

INTEGRATED DEVICE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	Sept. 28, 2014	June 29, 2014	Sept. 29, 2013	Sept. 28, 2014	Sept. 29, 2013
Revenues	\$ 137,093	\$ 126,302	\$ 124,047	\$ 263,395	\$ 241,511
Cost of revenues	55,217	52,293	53,286	107,510	104,628
Gross profit	81,876	74,009	70,761	155,885	136,883
Operating expenses:					
Research and development	30,742	32,050	38,937	62,792	76,876
Selling, general and administrative	26,795	25,459	27,301	52,254	54,139
Total operating expenses	57,537	57,509	66,238	115,046	131,015
Operating income	24,339	16,500	4,523	40,839	5,868
Gain from divestiture	-	-	82,349	-	82,349
Other income, net	405	862	756	1,267	813
Income from continuing operations before income taxes	24,744	17,362	87,628	42,106	89,030
Provision for income taxes	498	251	217	749	118
Net income from continuing operations	24,246	17,111	87,411	41,357	88,912
Discontinued operations:					
Gain from divestiture	-	16,840	-	16,840	-
Loss from discontinued operations	(9,747)	(12,153)	(3,935)	(21,900)	(7,799)
Provision for (benefit from) income taxes	57	(45)	(175)	12	(274)
Net income (loss) from discontinued operations	(9,804)	4,732	(3,760)	(5,072)	(7,525)
Net income	<u>\$ 14,442</u>	<u>\$ 21,843</u>	<u>\$ 83,651</u>	<u>\$ 36,285</u>	<u>\$ 81,387</u>
Basic net income per share - continuing operations	\$ 0.16	\$ 0.11	\$ 0.58	\$ 0.28	\$ 0.60
Basic net income (loss) per share - discontinued operations	(0.06)	0.04	(0.02)	(0.04)	(0.05)
Basic net income per share	<u>\$ 0.10</u>	<u>\$ 0.15</u>	<u>\$ 0.56</u>	<u>\$ 0.24</u>	<u>\$ 0.55</u>
Diluted net income per share - continuing operations	\$ 0.16	\$ 0.11	\$ 0.57	\$ 0.27	\$ 0.59
Diluted net income (loss) per share - discontinued operations	(0.07)	0.03	(0.03)	(0.03)	(0.05)
Diluted net income per share	<u>\$ 0.09</u>	<u>\$ 0.14</u>	<u>\$ 0.54</u>	<u>\$ 0.24</u>	<u>\$ 0.54</u>
Weighted average shares:					
Basic	148,683	149,283	149,814	148,983	148,157
Diluted	<u>153,784</u>	<u>153,741</u>	<u>153,497</u>	<u>153,816</u>	<u>151,630</u>

