(289)	86	(277)
Stock-based compensation expense	252	303	453	555	880
<b>Non-GAAP gross profit</b>	<b>79,239</b>	<b>77,010</b>	<b>78,104</b>	<b>156,249</b>	<b>164,210</b>
<b>GAAP R&amp;D expenses:</b>	<b>42,387</b>	<b>41,544</b>	<b>39,184</b>	<b>83,931</b>	<b>78,999</b>
Restructuring related:					
Severance and retention costs	(1,070)	(340)	(126)	(1,410)	(603)
Facility closure costs (4)	(28)	(4)	5	(32)	(10)
Other:					
Compensation expense (benefit)—deferred compensation plan (7)	(290)	82	867	(208)	830
Stock-based compensation expense	(1,873)	(1,542)	(2,320)	(3,415)	(4,319)
<b>Non-GAAP R&amp;D expenses</b>	<b>39,126</b>	<b>39,740</b>	<b>37,610</b>	<b>78,866</b>	<b>74,897</b>
<b>GAAP SG&amp;A expenses:</b>	<b>32,750</b>	<b>36,412</b>	<b>24,888</b>	<b>69,162</b>	<b>50,817</b>
Acquisition and divestiture related:					
Amortization of acquisition related intangibles	(1,683)	(1,269)	(944)	(2,952)	(1,888)
Acquisition related legal and consulting fees (1)	(3,630)	(4,836)	-	(8,466)	-
Other acquisition related costs (2)	(1,200)	(1,800)	-	(3,000)	-
Restructuring related:					
Severance and retention costs	(861)	(74)	(20)	(935)	(40)
Facility closure costs (4)	(3)	(3)	(4)	(6)	(15)
Other:					
Compensation expense (benefit)—deferred compensation plan (7)	(70)	20	181	(50)	174
Stock-based compensation expense	(1,492)	(1,277)	(1,509)	(2,769)	(2,855)
Expenses related to stockholder activities (6)	(38)	(2,576)	-	(2,614)	-
<b>Non-GAAP SG&amp;A expenses</b>	<b>23,773</b>	<b>24,597</b>	<b>22,592</b>	<b>48,370</b>	<b>46,193</b>
<b>GAAP interest income and other, net</b>	<b>(206)</b>	<b>2,000</b>	<b>(1,828)</b>	<b>1,794</b>	<b>(1,784)</b>
Loss (gain) on deferred compensation plan securities (7)	(477)	314	1,359	(163)	1,314
Life insurance proceeds received (7)	-	(2,313)	-	(2,313)	-
<b>Non-GAAP interest income and other, net</b>	<b>(683)</b>	<b>1</b>	<b>(469)</b>	<b>(682)</b>	<b>(470)</b>
<b>GAAP provision (benefit) for income taxes continuing operations</b>	<b>(33)</b>	<b>(3,986)</b>	<b>(367)</b>	<b>(4,019)</b>	<b>600</b>
Tax effects of Non-GAAP adjustments (7)	3,076	5,677	594	8,753	1,066
<b>Non-GAAP provision (benefit) for income taxes continuing operations</b>	<b>3,043</b>	<b>1,691</b>	<b>227</b>	<b>4,734</b>	<b>1,666</b>

- (1) Consists of costs incurred in connection with merger and acquisition-related activities, including legal, accounting and other consulting fees.
- (2) Consists of a accrued deferred closing date fee associated with the acquisition of NXP's high-speed data converter assets.
- (3) Consists of an impairment charge related to a note receivable and subsequent recoveries.
- (4) Consists of ongoing costs associated with the exit of our leased and owned facilities.
- (5) Consists of costs incurred in connection with the transition of our wafer fabrication processes in our Oregon facility to TSMC.
- (6) This adjustment reflects the expenses in response to our activities and inquiries of Starboard Value LP.
- (7) Consists of gains and losses on marketable equity securities related to our deferred compensation arrangements and the changes in the fair value of the assets in a separate trust that is invested in Corporate owned life insurance under our deferred compensation plan and life insurance proceeds received to this trust.
- (8) For purposes of calculating non-GAAP diluted net income per share, the GAAP diluted weighted average shares outstanding is adjusted to exclude the benefits of stock compensation expense attributable to future services not yet recognized in the financial statements that are treated as proceeds assumed to be used to repurchase shares under the GAAP treasury method.

**INTEGRATED DEVICE TECHNOLOGY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>(In thousands)</i>	<u>September 30,</u> <u>2012</u>	<u>April 1,</u> <u>2012</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 97,871	\$ 134,924
Short-term investments	170,922	190,535
Accounts receivable, net	71,129	60,609
Inventories	61,483	71,780
Prepaid and other current assets	29,530	23,684
Total current assets	<u>430,935</u>	<u>481,532</u>
Property, plant and equipment, net	76,141	69,984
Goodwill	145,129	96,092
Acquisition-related intangibles	58,681	40,548
Other assets	28,738	29,478
<b>TOTAL ASSETS</b>	<u><u>\$ 739,624</u></u>	<u><u>\$ 717,634</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 26,254	\$ 25,211
Accrued compensation and related expenses	22,955	26,156
Deferred income on shipments to distributors	14,953	14,263
Deferred taxes liabilities	470	421
Other accrued liabilities	20,034	13,443
Total current liabilities	<u>84,666</u>	<u>79,494</u>
Deferred tax liabilities	5,897	1,552
Long term income taxes payable	599	706
Other long term obligations	20,127	16,494
Total liabilities	<u>111,289</u>	<u>98,246</u>
Stockholders' equity	<u>628,335</u>	<u>619,388</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 739,624</u></u>	<u><u>\$ 717,634</u></u>