

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

(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	Sep. 26, 2004	Jun. 27, 2004	Sep. 28, 2003	Sep. 26, 2004	Sep. 28, 2003
Revenues	\$ 96,671	\$ 101,307	\$ 80,777	\$ 197,978	\$ 163,822
Cost of revenues	48,247	48,361	42,201	96,608	90,925
Asset Impairment	(1,585)	(209)	-	(1,794)	-
Gross profit	<u>50,009</u>	<u>53,155</u>	<u>38,576</u>	<u>103,164</u>	<u>72,897</u>
Operating expenses:					
Research and development	25,449	26,001	25,716	51,450	51,082
Selling, general and administrative	17,801	19,387	18,320	37,188	36,645
Acquired in-process research and development	-	1,736	264	1,736	264
Total operating expenses	<u>43,250</u>	<u>47,124</u>	<u>44,300</u>	<u>90,374</u>	<u>87,991</u>
Operating income (loss)	6,759	6,031	(5,724)	12,790	(15,094)
Interest expense	(26)	(47)	(118)	(73)	(210)
Gain (loss) on equity investments	-	(12,831)	3,151	(12,831)	3,151
Interest income and other, net	<u>2,824</u>	<u>2,505</u>	<u>3,142</u>	<u>5,329</u>	<u>7,366</u>
Income (loss) before income taxes	9,557	(4,342)	451	5,215	(4,787)
Provision (benefit) for income taxes	<u>704</u>	<u>705</u>	<u>(699)</u>	<u>1,409</u>	<u>(1,185)</u>
Net income (loss)	<u>\$ 8,853</u>	<u>\$ (5,047)</u>	<u>\$ 1,150</u>	<u>\$ 3,806</u>	<u>\$ (3,602)</u>
Net income (loss) per share:					
Basic	\$ 0.08	\$ (0.05)	\$ 0.01	\$ 0.04	\$ (0.03)
Diluted	\$ 0.08	\$ (0.05)	\$ 0.01	\$ 0.03	\$ (0.03)
Weighted average shares:					
Basic	106,144	106,026	104,210	106,085	104,041
Diluted	107,661	106,026	106,148	109,117	104,041

**INTEGRATED DEVICE TECHNOLOGY, INC.**  
**NON-GAAP ADJUSTMENTS**  
(Unaudited)

*(In thousands)*

	Three Months Ended			Six Months Ended	
	Sep. 26, 2004	Jun. 27, 2004	Sep. 28, 2003	Sep. 26, 2004	Sep. 28, 2003
Net income (loss)	\$ 8,853	\$ (5,047)	\$ 1,150	\$ 3,806	\$ (3,602)
Non-GAAP adjustments:					
Cost of goods sold:					
Restructuring charges (1)	-	25	-	25	15
Asset Impairment (2)	(1,585)	(209)	-	(1,794)	-
Plant closure costs (2)	44	195	280	239	562
Amortization of acquisition-related intangibles (3)	1,313	1,014	357	2,327	591
Patent Settlement	-	(18)	-	(18)	-
Operating expenses:					
Acquired IPR&D (3)	-	1,736	264	1,736	264
Plant closure costs (2)	-	-	-	-	36
Restructuring charges (1)	-	652	752	652	1,293
Amortization of acquisition-related intangibles (3)	364	538	492	902	936
Acquisition related costs (4)	494	592	-	1,086	-
(Gain) Loss on equity investments (5)	-	12,831	(3,151)	12,831	(3,151)
Other income (6)	-	-	(180)	-	(902)
Taxes (6)	18	(28)	(1,081)	(10)	(1,930)
Total Non-GAAP adjustments	648	17,328	(2,267)	17,976	(2,286)
Non-GAAP net income (loss)	\$ 9,501	\$ 12,281	\$ (1,117)	\$ 21,782	\$ (5,888)

