

INTEGRATED DEVICE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended		
	July 1, 2012	April 1, 2012	July 3, 2011 (1)
Revenues	\$ 130,161	\$ 119,116	\$ 149,285
Cost of revenues	57,648	55,563	69,849
Gross profit	72,513	63,553	79,436
Operating expenses:			
Research and development	41,544	41,340	39,815
Selling, general and administrative	36,412	26,429	25,929
Total operating expenses	77,956	67,769	65,744
Operating income	(5,443)	(4,216)	13,692
Other-than-temporary impairment loss on investments	-	(667)	-
Gain on sale of wafer fab facility	-	20,656	-
Other income (expense), net	2,000	676	44
Income (loss) from continuing operations before income taxes	(3,443)	16,449	13,736
Provision (benefit) for income taxes	(3,986)	(908)	967
Net income (loss) from continuing operations	543	17,357	12,769
Discontinued operations:			
Loss from discontinued operations	(4,858)	(4,605)	(7,644)
Provision (benefit) for income taxes	-	-	(29)
Net income (loss) from discontinued operations	(4,858)	(4,605)	(7,615)
Net income (loss)	\$ (4,315)	\$ 12,752	\$ 5,154
Basic net income (loss) per share continuing operations	\$ -	\$ 0.12	\$ 0.08
Basic net income (loss) per share discontinued operations	(0.03)	(0.03)	(0.05)
Basic net income (loss) per share	\$ (0.03)	\$ 0.09	\$ 0.03
Diluted net income (loss) per share continuing operations	\$ -	\$ 0.12	\$ 0.08
Diluted net income (loss) per share discontinued operations	(0.03)	(0.03)	(0.05)
Diluted net income (loss) per share	\$ (0.03)	\$ 0.09	\$ 0.03
Weighted average shares:			
Basic	142,595	141,455	147,828
Diluted	143,984	143,476	151,074

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 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 months ended July 3, 2011 decreased by \$0.8 million.

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

(Unaudited)

(In thousands, except per share data)

	Three Months Ended		
	July 1, 2012	April 1, 2012	July 3, 2011 (1)
GAAP net income (loss) from continuing operations	\$ 543	\$ 17,357	\$ 12,769
GAAP diluted net income (loss) per share continuing operations	\$ -	\$ 0.12	\$ 0.08
Acquisition related:			
Amortization of acquisition related intangibles	4,891	4,360	4,128
Acquisition related legal and consulting fees (1)	4,836	689	-
Other acquisition related costs (2)	1,800	-	-
Assets impairment (3)	(59)	(60)	(90)
Fair market value adjustment to acquired inventory sold	358	-	-
Restructuring related:			
Severance and retention costs	715	1,439	1,787
Facility closure costs (4)	13	48	28
Fabrication production transfer costs (5)	-	678	1,845
Gain on sale of fabrication facility	-	(20,656)	-
Other:			
Other-than-temporary impairment loss on investments	-	667	-
Stock-based compensation expense	3,122	3,967	3,772
Expenses related to stockholder activities (6)	2,576	-	-
Compensation expense (benefit)—deferred compensation plan (7)	(136)	819	56
Loss (gain) on deferred compensation plan securities (7)	314	(798)	(45)
Life insurance proceeds received (7)	(2,313)	-	-
Tax effects of Non-GAAP adjustments	(5,677)	(1,405)	(472)
Non-GAAP net income from continuing operations	\$ 10,983	\$ 7,105	\$ 23,778
GAAP weighted average shares - diluted	143,984	143,476	151,074
Non-GAAP adjustment	1,716	1,515	1,747
Non-GAAP weighted average shares - diluted (8)	145,700	144,991	152,821
Non-GAAP diluted net income per share continuing operations	\$ 0.08	\$ 0.05	\$ 0.16
GAAP gross profit	72,513	63,553	79,436
Acquisition and divestiture related:			
Amortization of acquisition related intangibles	3,622	2,763	3,184
Acquisition related legal and consulting fees (1)	-	-	-
Assets impairment (3)	(59)	(60)	(90)
Fair market value adjustment to acquired inventory sold	358	-	-
Restructuring related:			
Severance and retention costs	301	1,181	1,290
Facility closure costs (4)	6	4	2
Fabrication production transfer costs (5)	-	678	1,845
Other:			
Compensation expense (benefit)—deferred compensation plan (7)	(34)	205	12
Stock-based compensation expense	303	369	427
Non-GAAP gross profit	77,010	68,693	86,106
GAAP R&D expenses:	41,544	41,340	39,815
Restructuring related:			
Severance and retention costs	(340)	(246)	(477)
Facility closure costs (4)	(4)	(6)	(15)
Other:			
Compensation expense (benefit)—deferred compensation plan (7)	82	(495)	(37)
Stock-based compensation expense	(1,542)	(2,073)	(1,999)
Non-GAAP R&D expenses	39,740	38,520	37,287
GAAP SG&A expenses:	36,412	26,429	25,929
Acquisition and divestiture related:			
Amortization of acquisition related intangibles	(1,269)	(1,597)	(944)
Acquisition related legal and consulting fees (1)	(4,836)	(689)	-
Other acquisition related costs (2)	(1,800)	-	-
Restructuring related:			
Severance and retention costs	(74)	(12)	(20)
Facility closure costs (4)	(3)	(38)	(11)
Other:			
Compensation expense (benefit)—deferred compensation plan (7)	20	(119)	(7)
Stock-based compensation expense	(1,277)	(1,525)	(1,346)
Expenses related to stockholder activities (6)	(2,576)	-	-
Non-GAAP SG&A expenses	24,597	22,449	23,601
GAAP interest income and other, net	2,000	676	44
Loss (gain) on deferred compensation plan securities (7)	314	(798)	(45)
Life insurance proceeds received (7)	(2,313)	-	-
Non-GAAP interest income and other, net	1	(122)	(1)
GAAP provision (benefit) for income taxes continuing operations	(3,986)	(908)	967
Tax effects of Non-GAAP adjustments (7)	5,677	1,405	472

Non-GAAP provision (benefit) for income taxes continuing operations	<u>1,691</u>	<u>497</u>	<u>1,439</u>
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- (1) Consists of costs incurred in connection with merger and acquisition-related activities, including legal and accounting fees.
- (1) Consists of costs incurred in connection with merger and acquisition-related activities, including legal, accounting and

- (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 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>July 1, 2012</u>	<u>April 1, 2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 108,776	\$ 134,924
Short-term investments	176,408	190,535
Accounts receivable, net	64,278	60,609
Inventories	66,938	71,780
Prepaid and other current assets	24,189	23,684
Total current assets	<u>440,589</u>	<u>481,532</u>
Property, plant and equipment, net	73,600	69,984
Goodwill	132,109	96,092
Acquisition-related intangibles	51,758	40,548
Other assets	34,329	29,478
TOTAL ASSETS	<u><u>\$ 732,385</u></u>	<u><u>\$ 717,634</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 25,061	\$ 25,211
Accrued compensation and related expenses	26,753	26,156
Deferred income on shipments to distributors	12,861	14,263
Deferred taxes liabilities	497	421
Other accrued liabilities	16,112	13,443
Total current liabilities	<u>81,284</u>	<u>79,494</u>
Deferred tax liabilities	5,897	1,552
Long term income taxes payable	664	706
Other long term obligations	23,523	16,493
Total liabilities	<u>111,368</u>	<u>98,245</u>
Stockholders' equity	<u>621,017</u>	<u>619,389</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 732,385</u></u>	<u><u>\$ 717,634</u></u>