

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

- /x/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 29, 2013 OR
- // TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission File No. 0-12695

INTEGRATED DEVICE TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation or Organization)

94-2669985

(I.R.S. Employer Identification No.)

6024 SILVER CREEK VALLEY ROAD, SAN JOSE, CALIFORNIA

(Address of Principal Executive Offices)

95138

(Zip Code)

Registrant's Telephone Number, Including Area Code: **(408) 284-8200**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

The number of outstanding shares of the registrant's Common Stock, \$.001 par value, as of November 1, 2013 was approximately 151,532,718.

INTEGRATED DEVICE TECHNOLOGY, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTEGRATED DEVICE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(Unaudited in thousands)</i>	September 29, 2013	March 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 109,671	\$ 130,837
Short-term investments	320,237	166,333
Accounts receivable, net of allowances of \$3,524 and \$2,787	71,491	62,083
Inventories	57,675	56,555
Income tax receivable	171	192
Prepayments and other current assets	15,443	24,505
Total current assets	574,688	440,505
Property, plant and equipment, net	73,470	74,988
Goodwill	137,601	144,924
Other intangible assets, net	40,042	48,602
Deferred non-current tax assets	671	671
Other assets	18,321	18,889
Total assets	\$ 844,793	\$ 728,579
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 27,928	\$ 23,244
Accrued compensation and related expenses	20,931	21,090
Deferred income on shipments to distributors	13,566	14,539
Deferred tax liabilities	997	1,000
Other accrued liabilities	14,943	14,652
Total current liabilities	78,365	74,525
Deferred tax liabilities	1,552	1,552
Long-term income tax payable	299	454
Other long-term liabilities	20,411	22,022
Total liabilities	100,627	98,553
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock: \$.001 par value: 10,000 shares authorized; no shares issued	—	—
Common stock: \$.001 par value: 350,000 shares authorized; 151,220 and 146,253 shares outstanding at September 29, 2013 and March 31, 2013, respectively	151	146
Additional paid-in capital	2,440,319	2,407,998
Treasury stock at cost: 90,426 shares at September 29, 2013 and March 31, 2013, respectively	(977,296)	(977,296)
Accumulated deficit	(720,921)	(802,308)
Accumulated other comprehensive income	1,913	1,486
Total stockholders' equity	744,166	630,026
Total liabilities and stockholders' equity	\$ 844,793	\$ 728,579

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
<i>(Unaudited in thousands, except per share data)</i>				
Revenues	\$ 124,649	\$ 133,401	\$ 242,631	\$ 263,562
Cost of revenues	53,800	58,774	105,609	116,422
Gross profit	70,849	74,627	137,022	147,140
Operating expenses:				
Research and development	42,216	42,387	83,065	83,931
Selling, general and administrative	28,045	32,750	55,888	69,162
Total operating expenses	70,261	75,137	138,953	153,093
Operating income (loss)	588	(510)	(1,931)	(5,953)
Gain on divestitures	82,349	—	82,349	—
Interest income (expense) and other, net	756	(206)	813	1,794
Income (loss) before income taxes from continuing operations	83,693	(716)	81,231	(4,159)
Income tax provision (benefit)	42	(33)	(156)	(4,019)
Net income (loss) from continuing operations	\$ 83,651	\$ (683)	\$ 81,387	\$ (140)
Discontinued operations:				
Gain from divestiture	—	886	—	886
Loss from discontinued operations before income taxes	—	(273)	—	(5,131)
Expense from income taxes	—	3	—	3
Net income (loss) from discontinued operations	—	610	—	(4,248)
Net income (loss)	\$ 83,651	\$ (73)	\$ 81,387	\$ (4,388)
Basic net income per share - continuing operations	\$ 0.56	\$ —	\$ 0.55	\$ —
Basic net loss per share - discontinued operations	\$ —	\$ —	\$ —	\$ (0.03)
Basic net income (loss) per share	\$ 0.56	\$ —	\$ 0.55	\$ (0.03)
Diluted net income per share - continuing operations	\$ 0.54	\$ —	\$ 0.54	\$ —
Diluted net loss per share - discontinued operations	\$ —	\$ —	\$ —	\$ (0.03)
Diluted net income (loss) per share	\$ 0.54	\$ —	\$ 0.54	\$ (0.03)
Weighted average shares:				
Basic	149,814	143,519	148,157	143,055
Diluted	153,497	143,519	151,630	143,055

The accompanying notes are an integral part of these condensed consolidated financial statements.

INTEGRATED DEVICE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

<i>(Unaudited in thousands)</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Net income (loss)	\$ 83,651	\$ (73)	\$ 81,387	\$ (4,388)
Other comprehensive income, net of taxes:				
Currency translation adjustments, net of tax	750	905	541	725
Change in net unrealized gain (loss) on investments, net of tax	619	50	(111)	—
Actuarial loss on post-employment and post-retirement benefit plans, net of tax	(1)	—	(3)	—
Total other comprehensive income	\$ 1,368	\$ 955	\$ 427	\$ 725
Comprehensive income (loss)	\$ 85,019	\$ 882	\$ 81,814	\$ (3,663)

The accompanying notes are an integral part of these condensed consolidated financial statements.

**INTEGRATED DEVICE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(Unaudited in thousands)</i>	Six Months Ended	
	September 29, 2013	September 30, 2012
Cash flows provided by operating activities:		
Net income (loss)	\$ 81,387	\$ (4,388)
Adjustments:		
Depreciation	10,706	9,601
Amortization of intangible assets	8,560	10,467
Gain from divestitures	(82,349)	(886)
Stock-based compensation expense, net of amounts capitalized in inventory	7,478	6,532
Deferred tax benefit	(3)	(4,297)
Tax benefit from share-based payment arrangements	—	(45)
Changes in assets and liabilities (net of amounts acquired):		
Accounts receivable, net	(9,408)	(6,563)
Inventories	(1,893)	11,846
Prepayments and other assets	4,343	6,976
Accounts payable	2,078	(782)
Accrued compensation and related expenses	(1,565)	(4,962)
Deferred income on shipments to distributors	(973)	169
Income taxes payable and receivable	(1,324)	26
Other accrued liabilities and long-term liabilities	4,556	1,063
Net cash provided by operating activities	21,593	24,757
Cash flows used for investing activities:		
Acquisitions, net of cash acquired	—	(68,341)
Cash in escrow related to acquisitions	6,000	(7,816)
Proceeds from divestitures	96,099	5,000
Purchases of property, plant and equipment	(10,527)	(17,263)
Purchases of short-term investments	(255,191)	(92,150)
Proceeds from sales of short-term investments	84,201	27,162
Proceeds from maturities of short-term investments	16,074	84,690
Net cash used for investing activities	(63,344)	(68,718)
Cash flows provided by financing activities:		
Proceeds from issuance of common stock	24,745	6,138
Payment of acquisition related contingent consideration	(4,701)	—
Excess tax benefit from share-based payment arrangements	—	45
Net cash provided by financing activities	20,044	6,183
Effect of exchange rates on cash and cash equivalents	541	725
Net decrease in cash and cash equivalents	(21,166)	(37,053)
Cash and cash equivalents at beginning of period	130,837	134,924
Cash and cash equivalents at end of period	\$ 109,671	\$ 97,871

The accompanying notes are an integral part of these condensed consolidated financial statements.

INTEGRATED DEVICE TECHNOLOGY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of Business. Integrated Device Technology, Inc. (IDT or the Company) designs, develops, manufactures and markets a broad range of integrated circuits for the advanced communications, computing and consumer industries.

Basis of Presentation. The Company's fiscal year is the 52- or 53-week period ending on the Sunday closest to March 31st. In a 52-week year, each fiscal quarter consists of thirteen weeks. In a 53-week year, the additional week is usually added to the third quarter, making such quarter consist of fourteen weeks. The first and second quarters of fiscal 2014 and fiscal 2013 were thirteen week periods.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company accounts and transactions have been eliminated.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Significant Accounting Policies. For a description of significant accounting policies, see Note 1, Summary of Significant Accounting Policies to the consolidated financial statements included in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2013. There have been no material changes to the Company's significant accounting policies since the filing of the annual report on Form 10-K.

In the opinion of management, these condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for fair statement of the condensed consolidated financial statements, for the interim period.

Recent Accounting Pronouncements.

Accounting Pronouncements Recently Adopted

In July 2012, the Financial Accounting Standards Board (FASB) issued an amendment to its guidance regarding the testing of indefinite-lived intangible assets for impairment. This amended guidance allows an entity first to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test in accordance with the guidance on the impairment of intangible assets other than goodwill. This amended guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance had no impact on the Company's financial statements.

In February 2013, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") to the guidance on Comprehensive Income, to improve the reporting of reclassifications out of accumulated other income. This guidance requires entities to provide information about the amounts reclassified out of accumulated other income by component. The authoritative guidance also requires an entity to present, either on the face of the statement where net income (loss) is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income only if the amount reclassified is required under U.S. GAAP to be reclassified to net income (loss) in its entirety in the same reporting period. For amounts not required to be reclassified under U.S. GAAP, entities are required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The Company adopted this guidance in the first quarter of fiscal 2014 and the adoption did not have a significant impact the Company's condensed consolidated financial statements. See Note 12 for more information.

Accounting Pronouncements Not Yet Effective for Fiscal 2014

In February 2013, the FASB issued guidance for the recognition, measurement, and disclosure of certain obligations resulting from joint and several liability arrangements for which the total amount is fixed. Such obligations may include debt arrangements, legal settlements, and other contractual arrangements. The guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2013 and should be applied retrospectively to all prior periods presented for those obligations within the scope which existed as of the beginning of the fiscal year of adoption. Early adoption is permitted. The Company is currently evaluating the new guidance.