INTEGRATED DEVICE TECHNOLOGY, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (a)
(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	Sept. 28, 2014	June 29, 2014	Sept. 29, 2013	Sept. 28, 2014	Sept. 29, 2013
GAAP net income from continuing operations	\$ 24,246	\$ 17,111	\$ 87,411	\$ 41,357	\$ 88,912
GAAP diluted net income per share continuing operations	\$ 0.16	\$ 0.11	\$ 0.57	\$ 0.27	\$ 0.59
Acquisition related:					
Amortization of acquisition related intangibles	1,676	2,549	3,322	4,225	6,643
Acquisition related legal and consulting fees	-	-	240	-	708
Restructuring related:					
Severance and retention costs	319	526	4,499	845	5,673
Facility closure costs	20	47	13	67	21
Gain from divestiture	-	-	(82,349)	-	(82,349)
Assets impairment and other	401	2,302	4,080	2,703	4,044
Other:					
Stock-based compensation expense	5,929	4,962	2,320	10,891	7,140
Compensation expense (benefit) - deferred compensation plan	(242)	494	623	252	523
(Gain) loss on deferred compensation plan securities	245	(480)	(619)	(235)	(518)
Tax effects of Non-GAAP adjustments	(826)	(859)	(994)	(1,685)	(1,656)
Non-GAAP net income from continuing operations	\$ 31,768	\$ 26,652	\$ 18,546	\$ 58,420	\$ 29,141
GAAP weighted average shares - diluted	153,784	153,741	153,497	153,816	151,630
Non-GAAP adjustment	2,128	1,867	3,065	2,017	2,836
Non-GAAP weighted average shares - diluted	155,912	155,608	156,562	155,833	154,466
Non-GAAP diluted net income per share continuing operations	\$ 0.20	\$ 0.17	\$ 0.12	\$ 0.37	\$ 0.19
GAAP gross profit	\$ 81,876	\$ 74,009	\$ 70,761	\$ 155,885	\$ 136,883
Acquisition related:					
Amortization of acquisition related intangibles	1,264	1,686	2,435	2,950	4,870
Restructuring related:					
Severance and retention costs	96	23	86	119	87
Facility closure costs	-	-	4	-	6
Assets impairment and other	334	1,935	(38)	2,269	(74)
Other:					
Compensation expense (benefit) - deferred compensation plan	(70)	147	192	77	161
Stock-based compensation expense	436	319	392	755	725
Non-GAAP gross profit	\$ 83,936	\$ 78,119	\$ 73,832	\$ 162,055	\$ 142,658
GAAP R&D expenses:	\$ 30,742	\$ 32,050	\$ 38,937	\$ 62,792	\$ 76,876
Restructuring related:					
Severance and retention costs	(136)	(240)	(2,751)	(376)	(3,843)
Facility closure costs	-	-	(5)	-	(7)
Assets impairment and other	(67)	(367)	(4,118)	(434)	(4,118)
Other:					
Compensation expense (benefit) - deferred compensation plan	114	(240)	(323)	(126)	(271)
Stock-based compensation expense	(2,464)	(2,521)	(383)	(4,985)	(2,698)
Non-GAAP R&D expenses	\$ 28,189	\$ 28,682	\$ 31,357	\$ 56,871	\$ 65,939
GAAP SG&A expenses:	\$ 26,795	\$ 25,459	\$ 27,301	\$ 52,254	\$ 54,139
Acquisition related:					
Amortization of acquisition related intangibles	(412)	(863)	(887)	(1,275)	(1,773)
Acquisition related legal and consulting fees	-	-	(240)	-	(708)
Restructuring related:					
Severance and retention costs	(87)	(263)	(1,662)	(350)	(1,743)
Facility closure costs	(20)	(47)	(4)	(67)	(8)
Other:					
Compensation expense (benefit) - deferred compensation plan	58	(107)	(108)	(49)	(91)
Stock-based compensation expense	(3,029)	(2,122)	(1,545)	(5,151)	(3,717)
Non-GAAP SG&A expenses	\$ 23,305	\$ 22,057	\$ 22,855	\$ 45,362	\$ 46,099
GAAP interest income and other, net	\$ 405	\$ 862	\$ 756	\$ 1,267	\$ 813
(Gain) loss on deferred compensation plan securities	245	(480)	(619)	(235)	(518)
Non-GAAP interest income and other, net	\$ 650	\$ 382	\$ 137	\$ 1,032	\$ 295
GAAP provision for income taxes - continuing operations	\$ 498	\$ 251	\$ 217	\$ 749	\$ 118
Tax effects of Non-GAAP adjustments	826	859	994	1,685	1,656
Non-GAAP provision for income taxes - continuing operations	\$ 1,324	\$ 1,110	\$ 1,211	\$ 2,434	\$ 1,774

(a) Refer to the accompanying "Notes to Non-GAAP Financial Measures" for a detailed discussion of management's use of non-GAAP financial measures.

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

<i>(In thousands)</i>	Sept. 28, 2014	March 30, 2014
	<u>2014</u>	<u>2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 105,020	\$ 91,211
Short-term investments	384,493	362,604
Accounts receivable, net	77,437	68,904
Inventories	37,639	49,622
Prepaid and other current assets	10,688	13,034
Total current assets	<u>615,277</u>	<u>585,375</u>
Property, plant and equipment, net	65,765	69,827
Goodwill	135,644	135,644
Acquisition-related intangibles	7,882	18,741
Other assets	23,626	21,373
TOTAL ASSETS	<u><u>\$ 848,194</u></u>	<u><u>\$ 830,960</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 27,002	\$ 25,442
Accrued compensation and related expenses	28,456	24,343
Deferred income on shipments to distributors	15,497	14,006
Deferred taxes liabilities	1,440	1,346
Other accrued liabilities	14,605	11,525
Total current liabilities	<u>87,000</u>	<u>76,662</u>
Deferred tax liabilities	1,494	1,494
Long term income taxes payable	272	266
Other long term obligations	18,444	18,683
Total liabilities	<u>107,210</u>	<u>97,105</u>
Stockholders' equity	<u>740,984</u>	<u>733,855</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 848,194</u></u>	<u><u>\$ 830,960</u></u>