

INTEGRATED DEVICE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Nine Months Ended	
	Dec. 30, 2012	Sept. 30, 2012	Jan. 1, 2012	Dec. 30, 2012	Jan. 1, 2012
Revenues	\$ 115,147	\$ 133,401	\$ 119,977	\$ 378,709	\$ 407,580
Cost of revenues	52,200	58,774	56,093	168,622	190,627
Gross profit	62,947	74,627	63,884	210,087	216,953
Operating expenses:					
Research and development	40,170	42,387	38,410	124,101	117,409
Selling, general and administrative	27,389	32,750	23,661	96,551	74,478
Total operating expenses	67,559	75,137	62,071	220,652	191,887
Operating income (loss)	(4,612)	(510)	1,813	(10,565)	25,066
Other-than-temporary impairment loss on investments	-	-	(2,130)	-	(2,130)
Other income (expense), net	(344)	(206)	(10)	1,450	(1,794)
Income (loss) from continuing operations before income taxes	(4,956)	(716)	(327)	(9,115)	21,142
Provision (benefit) for income taxes	201	(33)	576	(3,818)	1,176
Net income (loss) from continuing operations	(5,157)	(683)	(903)	(5,297)	19,966
Discontinued operations:					
Gain from divestiture	-	886	-	886	45,939
Loss from discontinued operations	-	(273)	(5,290)	(5,131)	(20,286)
Provision (benefit) for income taxes	-	3	-	3	(89)
Net income (loss) from discontinued operations	-	610	(5,290)	(4,248)	25,742
Net income (loss)	\$ (5,157)	\$ (73)	\$ (6,193)	\$ (9,545)	\$ 45,708
Basic net income (loss) per share continuing operations	\$ (0.04)	\$ -	\$ (0.01)	\$ (0.04)	\$ 0.14
Basic net income (loss) per share discontinued operations	-	-	(0.03)	(0.03)	0.18
Basic net income (loss) per share	\$ (0.04)	\$ -	\$ (0.04)	\$ (0.07)	\$ 0.32
Diluted net income (loss) per share continuing operations	\$ (0.04)	\$ -	\$ (0.01)	\$ (0.04)	\$ 0.14
Diluted net income (loss) per share discontinued operations	-	-	(0.03)	(0.03)	0.17
Diluted net income (loss) per share	\$ (0.04)	\$ -	\$ (0.04)	\$ (0.07)	\$ 0.31
Weighted average shares:					
Basic	144,321	143,519	141,839	143,477	144,792
Diluted	144,321	143,519	141,839	143,477	146,706

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

(In thousands, except per share data)