In March 2013, the FASB issued guidance on the accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. The guidance is effective prospectively for fiscal years and interim periods within those fiscal years beginning after December 15, 2013. Early adoption is permitted. The Company is currently evaluating the new guidance.

In July 2013, FASB issued an ASU on Income Taxes, to improve the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This guidance is expected to reduce diversity

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in practice by and is expected to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exists. This guidance is effective for interim and annual periods beginning after December 15, 2013. The Company does not believe that the implementation of this authoritative guidance will have a material impact on its financial position or results of operations as it affects presentation of unrecognized tax benefits.

Note 2. Net Income (Loss) Per Share

Basic net income (loss) per share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income per share is computed using the weighted-average number of common and dilutive potential common shares outstanding during the period. Potential common shares include employee stock options and restricted stock units. For purposes of computing diluted net income per share, weighted average potential common shares do not include potential common shares that are anti-dilutive under the treasury stock method.

The following table sets forth the computation of basic and diluted net income per share from continuing operations:

	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
<i>(in thousands, except per share amounts)</i>				
Numerator (basic and diluted):				
Net income (loss) from continuing operations	\$ 83,651	\$ (683)	\$ 81,387	\$ (140)
Denominator:				
Weighted average common shares outstanding, basic	149,814	143,519	148,157	143,055
Dilutive effect of employee stock options and restricted stock units	3,683	—	3,473	—
Weighted average common shares outstanding, diluted	153,497	143,519	151,630	143,055
Basic net income per share from continuing operations	\$ 0.56	\$ —	\$ 0.55	\$ —
Diluted net income per share from continuing operations	\$ 0.54	\$ —	\$ 0.54	\$ —

Potential dilutive common shares of 4.0 million and 17.6 million pertaining to employee stock options and restricted stock units were excluded from the calculation of diluted earnings per share for the three months ended September 29, 2013 and September 30, 2012, respectively, because the effect would have been anti-dilutive. Potential dilutive common shares of 4.3 million and 17.7 million pertaining to employee stock options and restricted stock units were excluded from the calculation of diluted earnings per share for the six months ended September 29, 2013 and September 30, 2012, respectively, because the effect would have been anti-dilutive.

Note 3. Business Combinations*Termination of Proposed Acquisition of PLX Technology, Inc. (PLX)*

On April 30, 2012, IDT and PLX had entered into an Agreement and Plan of Merger with PLX Technology, Inc. (PLX) for the acquisition of PLX by IDT (the Agreement). On December 19, 2012, the United States Federal Trade Commission (FTC) filed an administrative complaint challenging IDT's proposed acquisition of PLX. In response to the FTC's determination to challenge the proposed acquisition of PLX by IDT, effective December 19, 2012, IDT and PLX mutually agreed to terminate the Agreement. Also on December 19, 2012, IDT withdrew its related exchange offer (the Offer) to acquire all of the issued and outstanding shares of common stock, \$0.001 par value, of PLX and instructed Computershare, the exchange agent for the Offer, to promptly return all previously tendered shares.

Acquisition of NXP B.V.'s Data Converter Business

On July 19, 2012, the Company completed an acquisition of certain assets related to technology and products developed for communications analog mixed-signal market applications from NXP B.V. The Company believes this acquisition will enhance its efforts to increase silicon content in wireless infrastructure markets. The Company believes that with this acquisition it can offer its customers a one-stop shop for wireless base stations, including radio frequency (RF) components, analog-to-digital converters (ADCs), digital-to-analog converters (DACs), Serial RapidIO® switches and bridges, high-performance timing devices,

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data compression IP, and power management ICs, and it will help the Company increase its dollar content in the base station by offering all the key components in the signal chain.

The Company acquired the communications analog mixed-signal assets for an aggregate cash purchase price of approximately \$31.2 million, less a \$4.0 million credit from NXP B.V. for certain accrued liabilities assumed by the Company from NXP B.V. resulting in a net aggregate purchase price of \$27.2 million.

The assets acquired and liabilities assumed were recognized in the following manner based on their fair values as at July 19, 2012:

<i>(in thousands)</i>	Fair Value
Inventories	\$ 252
Property, plant and equipment, net	1,125
Funded pension assets *	666
Accrued pension liabilities*	(666)
Other long term liabilities	(435)
Intangible assets (other than goodwill)	12,500
Goodwill	13,720
Total purchase price	\$ 27,162

* See Note 16 for information regarding pension plans adopted.

A summary of the allocation of intangible assets (other than goodwill) is as follows:

<i>(in thousands)</i>	Fair Value
Existing technologies	\$ 7,500
Customer relationships	2,700
In-process research and development	1,900
Non-compete agreements	300
Backlog	100
Total	\$ 12,500

The purchase price in excess of the fair value of the assets and liabilities assumed was recognized as goodwill.

Identifiable Tangible Assets and Liabilities:

Assets and liabilities were reviewed and adjusted, if required, to their estimated fair value.

Inventories – The value allocated to inventories reflects the estimated fair value of the acquired inventory based on the expected sales price of the inventory, less reasonable selling margin.

Funded pension assets and liabilities – The costs of pension benefits and related liabilities for the employees that were transferred to the Company as a result of the acquisition were determined based on actuarial calculations.

Intangible Assets:

Existing technologies consist of NXP's data converter products that have reached technological feasibility and in-process research and development (IPR&D) which consists of projects that have not reached technological feasibility. The Company valued the existing technologies and IPR&D utilizing a multi-period excess earnings method (Excess Earnings Method), which uses the discounted future earnings specifically attributed to these intangible assets, that is, in excess of returns for other assets that contributed to those earnings. The Company utilized discount factors of 26% for the existing technologies and is amortizing the intangible assets over 5 years on a straight-line basis. A discount factor of 31% was utilized for IPR&D. The Company estimates that this IPR&D will be completed within 24 months of the acquisition closing date. The Company valued one year of contractual backlog also using the Excess Earnings Method and a discount rate of 19%.

Customer relationship and non-competition agreement values have been estimated utilizing a with and without method (With and Without Method), which uses projected cash flows with and without the intangible asset in place. Cash flow differentials are then discounted to present value to arrive at an estimate of fair value for the asset. The Company utilized discount factors of 29% for estimating the value of these intangible assets and is amortizing them over 3 years on a straight-line basis.

The financial results of the NXP B.V. data converter business have been included in the Company's Condensed Consolidated Statements of Operations from July 19, 2012, the closing date of the acquisition.

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Pro Forma Financial Information (unaudited):

The following unaudited pro forma financial information presents the combined results of operations of the Company and the NXP B.V. data converter business as if the acquisition had occurred as of the beginning of fiscal 2012. The unaudited pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal 2012. The unaudited pro forma financial information presented below for the three and six months ended September 30, 2012 combines historical IDT and NXP B.V. data converter business results. The pro forma financial information includes the business combination effect of the amortization charges from acquired intangible assets, the amortization of fair market value inventory write-up and acquisition costs.

<i>(Unaudited in thousands, except per share data)</i>	Three Months Ended	Six Months Ended
	September 30, 2012	September 30, 2012
Revenues	\$ 133,449	\$ 263,963
Net income (loss)	\$ 346	\$ (4,361)
Basic net income (loss) per share - continuing operations	\$ —	\$ (0.03)
Diluted net income (loss) per share - continuing operations	\$ —	\$ (0.03)

Acquisition of Fox Enterprises, Inc.

On April 30, 2012, the Company completed the acquisition of Fox Enterprises, Inc. (Fox), a leading supplier of frequency control products including crystals and crystal oscillators, in an all-cash transaction for approximately \$28.9 million, which included \$25.7 million in cash paid at closing and \$3.2 million which was recorded as a liability representing the fair value of contingent cash consideration of up to \$4.0 million based upon the achievement of future financial milestones, which would be payable after 12 months from the acquisition date. During the three month period ended June 30, 2013, the Company settled the contingent consideration and paid Fox \$3.3 million. The Company believes that the combination of Fox's product portfolio with the Company's CrystalFree™ oscillators makes the Company the industry's one-stop shop for frequency control products. In addition, the Company expects this acquisition will help accelerate the adoption of CrystalFree™ by enabling customers to purchase pMEMS and CMOS solid-state oscillators alongside traditional quartz-based components through the Company's established sales channels.

The Company allocated the purchase price to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over those fair values was recorded as goodwill. The fair values assigned to tangible and intangible assets acquired were based on management estimates and assumptions.

The Company incurred approximately \$0.2 million of acquisition-related costs in the first quarter of fiscal 2013, and these costs are included in selling, general and administrative expenses on the Condensed Consolidated Statements of Operations.

The aggregate purchase price was allocated as follows:

<i>(in thousands)</i>	Fair Value
Cash	\$ 1,080
Accounts receivable	4,053
Inventories	2,600
Prepaid expenses and other current assets	363
Property, plant and equipment, net	656
Other long-term assets	1,190
Accounts payable and accrued expenses	(3,765)
Other long-term liabilities	(1,516)
Long-term deferred tax liability	(4,345)
Intangible assets (other than goodwill)	12,300
Goodwill	16,305
Total purchase price	\$ 28,921

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A summary of the allocation of intangible assets (other than goodwill) is as follows:

<i>(in thousands)</i>	Fair Value
Existing technologies	\$ 7,900
Customer relationships	2,000
Trade names and trademarks	1,500
In-process research and development	900
Total	<u>\$ 12,300</u>

Identifiable Tangible Assets and Liabilities

Assets and liabilities were reviewed and adjusted, if required, to their estimated fair value.