- (1) Consists of costs for restructuring actions announced in fiscal years 2004-2005. Q1 2005 and Q2 2004 primarily consists of severance. YTD FY 2004 also includes facility exit costs.
- (2) Consists of costs associated with the closure of our Salinas plant and gains realized on the sale of related assets held for sale.
- (3) Consists of costs related to our acquisition of Zettacom in Q1 2005, TCAM3 acquisition from IBM in Q2 2004 and acquisitions of Newave and Solidum in Q1 2002 and Q3 2003, respectively. Newave-related costs include stock-based compensation and amortization of intangible assets. Zettacom, TCAM3 and Solidum-related costs include only amortization of intangible assets.
- (4) Consists primarily of transitional costs incurred in connection with the acquisition of Zettacom, such as retention earned by former Zettacom employees, rent payments for the former Zettacom facility, and transitional services provided.
- (5) Consists of an impairment charge related to our investment in NetLogic in Q1 2005 and a gain on the sale of our investment in PMC Sierra in Q2 2004.
- (6) In Q1 and Q2 2004, we received non-recurring federal and state tax refunds for tax years prior to 1996 plus interest.

**INTEGRATED DEVICE TECHNOLOGY, INC.**  
**NON-GAAP STATEMENTS OF OPERATIONS**  
(Unaudited)

*(In thousands, except per share data)*

	Three Months Ended			Six Months Ended	
	Sep. 26, 2004	Jun. 27, 2004	Sep. 28, 2003	Sep. 26, 2004	Sep. 28, 2003
Revenues	\$ 96,671	\$ 101,307	\$ 80,777	\$ 197,978	\$ 163,822
Cost of Revenues	46,890	47,145	41,564	94,035	89,757
Gross profit	49,781	54,162	39,213	103,943	74,065
Operating expenses:					
Research and development	24,775	24,950	25,261	49,725	49,853
Selling, general and administrative	17,617	18,656	17,531	36,273	35,609
Total operating expenses	42,392	43,606	42,792	85,998	85,462
Operating income (loss)	7,389	10,556	(3,579)	17,945	(11,397)
Interest expense	(26)	(47)	(118)	(73)	(210)
Interest income and other, net	2,824	2,505	2,962	5,329	6,464
Income (loss) before income taxes	10,187	13,014	(735)	23,201	(5,143)
Provision for income taxes	686	733	382	1,419	745
Net income (loss)	<u>\$ 9,501</u>	<u>\$ 12,281</u>	<u>\$ (1,117)</u>	<u>\$ 21,782</u>	<u>\$ (5,888)</u>
Net income (loss) per share:					
Diluted	\$ 0.09	\$ 0.11	\$ (0.01)	\$ 0.20	\$ (0.06)
Weighted average shares:					
Diluted	107,661	110,344	104,210	109,117	104,041

Non-GAAP results exclude acquisition-related charges, and other expenses and benefits that management believes are not directly related to our ongoing operations. These non-GAAP results are consistent with another way management internally analyzes IDT's results and may be useful; however, non-GAAP results are not in accordance with GAAP and may not be comparable to non-GAAP information provided by other companies. Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.

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

<i>(In thousands)</i>	<b>Sep. 26, 2004</b>	<b>Mar. 28, 2004</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 265,398	\$ 223,360
Short-term investments	334,380	384,854
Accounts receivable, net	56,908	53,091
Inventories	44,136	32,745
Prepays and other current assets	<u>9,897</u>	<u>12,101</u>
Total current assets	710,719	706,151
Property, plant and equipment, net	109,765	108,424
Goodwill and other intangibles	87,663	52,784
Other assets	<u>8,823</u>	<u>38,194</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 916,970</u></b>	<b><u>\$ 905,553</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 21,758	\$ 20,190
Accrued compensation and related expenses	14,769	11,560
Deferred income on shipments to distributors	24,891	21,411
Income taxes payable	33,089	33,267
Other accrued liabilities	<u>18,055</u>	<u>19,250</u>
Total current liabilities	112,562	105,678
Long term liabilities	<u>13,169</u>	<u>15,651</u>
Total liabilities	125,731	121,329
Stockholders' equity	<u>791,239</u>	<u>784,224</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 916,970</u></b>	<b><u>\$ 905,553</u></b>