	Three Months Ended			Nine Months Ended	
	Dec. 30, 2012	Sept. 30, 2012	Jan. 1, 2012	Dec. 30, 2012	Jan. 1, 2011
GAAP net income (loss) from continuing operations	\$ (5,157)	\$ (683)	\$ (903)	\$ (5,297)	\$ 19,966
GAAP diluted net income (loss) per share continuing operations	\$ (0.04)	\$ -	\$ (0.01)	\$ (0.04)	\$ 0.14
Acquisition related:					
Amortization of acquisition related intangibles	4,673	5,573	4,006	15,137	11,995
Acquisition related legal and consulting fees (1)	2,999	3,630	109	11,465	109
Other acquisition related costs (2)	-	1,200	-	3,000	-
Assets impairment (3)	527	(59)	(73)	409	(255)
Fair market value adjustment to acquired inventory sold	-	100	-	458	-
Restructuring related:					
Severance and retention costs	908	2,237	(1,978)	3,860	625
Facility closure costs (4)	13	34	16	60	39
Fabrication production transfer costs (5)	-	-	1,233	-	3,894
Other:					
Other-than-temporary impairment loss on investments	-	-	2,130	-	2,130
Stock-based compensation expense	2,774	3,617	4,312	9,513	12,366
Expenses related to stockholder activities (6)	-	38	-	2,614	-
Compensation expense (benefit)—deferred compensation plan (7)	87	480	649	431	(632)
Loss (gain) on deferred compensation plan securities (7)	(82)	(477)	(629)	(245)	685
Life insurance proceeds received (7)	-	-	-	(2,313)	-
Tax effects of Non-GAAP adjustments	(588)	(3,076)	(347)	(9,341)	(1,413)
Non-GAAP net income from continuing operations	\$ 6,154	\$ 12,614	\$ 8,525	\$ 29,751	\$ 49,509
GAAP weighted average shares - diluted	144,321	143,519	141,839	143,477	146,706
Non-GAAP adjustment	3,362	2,907	2,676	3,030	1,835
Non-GAAP weighted average shares - diluted (8)	147,683	146,426	144,515	146,507	148,541
Non-GAAP diluted net income per share continuing operations	\$ 0.04	\$ 0.09	\$ 0.06	\$ 0.20	\$ 0.33
GAAP gross profit	62,947	74,627	63,884	210,087	216,953
Acquisition and divestiture related:					
Amortization of acquisition related intangibles	2,944	3,890	2,733	10,456	8,834
Assets impairment (3)	527	(59)	(73)	409	(255)
Fair market value adjustment to acquired inventory sold	-	100	-	458	-
Restructuring related:					
Severance and retention costs	-	306	(2,784)	607	(824)
Facility closure costs (4)	4	3	3	13	1
Fabrication production transfer costs (5)	-	-	1,233	-	3,894
Other:					
Compensation expense (benefit)—deferred compensation plan (7)	21	120	140	107	(137)
Stock-based compensation expense	295	252	535	850	1,415
Non-GAAP gross profit	66,738	79,239	65,671	222,987	229,881
GAAP R&D expenses:	40,170	42,387	38,410	124,101	117,409
Restructuring related:					
Severance and retention costs	(912)	(1,070)	(870)	(2,322)	(1,473)
Facility closure costs (4)	(5)	(28)	(4)	(37)	(14)
Other:					
Compensation expense (benefit)—deferred compensation plan (7)	(53)	(290)	(421)	(261)	409
Stock-based compensation expense	(1,531)	(1,873)	(2,174)	(4,946)	(6,493)
Non-GAAP R&D expenses	37,669	39,126	34,941	116,535	109,838
GAAP SG&A expenses:	27,389	32,750	23,661	96,551	74,478
Acquisition and divestiture related:					
Amortization of acquisition related intangibles	(1,729)	(1,683)	(1,273)	(4,681)	(3,161)
Acquisition related legal and consulting fees (1)	(2,999)	(3,630)	(109)	(11,465)	(109)
Other acquisition related costs (2)	-	(1,200)	-	(3,000)	-
Restructuring related:					
Severance and retention costs	4	(861)	64	(931)	24
Facility closure costs (4)	(4)	(3)	(9)	(10)	(24)
Other:					
Compensation expense (benefit)—deferred compensation plan (7)	(13)	(70)	(88)	(63)	86
Stock-based compensation expense	(948)	(1,492)	(1,603)	(3,717)	(4,458)
Expenses related to stockholder activities (6)	-	(38)	-	(2,614)	-
Non-GAAP SG&A expenses	21,700	23,773	20,643	70,070	66,836
GAAP interest income and other, net	(344)	(206)	(10)	1,450	(1,794)
Loss (gain) on deferred compensation plan securities (7)	(82)	(477)	(629)	(245)	685
Life insurance proceeds received (7)	-	-	-	(2,313)	-
Non-GAAP interest income and other, net	(426)	(683)	(639)	(1,108)	(1,109)
GAAP provision (benefit) for income taxes continuing operations	201	(33)	576	(3,818)	1,176
Tax effects of Non-GAAP adjustments	588	3,076	347	9,341	1,413
Non-GAAP provision (benefit) for income taxes continuing operations	789	3,043	923	5,523	2,589

- (1) Consists of costs incurred in connection with merger and acquisition-related activities, including legal, accounting and other consulting fees and adjustments related to contingent consideration.
- (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 tangible assets and a note receivable, net of 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 from our Oregon facility to TSMC.
- (6) Consists of expenses incurred in response to activities and inquiries of Starboard Value LP.
- (7) Consists of gains and losses incurred 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>Dec. 30,</u> <u>2012</u>	<u>April 1,</u> <u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 112,802	\$ 134,924
Short-term investments	167,298	190,535
Accounts receivable, net	62,423	60,609
Inventories	59,982	71,780
Prepaid and other current assets	30,449	23,684
Total current assets	<u>432,954</u>	<u>481,532</u>
Property, plant and equipment, net	75,725	69,984
Goodwill	145,129	96,092
Acquisition-related intangibles	54,004	40,548
Other assets	28,199	29,478
TOTAL ASSETS	<u><u>\$ 736,011</u></u>	<u><u>\$ 717,634</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 23,011	\$ 25,211
Accrued compensation and related expenses	23,554	26,156
Deferred income on shipments to distributors	14,122	14,263
Deferred taxes liabilities	465	421
Other accrued liabilities	15,872	13,443
Total current liabilities	<u>77,024</u>	<u>79,494</u>
Deferred tax liabilities	5,897	1,552
Long term income taxes payable	458	706
Other long term obligations	21,923	16,494
Total liabilities	<u>105,302</u>	<u>98,246</u>
Stockholders' equity	<u>630,709</u>	<u>619,388</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 736,011</u></u>	<u><u>\$ 717,634</u></u>