Inventories – The value allocated to inventories reflects the estimated fair value of the acquired inventory based on the expected sales price of the inventory, less reasonable selling margin.

Intangible Assets:

The Company valued the existing technologies utilizing a discounted cash flow (DCF) model, which uses forecasts of future revenues and expenses related to the intangible assets. The Company utilized a discount factor of 15% for the existing technologies and is amortizing the intangible assets over 5 years on a straight-line basis.

Customer relationship values have been estimated utilizing a DCF model, which uses forecasts of future revenues and expenses related to the intangible asset. The Company utilized discount factors of 15% - 20% for this intangible asset and is amortizing this intangible asset over 4 years on a straight-line basis.

Trade names and trademarks values have been estimated utilizing a DCF model, which uses forecasts of future revenues and expenses related to the intangible asset. The Company utilized a discount factor of 20% for this intangible asset and is amortizing this intangible asset over 3 years on a straight-line basis.

In-process research and development (IPR&D):

The Company utilized the DCF method to value the IPR&D, using a discount factor of 21% and will amortize this intangible asset once the projects are complete. The Company estimates that this IPR&D will be completed within the next 6 months.

The financial results of Fox Enterprises have been included in the Company's Condensed Consolidated Statements of Operations from April 30, 2012, the closing date of the acquisition. Pro forma earnings information has not been presented because the effect of the acquisition is not material to the Company's historical financial statements.

Acquisition of Alvand Technologies, Inc.

On April 16, 2012, the Company completed the acquisition of Alvand Technologies Inc., a leading analog integrated circuits company specializing in data converters, for total purchase consideration of approximately \$23.3 million, of which \$20.5 million was paid in cash at closing and \$2.8 million was recorded as a liability representing the fair value of contingent cash consideration of up to \$4.0 million based upon the achievement of future product development milestones to be completed within 36 months following the acquisition date. Payments will be made on a proportionate basis upon the completion of each milestone. As of June 30, 2013, the fair value of the contingent consideration was re-measured based on a revised product development forecast for the business. As a result, the fair value of the contingent consideration increased to \$3.4 million. \$0.5 million of the change in the fair value of the contingent consideration was recorded in selling, general and administrative expenses in fiscal 2013 and \$0.1 million in the first quarter of fiscal 2014. During the three months ended September 29, 2013, the Company paid Alvand Technologies \$1.4 million which decreased the fair value of the remaining contingent consideration to \$2.0 million.

The Company allocated the purchase price to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess purchase price over those fair values was recorded as goodwill. The fair values assigned to tangible and intangible assets acquired were based on management estimates and assumptions.

The Company incurred approximately \$0.1 million of acquisition-related costs in the first quarter of fiscal 2013, which were included in selling, general and administrative expense on the Condensed Consolidated Statements of Operations.

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The aggregate purchase price was allocated as follows:

<i>(in thousands)</i>	Fair Value
Cash	\$ 147
Accounts receivable	211
Prepaid expenses	124
Property, plant and equipment, net	15
Accounts payable and other current liabilities	(707)
Backlog	1,500
Non-competition agreements	2,300
Goodwill	19,712
Total purchase price	<u>\$ 23,302</u>

Amortizable Intangible Assets:

Backlog consists of existing contracts. The Company valued the one-year of contractual backlog by calculating the present value of the projected cash flows that are expected to be generated by the backlog utilizing a discount factor of 15%. The Company will amortize this intangible asset over 1 year on a straight line basis.

The Company valued non-competition agreements estimating cash flows with and without non-competition agreements. The projected cash flows were discounted using a discount factor of 22%. The Company is amortizing this intangible asset over 3 years on a straight-line basis.

The financial results of Alvand Technologies have been included in the Company's Condensed Consolidated Statements of Operations from April 16, 2012, the closing date of the acquisition. Pro forma earnings information has not been presented because the effect of the acquisition is not material to the Company's historical financial statements.

Note 4. Discontinued Operations

On September 26, 2011, the Company completed the transfer of certain assets related to IDT's Hollywood Quality Video (HQV) and Frame Rate Conversion (FRC) video processing product lines to Qualcomm pursuant to an Asset Purchase Agreement. The sale of these HQV and FRC video processing assets is intended to allow the Company to intensify focus on its analog-intensive mixed-signal, timing, and interface solutions. Upon the closing of the transaction, Qualcomm paid the Company \$58.7 million in cash consideration, of which \$6.0 million had been withheld in an escrow account for a period of two years and was paid to the Company during the second quarter of fiscal 2014. In the second quarter of fiscal 2012, the Company recorded a gain of \$45.9 million related to this divestiture. The Company's HQV and FRC product lines represented a significant portion of the Company's video business assets.

On August 1, 2012, the Company completed the transfer of the remaining assets of its video business to Synaptics for \$5.0 million in cash pursuant to an Asset Purchase Agreement. In connection with the divestiture, 47 employees were transferred to Synaptics. In the second quarter of fiscal 2013, the Company recorded a gain of \$0.9 million related to this divestiture. The following table summarizes the components of the gain (in thousands):

	Amount
Cash proceeds from sale	\$ 5,000
Less book value of assets sold and direct costs related to the sale:	
Fixed assets	(1,963)
Goodwill	(700)
Inventories	(1,288)
Transaction and other costs	(163)
Gain on divestiture	<u>\$ 886</u>

Prior to the second quarter of fiscal 2012, the video business was part of the Company's Computing and Consumer reportable segment. For financial statement purposes, the results of operations for the video business are presented in the Company's condensed consolidated financial statements as discontinued operations.

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The results from discontinued operations for the three and six months ended September 30, 2012 are as follows (in thousands):

	Three Months Ended	Six Months Ended
	September 30, 2012	September 30, 2012
Revenues	\$ 1,451	\$ 2,429
Cost of revenues	1,112	3,006
Operating expenses	612	4,554
Gain on divestiture	886	886
Provision for income taxes	3	3
Net income (loss) from discontinued operations	\$ 610	\$ (4,248)

Note 5. Other Divestitures (not accounted as discontinued operations)**Sale of ENC**

On July 12, 2013, Integrated Device Technology, Inc. and Integrated Device Technology (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of IDT (collectively "IDT"), completed the sale of certain assets of its PCI Express ("PCIe") enterprise flash controller business to PMC-Sierra, Inc., a Delaware corporation ("PMC"), for \$96.1 million in cash.

The Company recorded a gain of \$82.3 million on divestiture related to this transaction in the second quarter of fiscal 2014.

The following table summarizes the components of the gain on divestiture (in thousands):

	Amount
Cash proceeds from sale	\$ 96,099
Less book value of assets sold and direct costs related to the sale:	
Fixed assets	(1,312)
Inventories	(876)
Goodwill allocation	(7,323)
Transaction and other costs	(4,239)
Gain on divestiture	\$ 82,349

Pursuant to the terms of the Asset Purchase Agreement (the "Purchase Agreement") by and among IDT and PMC, dated May 29, 2013, IDT sold (i) substantially all of the assets that were used by IDT and its subsidiaries in the business of designing, developing, manufacturing, testing, marketing, supporting, maintaining, distributing, provisioning and selling non-volatile memory (flash) controllers and (ii) all technology and intellectual property rights owned by IDT or any of its subsidiaries and used exclusively in, or developed exclusively for use in, (a) switching circuits having the primary function of flexible routing of data from/to multiple switch interface ports, where all switch interface ports conform to the PCIe protocol, or (b) circuits having the primary function of executing all of the capturing, re-timing, re-generating and re-transmitting PCIe signals to help extend the physical reach of the signals in a system (the "Disposition").

In connection with the closing of the Disposition, a license agreement was entered into by IDT and a subsidiary of PMC simultaneously with the Purchase Agreement, whereby IDT will license certain intellectual property rights and technology to PMC, and PMC will license back to IDT certain of the intellectual property rights and technology acquired by PMC in the Disposition.

In connection with the closing of the Disposition, IDT and PMC also entered into (a) a transition services agreement and (b) a five year supply agreement, whereby IDT will supply wafers for certain products to PMC.

Additional details regarding the Disposition are provided in the related Current Reports on Form 8-K previously furnished by IDT on May 29, 2013 and July 15, 2013.

Prior to the divestiture, the operating results for IDT's PCIe flash controller business was included in the Company's Computing and Consumer reportable segment. The PCIe enterprise flash controller business was part of a larger cash-flow generating product group and did not, on its own, represent a separate operation of the Company and, therefore, this sale did not qualify as discontinued operations.

Note 6. Fair Value Measurement

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of September 29, 2013:

<i>(in thousands)</i>	Fair Value at Reporting Date Using:			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash Equivalents and Short-Term investments:				
US government treasuries and agencies securities	\$ 125,880	\$ —	\$ —	\$ 125,880
Money market funds	64,074	—	—	64,074
Asset-backed securities	—	12,792	—	12,792
Corporate bonds	—	169,302	—	169,302
International government bonds	—	4,018	—	4,018
Bank deposits	—	14,122	—	14,122
Municipal bonds	—	7,206	—	7,206
Total assets measured at fair value	<u>\$ 189,954</u>	<u>\$ 207,440</u>	<u>\$ —</u>	<u>\$ 397,394</u>
Liabilities:				
Fair value of contingent consideration	—	—	2,037	2,037
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,037</u>	<u>\$ 2,037</u>

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2013:

<i>(in thousands)</i>	Fair Value at Reporting Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash Equivalents and Short-Term investments:				
US government treasuries and agencies securities	\$ 87,379	\$ —	\$ —	\$ 87,379
Money market funds	79,083	—	—	79,083
Asset-backed securities	—	9,855	—	9,855
Corporate bonds	—	58,716	—	58,716
International government bonds	—	3,066	—	3,066
Bank deposits	—	16,583	—	16,583
Municipal bonds	—	2,094	—	2,094
Total assets measured at fair value	<u>\$ 166,462</u>	<u>\$ 90,314</u>	<u>\$ —</u>	<u>\$ 256,776</u>
Liabilities:				
Fair value of contingent consideration	—	—	6,695	6,695
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,695</u>	<u>\$ 6,695</u>

U.S. government treasuries and U.S. government agency securities as of September 29, 2013 and March 31, 2013 do not include any U.S. government guaranteed bank issued paper. Corporate bonds include bank-issued securities that are guaranteed by the Federal Deposit Insurance Corporation (FDIC).

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The securities in Level 1 are highly liquid and actively traded in exchange markets or over-the-counter markets. Level 2 fixed income securities are priced using quoted market prices for similar instruments, non-binding market prices that are corroborated by observable market data.

In connection with the acquisition of Fox Enterprises and Alvand Technologies (See "Note 3 - Business Combinations"), liabilities were recognized for the Company's estimate of the fair value of contingent consideration on the acquisition dates based on probability-based forecasted revenues, gross profits and attainment of product development milestones. These fair value measurements are based on significant inputs not observed in the market and thus represent a Level 3 measurement, which reflect the Company's own assumptions concerning future revenues, gross profit and product development milestones of the acquired businesses in measuring fair value. During the three months ended June 30, 2013, the Company settled the contingent consideration with Fox and paid \$3.3 million to the former shareholders of Fox. During the three months ended September 29, 2013, the Company paid Alvand Technologies \$1.4 million which decreased the fair value of the remaining contingent consideration to \$2.0 million.

The following table summarizes the change in the fair value of the contingent consideration measured using significant unobservable inputs (Level 3) for the six months ended September 29, 2013:

<i>(in thousands)</i>	Estimated Fair Value
Balance as of March 31, 2013	\$ 6,695
Payments, net of fair value adjustments	(4,658)
Balance as of September 29, 2013	\$ 2,037

All of the Company's available-for-sale investments are subject to a periodic impairment review. Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Company did not record any impairment charges related to its available-for-sale investments in the six months ended September 29, 2013 and September 30, 2012.

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Note 7. Investments

Available-for-Sale Securities

Available-for-sale investments at September 29, 2013 were as follows:

<i>(in thousands)</i>	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies securities	\$ 125,848	\$ 59	\$ (24)	\$ 125,883
Money market funds	64,009	—	—	64,009
Asset-backed securities	12,804	3	(15)	12,792
Corporate bonds	169,417	148	(202)	169,363
International government bonds	4,056	1	(39)	4,018
Bank deposits	14,123	—	—	14,123
Municipal bonds	7,243	10	(47)	7,206
Total available-for-sale investments	397,500	221	(327)	397,394
Less amounts classified as cash equivalents	(77,157)	—	—	(77,157)
Short-term investments	\$ 320,343	\$ 221	\$ (327)	\$ 320,237

Available-for-sale investments at March 31, 2013 were as follows:

<i>(in thousands)</i>	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies securities	\$ 87,356	\$ 24	\$ (1)	\$ 87,379
Money market funds	79,083	—	—	79,083
Asset-backed securities	9,860	2	(7)	9,855
Corporate bonds	58,733	33	(50)	58,716
International government bonds	3,069	1	(4)	3,066
Bank deposits	16,583	—	—	16,583
Municipal bonds	2,089	5	—	2,094
Total available-for-sale investments	256,773	65	(62)	256,776
Less amounts classified as cash equivalents	(90,443)	—	—	(90,443)
Short-term investments	\$ 166,330	\$ 65	\$ (62)	\$ 166,333

The cost and estimated fair value of available-for-sale securities at September 29, 2013, by contractual maturity, were as follows:

<i>(in thousands)</i>	Amortized Cost	Estimated Fair Value
Due in 1 year or less	\$ 138,851	\$ 138,858
Due in 1-2 years	147,127	147,151
Due in 2-5 years	111,522	111,385
Total investments in available-for-sale securities	\$ 397,500	\$ 397,394

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The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses as of September 29, 2013, aggregated by investment category and length of time that individual securities have been in a continuous loss position.

<i>(in thousands)</i>	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$ 91,156	\$ (201)	\$ —	\$ —	\$ 91,156	\$ (201)
Asset-backed securities	7,757	(15)	—	—	7,757	(15)
U.S. government treasuries and agencies securities	28,878	(25)	—	—	28,878	(25)
Municipal bonds	4,026	(47)	—	—	4,026	(47)
International government bonds	1,985	(39)	—	—	1,985	(39)
Total	\$ 133,802	\$ (327)	\$ —	\$ —	\$ 133,802	\$ (327)

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses, as of March 31, 2013, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

<i>(in thousands)</i>	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$ 32,009	\$ (50)	\$ —	\$ —	\$ 32,009	\$ (50)
Asset-backed securities	6,473	(7)	—	—	6,473	(7)
U.S. government treasuries and agencies securities	3,324	(1)	—	—	3,324	(1)
International government bonds	1,007	(4)	—	—	1,007	(4)
Total	\$ 42,813	\$ (62)	\$ —	\$ —	\$ 42,813	\$ (62)

Currently, a significant portion of the Company's available-for-sale investments that it holds are high grade instruments. As of September 29, 2013, the unrealized losses on the Company's available-for-sale investments represented an insignificant amount in relation to its total available-for-sale portfolio. Substantially all of the Company's unrealized losses on its available-for-sale marketable debt instruments are primarily driven by declines in interest rates or as a result of a decrease in the market liquidity for debt instruments. Because the Company has the ability to hold these investments until a recovery of fair value, which may be maturity, the Company did not consider these investments to be other-than-temporarily impaired at September 29, 2013 and March 31, 2013.

Note 8. Stock-Based Employee Compensation
Equity Incentive Programs

The Company currently issues awards under three equity-based plans in order to provide additional incentive and retention to directors and employees who are considered to be essential to the long-range success of the Company. These plans are further described below.

2004 Equity Plan (2004 Plan)

Options granted by the Company under the 2004 Plan generally expire seven years from the date of grant and generally vest over a four-year period from the date of grant, with one-quarter of the shares of common stock vesting on the one-year anniversary of the grant date and the remaining shares vesting monthly for the 36 months thereafter. The exercise price of the options granted by the Company under the 2004 Plan shall not be less than 100% of the fair market value for a common share subject to such option on the date the option is granted. Full value awards made under the 2004 Plan shall become vested over a period of not less than three years (or, if vesting is performance-based, over a period of not less than one year) following the date such award is made; provided, however, that full value awards that result in the issuance of an aggregate of up to 5% of common stock available under the 2004 Plan may be granted to any one or more participants without respect to such minimum vesting provisions. As of September 29, 2013, there were 8.6 million shares available for future grant under the 2004 Plan.

Compensation Expense

The following table summarizes stock-based compensation expense by category appearing in the Company's Condensed Consolidated Statement of Operations:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Cost of revenue	\$ 392	\$ 252	\$ 725	\$ 555
Research and development	550	1,295	3,022	2,838
Selling, general and administrative	1,550	1,336	3,731	2,613
Discontinued operations	—	367	—	526
Total stock-based compensation expense	\$ 2,492	\$ 3,250	\$ 7,478	\$ 6,532

The amount of stock-based compensation expense that was capitalized during the periods presented above was immaterial.

Stock Options

The following is a summary of the Company's stock option activity and related weighted average exercise prices for each category:

<i>(shares in thousands)</i>	Six Months Ended September 29, 2013	
	Shares	Price
Beginning stock options outstanding	12,817	\$ 7.12
Granted	1,596	7.98
Exercised (1)	(3,416)	5.83
Canceled	(2,443)	8.85
Ending stock options outstanding	8,554	\$ 7.30
Ending stock options exercisable	5,219	\$ 7.52

(1) Upon exercise, the Company issues new shares of common stock.

As of September 29, 2013, the unrecognized compensation cost related to nonvested stock options, net of estimated forfeitures, was \$3.3 million and will be recognized over a weighted-average period of 1.3 years.

As of September 29, 2013, stock options vested and expected to vest totaled approximately 7.8 million with a weighted-average exercise price of \$7.32 and a weighted-average remaining contractual life of 3.6 years. The aggregate intrinsic value as of September 29, 2013 was approximately \$18.3 million.

As of September 29, 2013, fully vested stock options totaled approximately 5.2 million with a weighted-average exercise price of \$7.52 and a weighted-average remaining contractual life of 2.6 years. The aggregate intrinsic value as of September 29, 2013 was approximately \$11.9 million.

Restricted Stock Units

Restricted stock units granted by the Company under the 2004 Plan generally vest over at least a three-year period from the grant date with one-third of restricted stock units vesting on each one-year anniversary. As of September 29, 2013, 3.2 million restricted stock unit awards were outstanding under the 2004 Plan.

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The following table summarizes the Company's restricted stock unit activity for each category for the six months ended September 29, 2013:

<i>(shares in thousands)</i>	Six Months Ended September 29, 2013	
	Shares	Weighted-average grant date fair value per share
Beginning RSUs outstanding	2,591	\$ 6.26
Granted	1,803	7.71
Released	(813)	6.17
Forfeited	(369)	6.84
Ending RSUs outstanding	3,212	\$ 7.03

As of September 29, 2013, restricted stock units vested and expected to vest totaled approximately 2.5 million with a weighted-average remaining contract life of 1.6 years. The aggregate intrinsic value was approximately \$23.7 million.

As of September 29, 2013, the unrecognized compensation cost related to restricted stock units granted under the Company's equity incentive plans was approximately \$10.9 million, net of estimated forfeitures, and is expected to be recognized over a weighted-average period of 1.8 years.

Performance-Based Stock Units

Under the 2004, the Company has granted performance-based stock units which vest and convert into shares of the Company's common stock based on the level of achievement of pre-established performance goals during a specified performance period. The performance period for the Company's performance-based stock units is generally 1 to 3 years. Management evaluates, on a quarterly basis, the likelihood of the Company meeting its performance metrics in determining stock-based compensation expense.

The following table summarizes the Company's performance stock unit activity for each category for the six months ended September 29, 2013:

<i>(shares in thousands)</i>	Six Months Ended September 29, 2013	
	Shares	Weighted-average grant date fair value per share
Beginning PSUs outstanding	744	\$ 7.50
Granted	481	8.42
Forfeited	(275)	8.16
Ending PSUs outstanding	950	\$ 7.77

As of September 29, 2013, performance stock units vested and expected to vest totaled approximately 0.7 million with a weighted-average remaining contract life of 1.7 years. The aggregate intrinsic value was approximately \$6.6 million.

As of September 29, 2013, the unrecognized compensation cost related to performance stock units granted under the Company's equity incentive plans was approximately \$3.8 million, net of estimated forfeitures, and is expected to be recognized over a weighted-average period of 1.8 years.

2009 Employee Stock Purchase Plan (2009 ESPP)

On June 18, 2009, the Board approved implementation of the 2009 Employee Stock Purchase Plan (2009 ESPP) and authorized the reservation and issuance of up to 9,000,000 shares of the Company's common stock, subject to stockholder approval. On September 17, 2009, the Company's stockholders approved the plan at the 2009 Annual Meeting of Stockholders. The 2009 ESPP is intended to be implemented in successive quarterly purchase periods commencing on the first day of each fiscal quarter of the Company. In order to maintain its qualified status under Section 423 of the Internal Revenue Code, the 2009 ESPP imposes certain restrictions, including the limitation that no employee is permitted to participate in the 2009 ESPP if the rights of such employee to purchase common stock of the Company under the 2009 ESPP and all similar purchase plans of the Company or its subsidiaries would accrue at a rate which exceeds \$25,000 of the fair market value of such stock (determined at the time the right is granted) for each calendar year. On September 13, 2012, the Company's stockholders approved an additional 5,000,000 shares at the 2012 Annual meeting of Stockholders. On July 12, 2013, the Company filed an S-8 with the SEC to add the shares to the 2009 ESPP. The number of shares of common stock reserved for issuance thereunder increased from 9,000,000 shares to 14,000,000 shares.

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Activity under the Company's ESPP for the six months ended September 29, 2013 is summarized in the following table:

(in thousands, except per share amounts)

Number of shares issued	739
Average issuance price	\$ 6.54
Number of shares available at September 29, 2013	5,487

Note 9. Stockholders' Equity

Stock Repurchase Program. In the six months ended September 29, 2013 and September 30, 2012, the Company did not repurchase any shares. As of September 29, 2013, approximately \$79.8 million was available for future purchase under the share repurchase program, however, on October 22, 2013, the Company's Board increased the share repurchase authorization to \$150 million. Share repurchases were recorded as treasury stock and resulted in a reduction of stockholders' equity.

Note 10. Balance Sheet Detail

<i>(in thousands)</i>	September 29, 2013	March 31, 2013
<i>Inventories, net</i>		
Raw materials	\$ 6,363	\$ 7,008
Work-in-process	26,866	24,123
Finished goods	24,446	25,424
Total inventories, net	<u>\$ 57,675</u>	<u>\$ 56,555</u>
<i>Property, plant and equipment, net</i>		
Land	\$ 11,813	\$ 11,832
Machinery and equipment	294,027	296,174 (1)
Building and leasehold improvements	48,571	48,991
Total property, plant and equipment, gross	354,411	356,997
Less: accumulated depreciation	(280,941)	(282,009)
Total property, plant and equipment, net	<u>\$ 73,470</u>	<u>\$ 74,988</u>
<i>Other accrued liabilities</i>		
Short-term portion of supplier obligations (2)	\$ 1,225	\$ 407
Other (3)	13,718	14,245
Total other accrued liabilities	<u>\$ 14,943</u>	<u>\$ 14,652</u>
<i>Other long-term obligations</i>		
Deferred compensation related liabilities	\$ 14,342	\$ 14,615
Other	6,069	7,407
Total other long-term liabilities	<u>\$ 20,411</u>	<u>\$ 22,022</u>

(1) Includes approximately \$1.3 million in fixed assets held for sale associated with the sale of certain assets of IDT's PCI Express enterprise flash controller business which was completed on July 12, 2013. See Note 5 for additional information on this event.

(2) Supplier obligations represent payments due under various software design tool and technology license agreements.

(3) Other current liabilities consist primarily of acquisition related accrued contingent liabilities, accrued royalties and outside commissions, accrued severance costs and other accrued unbilled expenses.

Note 11. Deferred Income on Shipments to Distributors

Included in the caption “Deferred income on shipments to distributors” on the Condensed Consolidated Balance Sheets are amounts related to shipments to certain distributors for which revenue is not recognized until our product has been sold by the distributor to an end customer. The components of deferred income on shipments to distributors as of September 29, 2013 and March 31, 2013 are as follows:

<i>(in thousands)</i>	September 29, 2013	March 31, 2013
Gross deferred revenue	\$ 16,650	\$ 17,581
Gross deferred costs	(3,084)	(3,042)
Deferred income on shipments to distributors	<u>\$ 13,566</u>	<u>\$ 14,539</u>

The gross deferred revenue represents the gross value of shipments to distributors at the list price billed to the distributor less any price protection credits provided to them in connection with reductions in list price while the products remain in their inventory. The amount ultimately recognized as revenue will be lower than this amount as a result of ship from stock pricing credits which are issued in connection with the sell through of the Company's products to end customers. Historically, this amount represents on average approximately 36% of the list price billed to the customer. The gross deferred costs represent the standard costs (which approximate actual costs) of products the Company sells to the distributors. Although the Company monitors the levels and quality of inventory in the distribution channel, the Company's experience is that products returned from these distributors may be sold to a different distributor or in a different region of the world. As such, inventory write-downs for products in the distribution channel have not been significant.

Note 12. Accumulated Other Comprehensive Income

Changes in accumulated other comprehensive income (AOCI) by component, net of tax, for the six months ended September 29, 2013 consisted of the following:

<i>(in thousands)</i>	Cumulative translation adjustments	Unrealized gain on available-for- sale investments	Pension adjustments	Total
Balance as of March 31, 2013	\$ 1,563	\$ —	\$ (77)	\$ 1,486
Other comprehensive income (loss) before reclassifications	541	(75)	—	466
Amounts reclassified out of AOCI	—	(36)	(3)	(39)
Net current-period other comprehensive income (loss)	541	(111)	(3)	427
Balance as of September 29, 2013	<u>\$ 2,104</u>	<u>\$ (111)</u>	<u>\$ (80)</u>	<u>\$ 1,913</u>

Comprehensive income components consisted of:

<i>(in thousands)</i>	Six Months Ended September 29, 2013	Location
Unrealized holding gains (losses) on available-for-sale investments	\$ (36)	interest and other, net
Amortization of pension benefits prior service credits	(3)	operating expense
Total amounts reclassified out of accumulated other comprehensive income (loss)	<u>\$ (39)</u>	

Note 13. Goodwill and Intangible Assets, Net

Goodwill activity for the six months ended September 29, 2013 is as follows:

<i>(in thousands)</i>	Reportable Segment		
	Communications	Computing and Consumer	Total (2)
Balance as of March 31, 2013	\$ 124,205	\$ 20,719	\$ 144,924
Dispositions (1)	—	(7,323)	(7,323)
Balance as of September 29, 2013	<u>\$ 124,205</u>	<u>\$ 13,396</u>	<u>\$ 137,601</u>

(1) Represents \$7.3 million in goodwill allocated to the sale of certain assets of IDT's PCI Express enterprise flash controller business which was completed on July 12, 2013. See Note 5 for additional information on this event.

(2) Balances as of September 29, 2013 and March 31, 2013 are net of \$920.4 million in accumulated impairment losses.

Intangible asset balances as of September 29, 2013 and March 31, 2013 are summarized as follows:

<i>(in thousands)</i>	September 29, 2013		
	Gross Assets	Accumulated Amortization	Net Assets
Purchased intangible assets:			
Existing technology	\$ 241,197	\$ (208,940)	\$ 32,257
Trademarks	4,411	(2,476)	1,935
Customer relationships	131,931	(129,876)	2,055
Backlog	1,600	(1,597)	3
Non-compete agreements	2,600	(1,241)	1,359
Total amortizable purchased intangible assets	<u>381,739</u>	<u>(344,130)</u>	<u>37,609</u>
IPR&D *	2,433	—	2,433
Total purchased intangible assets	<u>\$ 384,172</u>	<u>\$ (344,130)</u>	<u>\$ 40,042</u>

<i>(in thousands)</i>	March 31, 2013		
	Gross Assets	Accumulated Amortization	Net Assets
Purchased intangible assets:			
Existing technology	\$ 241,197	\$ (203,129)	\$ 38,068
Trademarks	4,411	(2,018)	2,393
Customer relationships	131,931	(128,107)	3,824
Backlog	1,600	(1,509)	91
Non-compete agreements	2,600	(807)	1,793
Total amortizable purchased intangible assets	<u>381,739</u>	<u>(335,570)</u>	<u>46,169</u>
IPR&D *	2,433	—	2,433
Total purchased intangible assets	<u>\$ 384,172</u>	<u>\$ (335,570)</u>	<u>\$ 48,602</u>

* IPR&D is initially capitalized at fair value as an intangible asset with an indefinite life and assessed for impairment thereafter. When the IPR&D project is complete, it is reclassified as an amortizable purchased intangible asset and is amortized over its estimated useful life. If an IPR&D project is abandoned, the Company will record a charge for the carrying value of the related intangible asset to its Consolidated Statements of Operations in the period it is abandoned.

Amortization expense for the three months ended September 29, 2013 and September 30, 2012 was \$4.3 million and \$5.6 million, respectively. Amortization expense for the six months ended September 29, 2013 and September 30, 2012 was \$8.6 million and \$10.5 million, respectively.

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The intangible assets are being amortized over estimated useful lives of twelve months to seven years.

Based on the intangible assets recorded at September 29, 2013, and assuming no subsequent additions to or impairment of the underlying assets, the remaining estimated amortization expense is expected to be as follows (in thousands):

Fiscal Year	Amount
2014 (Remaining 6 months)	\$ 8,468
2015	13,304
2016	8,290
2017	6,591
2018 and thereafter	956
Total amortizable purchased intangible assets	37,609
IPR&D	2,433
Total purchased intangible assets	\$ 40,042

Note 14. Restructuring

The following table shows the provision of the restructuring charges and the liability remaining as of September 29, 2013:

<i>(in thousands)</i>	Total
Balance as of March 31, 2013	\$ 1,662
Provision	4,911
Cash payments	(2,342)
Balance as of September 29, 2013	\$ 4,231

During the first quarter of fiscal 2014, the Company recorded restructuring charges of \$0.4 million and reduced headcount by 15 employees. During the second quarter of fiscal 2014, the Company recorded additional restructuring charges of \$4.5 million and further reduced headcount by 90 employees. During the second quarter of fiscal 2014 the Company paid \$0.8 million related to these actions. As of September 29, 2013, the total accrued balance for employee severance costs related to these restructuring actions was \$4.2 million. The Company expects to complete these restructuring actions in the fourth quarter of fiscal 2014.

During fiscal 2013, the Company recorded restructuring charges of \$4.3 million for multiple reduction in workforce actions. The Company reduced its total headcount by approximately 132 employees with reductions affecting all functional areas and various locations. During fiscal 2013, the Company paid \$3.2 million in severance costs associated with these actions. During the three months ended June 30, 2013, the Company paid out \$1.1 million and completed these actions.

In connection with the Company's divestiture of its smart metering business, during fiscal 2013, the Company recorded \$0.4 million in restructuring expenses for employee severance costs. During the three months ended June 30, 2013, the Company paid \$0.4 million and completed this action.

Note 15. Commitments and Contingencies

Warranty

The Company maintains an accrual for obligations it incurs under its standard product warranty program and customer, part, or process specific matters. The Company's standard warranty period is one year, however in certain instances the warranty period may be extended to as long as two years. Management estimates the fair value of the Company's warranty liability based on actual past warranty claims experience, its policies regarding customer warranty returns and other estimates about the timing and disposition of product returned under the standard program. Customer, part, or process specific accruals are estimated using a specific identification method. Historical profit and loss impact related to warranty returns activity has been minimal. The total warranty accrual was \$0.6 million and \$0.2 million as of September 29, 2013 and March 31, 2013, respectively.

Litigation

In January 2012, Maxim I Properties, a general partnership that had purchased a certain parcel of real property (the Property) in 2003, filed a complaint in the Northern District of California naming approximately 30 defendants, including the Company, alleging various environmental violations of the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and Resource Conservation and Recovery Act (RCRA), the California Hazardous Substance Account Act (HSAA),

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and other common law claims (the Complaint). The Complaint alleges with regard to the Company that IDT "...generated, transported, and/or arranged for the transport and/or disposal of hazardous waste to the Property." The Complaint further alleges that the Defendants are liable for the costs of investigation and remediation of the Property due to the release of hazardous substances, and that Defendants violated their duty to prevent the release of such hazardous substances. In March 2012, the Company was served with and filed an answer to the Complaint, denying the various allegations in the Complaint. In April 2012, the Company filed an amended answer to the Complaint, including a counterclaim against the plaintiff. On August 15, 2012, the plaintiff voluntarily dismissed its Complaint against the Company without prejudice. Moyer Products, Inc., another defendant, has counter-claimed against Maxim and cross-claimed against Defendants, including the Company, and thus the Company remains a defendant in this action. In September 2012, the California Department of Toxic Substances Control (DTSC) notified the Company that it identified the Company, along with more than 50 other entities, and included the Company as a respondent to DTSC's Enforcement Order, as "a generator of hazardous waste" that was sent to the Property. In April 2013, the Company, along with the other "respondent" parties, entered into a Corrective Action Consent Agreement (CACA) to conduct the Property investigation and corrective action selection. The CACA supersedes the Enforcement Order. In February 2013, the court stayed the Maxim/Moyer litigation pending the Property investigation under the CACA and DTSC's corrective action selection. The Company will continue to vigorously defend itself against the allegations in the Complaint and evaluate settlement options with Moyer upon completion of the Property investigation and corrective action selection. Because the investigation is at an early stage and the DTSC has not yet selected a corrective action, and because no specific monetary demands have been made, it is not yet possible for us to estimate the potential loss or range of potential losses.

The Company is also party to various other legal proceedings and claims arising in the normal course of business. As of September 29, 2013, the Company has not recorded any accrual for contingent liabilities associated with its legal proceedings based on the belief that liabilities, while possible, are not probable. Further, probable losses or ranges of possible losses in these matters cannot be reasonably estimated at this time. Generally, litigation is subject to inherent uncertainties, and no assurance can be given that the Company will prevail in any particular lawsuit. Accordingly, pending lawsuits, as well as potential future litigation with other companies, could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Note 16. Employee Benefit Plans

401(k) Plan

The Company sponsors a 401(k) retirement matching plan for qualified domestic employees. The Company recorded expenses of approximately \$1.2 million and \$1.4 million in matching contributions under the plan during the six months ended September 29, 2013 and September 30, 2012, respectively.

Deferred Compensation Plans

Effective November 1, 2000, the Company established an unfunded deferred compensation plan to provide benefits to executive officers and other key employees. Under the plan, participants can defer any portion of their salary and bonus compensation into the plan and may choose from a portfolio of funds from which earnings are measured. Participant balances are always 100% vested. As of September 29, 2013 and March 31, 2013, obligations under the plan totaled approximately \$14.3 million and \$14.6 million, respectively. Additionally, the Company has set aside assets in a separate trust that is invested in corporate owned life insurance intended to substantially fund the liability under the plan. As of September 29, 2013 and March 31, 2013, the deferred compensation plan assets were approximately \$16.4 million and \$17.0 million, respectively.

During the first quarter of fiscal 2013, the Company assumed a deferred compensation plan associated with the acquisition of Fox. Under this plan, participants in retirement are entitled to receive a fixed amount from the Company on a monthly basis. The Company has purchased life insurance policies with the intention of funding the liability under this plan. As of both September 29, 2013 and March 31, 2013, the deferred compensation plan assets under this plan were approximately \$0.7 million. As of both September 29, 2013 and March 31, 2013, the deferred compensation plan liabilities under this plan were approximately \$1.6 million.

International Employee Benefit Plans

The Company sponsors defined-benefit pension plans, defined-contribution plans, multi-employer plans and other post-employment benefit plans covering employees in certain of the Company's international locations. As of September 29, 2013, the net liability for all of these international benefit plans totaled \$1.4 million.

Note 17. Income Taxes

During the three and six months ended September 29, 2013, the Company recorded an income tax expense of \$42 thousand and an income tax benefit of \$156 thousand, respectively, from continuing operations. The Company recorded an income tax benefit of \$33 thousand and \$4.0 million in the three and six months ended September 30, 2012, respectively, from continuing operations. The income tax benefit recorded in the six months ended September 29, 2013 was primarily due to the reversal of uncertain tax

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positions resulting from statute lapse. The income tax benefit in the six months ended September 30, 2012 was primarily due to the recognition of a deferred tax asset offset by the recognition of a deferred tax liability due to the acquisition of Fox Enterprises. The increase in the deferred tax liability was a part of the purchase accounting step-up adjustment that was recorded against goodwill while the increase in the deferred tax asset was recorded as a tax benefit.

As of September 29, 2013, the Company was subject to examination in the U.S. federal tax jurisdiction for the fiscal years 2010, 2011, and 2012. In May 2013, the Internal Revenue Service (IRS) commenced a tax audit for fiscal years beginning 2011 through 2012. Although the final outcome is uncertain, based on currently available information, the Company believes that the ultimate outcome will not have a material adverse effect on its financial position, cash flows or results of operations.

As of September 29, 2013, the Company was subject to examination in various state and foreign jurisdictions for tax years 2007 forward, none of which were individually material.

Note 18. Segment Information

The Chief Operating Decision Maker is the Company's President and Chief Executive Officer.

Our reportable segments include the following:

- Communications segment: includes clock and timing solutions, flow-control management devices including Serial RapidIO® switching solutions, multi-port products, telecommunications products, high-speed static random access memory, first in and first out, digital logic, high speed data converters, radio frequency, and MEMS Oscillator solutions.
- Computing and Consumer segment: includes clock generation and distribution products, high-performance server memory interfaces, PCI Express switching solutions, power management solutions, signal integrity products, and PC audio.

The tables below provide information about these segments:

<i>Revenues by segment</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
<i>(in thousands)</i>				
Communications	\$ 72,948	\$ 69,293	\$ 141,153	\$ 132,363
Computing and Consumer	51,701	64,108	101,478	131,199
Total revenues	\$ 124,649	\$ 133,401	\$ 242,631	\$ 263,562

<i>Income (loss) by segment from continuing operations</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
<i>(in thousands)</i>				
Communications	\$ 22,202	\$ 19,559	\$ 38,764	\$ 37,045
Computing and Consumer	(5,398)	(3,220)	(13,395)	(8,033)
Unallocated expenses:				
Amortization of intangible assets	(4,238)	(5,573)	(8,559)	(10,464)
Inventory fair market value adjustment	—	(100)	—	(458)
Gain on divestitures	82,349	—	82,349	—
Assets impairment and recoveries	(4,080)	59	(4,044)	118
Amortization of stock-based compensation	(2,492)	(3,617)	(7,478)	(6,739)
Severance, retention and facility closure costs	(4,512)	(2,271)	(5,694)	(2,999)
Acquisition-related costs and other	(271)	(4,830)	(1,002)	(11,466)
Consulting expenses related to stockholder activities	—	(38)	—	(2,614)
Deferred compensation plan expense (benefit)	(4)	(3)	(5)	(181)
Proceeds from life insurance policies	—	—	—	2,313
Interest income and other, net	137	(682)	295	(681)
Income (loss) from continuing operations, before income taxes	\$ 83,693	\$ (716)	\$ 81,231	\$ (4,159)

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The Company does not allocate goodwill and intangible assets impairment charge, severance and retention costs, acquisition-related costs, stock-based compensation, interest income and other, and interest expense to its segments. In addition, the Company does not allocate assets to its segments. The Company excludes these items consistent with the manner in which it internally evaluates its results of operations.

Revenues from unaffiliated customers by geographic area, based on the customers' shipment locations, were as follows:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Asia Pacific	\$ 78,543	\$ 85,979	\$ 150,878	\$ 171,849
Americas (1)	18,946	20,199	38,021	40,101
Japan	10,081	10,911	20,187	22,371
Europe	17,079	16,312	33,545	29,241
Total revenues	\$ 124,649	\$ 133,401	\$ 242,631	\$ 263,562

(1) The revenues from the customers in the U.S. were \$16.7 million and \$18.1 million in the three months ended September 29, 2013 and September 30, 2012, respectively. The revenues from the customers in the U.S. were \$33.3 million and \$36.5 million in the six months ended September 29, 2013 and September 30, 2012, respectively.

The Company utilizes global and regional distributors around the world, who buy product directly from the Company on behalf of their customers. Two distributors, Avnet and Maxtek and its affiliates represented approximately 13% and 11%, respectively, of the Company's revenues for the six month period ended September 29, 2013. Two distributors, Maxtek and its affiliates and Uniquet represented approximately 16% and 11%, respectively, of the Company's revenues for the six month period ended September 30, 2012.

At September 29, 2013, three distributors represented approximately 15%, 13% and 11% of the Company's gross accounts receivable. At March 31, 2013, four distributors represented approximately 15%, 15%, 12% and 11% of the Company's gross accounts receivable.

The Company's significant operations outside of the United States include a test facility in Malaysia, design centers in Canada and China, and sales subsidiaries in Japan, Asia Pacific and Europe. The Company's property, plant and equipment, net, are summarized below by geographic area:

<i>(in thousands)</i>	September 29, 2013	March 31, 2013
United States	\$ 42,904	\$ 44,651
Canada	5,149	5,188
Malaysia	21,888	21,379
All other countries	3,529	3,770
Total property, plant and equipment, net	\$ 73,470	\$ 74,988

Note 19. Derivative Financial Instruments

As of September 29, 2013 and March 31, 2013, the Company did not have any outstanding foreign currency contracts that were designated as hedges of forecasted cash flows or capital equipment purchases. The Company does not enter into derivative financial instruments for speculative or trading purposes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking. Forward-looking statements, which are generally identified by words such as "anticipates," "expects," "plans," "intends," "seeks," "targets," "believes," "can," "may," "might," "could," "should," "would," "will" and similar terms, include statements related to, among others, revenues and gross profit, research and development activities, selling, general and administrative expenses, restructuring costs, intangible expenses, interest income and other, taxes, capital spending and financing transactions, as well as statements regarding successful development and

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market acceptance of new products, industry and overall economic conditions and demand, and capacity utilization. Forward-looking statements are based upon current expectations, estimates, forecasts and projections that involve a number of risks and uncertainties. These risks and uncertainties include, but are not limited to: global business and economic conditions; operating results; new product introductions and sales; competitive conditions; capital expenditures and resources; manufacturing capacity utilization; customer demand and inventory levels; product performance; intellectual property matters; mergers and acquisitions and integration activities; and the risk factors set forth in Part II, Item 1A, "Risk Factors" to this Quarterly Report on Form 10-Q. As a result of these risks and uncertainties, actual results could differ significantly from those expressed or implied in the forward-looking statements. Unless otherwise required by law, we undertake no obligation to publicly revise these statements for future events or new information after the date of this Quarterly Report on Form 10-Q.

This discussion and analysis should be read in conjunction with our Condensed Consolidated Financial Statements and accompanying Notes included in this report and the Audited Consolidated Financial Statements and Notes thereto included in our Annual Report on Form 10-K for the year ended March 31, 2013 filed with the SEC. Operating results for the three and six months ended September 29, 2013 are not necessarily indicative of operating results for an entire fiscal year.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of such statements requires us to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. Our estimates and assumptions are based on historical experience and other factors that we consider to be appropriate in the circumstances. However, actual future results may vary from our estimates and assumptions.

For a discussion of our critical accounting policies, see Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013. We believe that these accounting policies are "critical," as defined by the SEC, in that they are both highly important to the portrayal of our financial condition and results, and they require difficult management judgments, estimates and assumptions about matters that are inherently uncertain. We believe that there have been no significant changes during the six months ended September 29, 2013 to the items that we disclosed as our critical accounting policies in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

Business overview

We design, develop, manufacture and market a broad range of low-power, high-performance mixed signal semiconductor solutions for the advanced communications, computing and consumer industries. Currently, we offer communications solutions for customers within the enterprise, data center and wireless markets. Our computing products are designed specifically for storage and server applications and personal computers, while our consumer products focus on solutions for gaming consoles, set-top boxes, digital TV and smart phones.

We seek to differentiate our products from our competitors' products through the following capabilities:

- Focus on market leadership in timing, serial switching and memory interfaces and substantiate the foundation by adding new technologies, including analog, power management and systems expertise;
- Investments in applications expertise, system-level knowledge and whole product solution elements that solve difficult technology challenges for our customers and enable them to reduce their overall bill-of-materials (BOM), increase system performance and lower power consumption while accelerating their time-to-market;
- Application of our diverse skill, expertise and technology to help our customers achieve maximum benefit from evolving technology standards relevant in the market;
- Dependability and reliability of an experienced, high-volume vendor with a long-term view;
- Combination of our digital design silicon heritage and the latest in analog, mixed-signal capabilities to provide highly integrated Application Specific Standard Products (ASSPs); and
- Customizable model and design services to offer user-configured, application-optimized, quick turn benefits to our customers.

For more information on our business, please see Part I, Item 1, "Business," in our Annual Report on Form 10-K for the fiscal year ended March 31, 2013.

Recent developments

Termination of Proposed Acquisition of PLX Technology, Inc. (PLX)

On April 30, 2012, IDT and PLX had entered into an Agreement and Plan of Merger with PLX Technology, Inc. (PLX) for the acquisition of PLX by IDT (the Agreement). On December 19, 2012, the United States Federal Trade Commission (FTC) filed an administrative complaint challenging IDT's proposed acquisition of PLX. In response to the FTC's determination to challenge the proposed acquisition of PLX by IDT, effective December 19, 2012, IDT and PLX mutually agreed to terminate the Agreement.

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Also on December 19, 2012, IDT withdrew its related exchange offer (the Offer) to acquire all of the issued and outstanding shares of common stock, \$0.001 par value, of PLX and instructed Computershare, the exchange agent for the Offer, to promptly return all previously tendered shares.

Associated with the proposed acquisition of PLX, during the first quarter of fiscal 2013, IDT incurred approximately \$4.1 million in acquisition related costs, which were included in selling, general and administrative (SG&A) expense on the Condensed Consolidated Statements of Operations.

Acquisition of NXP B.V.'s Data Converter Business

On July 19, 2012, IDT completed an acquisition of certain assets related to technology and products developed for communications analog mixed-signal market applications from NXP B.V. We believe this acquisition will enhance our efforts to increase silicon content in wireless infrastructure markets and that with this acquisition we can offer our customers a one-stop shop for wireless base stations, including radio frequency (RF) components, analog-to-digital converters (ADCs), digital-to-analog converters (DACs), Serial RapidIO® switches and bridges, high-performance timing devices, data compression IP, and power management ICs.

We acquired the communications analog mixed-signal assets for an aggregate cash purchase price of approximately \$31.2 million, less a \$4.0 million credit from NXP B.V. for certain accrued liabilities assumed from NXP B.V. resulting in a net aggregate purchase price of \$27.2 million. During the first quarter of fiscal 2013, we incurred approximately \$2.1 million in acquisition related costs, which were included in SG&A expense in the Condensed Consolidated Statements of Operations.

Acquisition of Fox Enterprises, Inc.

On April 30, 2012, IDT completed the acquisition of Fox Enterprises, Inc. (Fox), a leading supplier of frequency control products including crystals and crystal oscillators, in an all-cash transaction for approximately \$28.9 million, which included \$25.7 million in cash paid at closing and \$3.2 million which was recorded as a liability representing the fair value of contingent cash consideration of up to \$4.0 million based upon the achievement of future financial milestones, which would be payable after 12 months from the acquisition date. During the three month period ended June 30, 2013, we settled the contingent consideration and paid Fox \$3.3 million. We believe that the combination of Fox's product portfolio with our CrystalFree™ oscillators makes IDT the industry's one-stop shop for frequency control products. In addition, we expect that this acquisition will help accelerate the adoption of CrystalFree™ by enabling customers to purchase pMEMS and CMOS solid-state oscillators alongside traditional quartz-based components through our established sales channels.

Acquisition of Alvand Technologies, Inc.

On April 16, 2012, IDT completed the acquisition of Alvand Technologies Inc., a leading analog integrated circuits company specializing in data converters, for total purchase consideration of approximately \$23.3 million, of which \$20.5 million was paid in cash at closing and \$2.8 million was recorded as a liability representing the fair value of contingent cash consideration of up to \$4.0 million based upon the achievement of future product development milestones to be completed within 36 months following the acquisition date. Payments will be made on a proportionate basis upon the completion of each milestone. As of June 30, 2013, the fair value of the contingent consideration was re-measured based on a revised product development forecast for the business. As a result, the fair value of the contingent consideration increased to \$3.4 million. We recorded \$0.5 million of the change in the fair value of the contingent consideration in selling, general and administrative expense in fiscal 2013 and recorded \$0.1 million in selling, general and administrative expense in the first quarter of fiscal 2014. During the second quarter of fiscal 2014, we paid Alvand \$1.4 million which decreased the fair value of the remaining contingent consideration to \$2.0 million.

Discontinued operations

On September 26, 2011, we completed the transfer of certain assets related to IDT's Hollywood Quality Video (HQV) and Frame Rate Conversion (FRC) video processing product lines to Qualcomm pursuant to an Asset Purchase Agreement. The sale of these HQV and FRC video processing assets was intended to allow us to intensify focus on our analog-intensive mixed-signal, timing, and interface and solutions. Upon the closing of the transaction, Qualcomm paid the Company \$58.7 million in cash consideration, of which \$6.0 million had been withheld in an escrow account for a period of two years and was paid to the Company during the second quarter of fiscal 2014. In the second quarter of fiscal 2012, the Company recorded a gain of \$45.9 million related to this divestiture. The Company's HQV and FRC product lines represented a significant portion of the Company's video business assets.

On August 1, 2012, we completed the transfer of the remaining assets of our video business to Synaptics for \$5.0 million in cash pursuant to an Asset Purchase Agreement. In connection with the divestiture, 47 employees were transferred to Synaptics. In the second quarter of fiscal 2013, we recorded a gain of \$0.9 million related to this divestiture.

Divestitures

Sale of Smart Meter Business. On March 7, 2013, we completed the sale of our smart metering business and related assets to Atmel Corporation for \$10.3 million in cash, of which \$1.0 million will be withheld in an escrow account for a period of one year. In the fourth quarter of fiscal 2013, we recorded a gain of \$8.0 million related to this divestiture. Prior to the divestiture, the smart meter

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business was part of a larger cash-flow generating product group and did not, on its own, represent a separate operation of the Company and, therefore, this sale did not qualify as discontinued operations.

Sale of PCIe Enterprise Flash Controller Business. On July 12, 2013, we completed the sale of certain assets of our PCIe enterprise flash controller business to PMC-Sierra, Inc. for \$96.1 million in cash. Prior to the divestiture, the operating results for IDTs PCIe flash controller business was included in our Computing and Consumer reportable segment. Related to this transaction, we recorded a gain of \$82.3 million on divestiture in the second quarter of fiscal 2014. See Note 5 of Notes to Condensed Consolidated Financial Statements.

Overview

The following table and discussion provides an overview of our operating results from continuing operations for the three and six months ended September 29, 2013 and September 30, 2012:

<i>(in thousands, except for percentage)</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Revenues	\$ 124,649	\$ 133,401	\$ 242,631	\$ 263,562
Gross profit	\$ 70,849	\$ 74,627	\$ 137,022	\$ 147,140
As a % of revenues	57%	56%	56%	56%
Operating loss	\$ 588	\$ (510)	\$ (1,931)	\$ (5,953)
As a % of revenues	—%	—%	(1)%	(2)%
Net income (loss) from continuing operations	\$ 83,651	\$ (683)	\$ 81,387	\$ (140)
As a % of revenues	67%	(1)%	34%	—%

Our revenues decreased by \$8.8 million, or 7%, to \$124.6 million in the quarter ended September 29, 2013 compared to the quarter ended September 30, 2012. The decrease was primarily due to a decrease in unit shipments in our Computing and Consumer segment as we experienced a general decrease in overall demand for most product lines within this market segment when compared to the second quarter of fiscal 2013. This decrease was offset in part by increased revenues in our Communications segment primarily as a result of increased demand for our Rapid I/O switching solutions products. Despite lower revenue levels, gross profit percentage improved primarily due to an improved shipment mix of higher margin products. Net income from continuing operations was \$83.7 million in the second quarter of fiscal 2014 as compared to a net loss of \$0.7 million in the second quarter of fiscal 2013. This increase in net income was primarily due to the gain recorded on the sale of PCIe Enterprise Flash Controller Business.

Results of Operations

Revenues

Revenues by segment: <i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Communications	\$ 72,948	\$ 69,293	\$ 141,153	\$ 132,363
Computing and Consumer	51,701	64,108	101,478	131,199
Total revenues	\$ 124,649	\$ 133,401	\$ 242,631	\$ 263,562

Product groups representing greater than 10% of net revenues:

<i>As a percentage of net revenues</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Communications:				
Communications timing products	24%	22%	25%	22%
Serial RapidIO products	13%	8%	13%	7%
All others less than 10% individually	22%	22%	20%	21%
Total communications	59%	52%	58%	50%
Computing and Consumer:				
Consumer and computing timing products	18%	18%	18%	19%
Memory interface products	15%	17%	15%	18%
All others less than 10% individually	8%	13%	9%	13%
Total computing and consumer	41%	48%	42%	50%
Total	100%	100%	100%	100%

* Represents less than 10% of net revenues

Communications Segment

Revenues in our Communications segment increased \$3.7 million, or 5%, to \$72.9 million in the quarter ended September 29, 2013 as compared to the quarter ended September 30, 2012, primarily due to a \$6.0 million increase in shipments of our Rapid I/O switching solutions products combined with a \$0.8 million increase in demand for our Netcom products and a \$0.2 million increase in revenue from Fox Enterprises which we acquired mid-first quarter of fiscal 2013. These increases were offset in part due to a general decrease in demand for our FIFO memory products, multi-port memory products, SRAM products, and digital logic products.

Revenues in our Communications segment increased \$8.8 million, or 7%, to \$141.2 million in the six months ended September 29, 2013 as compared to the six months ended September 30, 2012, primarily due to a \$12.9 million increase in shipments of our Rapid I/O switching solutions products combined with a \$2.1 million increase in demand for our Netcom products and a \$1.7 million increase in revenue from Fox Enterprises which we acquired mid-first quarter of fiscal 2013. These increases were offset in part due to a general decrease in demand for our FIFO memory products, multi-port memory products, SRAM products, and digital logic products.

Computing and Consumer Segment

Revenues in our Computing and Consumer segment decreased \$12.4 million, or 19%, to \$51.7 million in the quarter ended September 29, 2013 as compared to the quarter ended September 30, 2012. We experienced a general decrease in overall demand for most product lines within this market segment when compared to the second quarter of fiscal 2013. Computing and Consumer Timing products and Audio products decreased \$2.1 million and \$2.7 million, respectively, and Memory Interface products and Switching Solutions products decreased by \$3.8 million and \$2.4 million, respectively, as compared to the quarter ended September 30, 2012.

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Revenues in our Computing and Consumer segment decreased \$29.7 million, or 23%, to \$101.5 million in the six months ended September 29, 2013 as compared to the six months ended September 30, 2012. We experienced a general decrease in overall demand for most product lines within this market segment when compared to fiscal 2013. Computing and Consumer Timing products and Audio products decreased \$6.9 million and \$4.7 million, respectively, and Memory Interface products and Switching Solutions products decreased by \$10.3 million and \$5.9 million, respectively, as compared to the six months ended September 30, 2012.

Revenues by Region

Revenues in the quarter ended September 29, 2013 decreased primarily in APAC (Asia Pacific region excluding Japan), which was offset by increases in Europe as compared to the quarter ended September 30, 2012. Revenues in APAC, the Americas, Japan and Europe accounted for 63%, 15%, 8% and 14%, respectively, of consolidated revenues in the quarter ended September 29, 2013 compared to 65%, 15%, 8% and 12%, respectively, of our consolidated revenues in the quarter ended September 30, 2012. The Asia Pacific region continues to be our strongest region, as many of our largest customers utilize manufacturers in that region.

For the six months ended September 29, 2013, revenue decreased primarily in APAC (excluding Japan) and Europe as compared to the six months ended September 30, 2012. For the six months ended September 29, 2013, revenues in APAC region, Americas, Japan and Europe accounted for 62%, 16%, 8% and 14%, respectively, of consolidated revenues as compared to 66%, 15%, 8% and 11%, respectively, for the first six months of fiscal 2013.

Gross Profit

	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Gross Profit (in thousands)	\$ 70,849	\$ 74,627	\$ 137,022	\$ 147,140
Gross Profit Percentage	56.8%	55.9%	56.5%	55.8%

Gross profit decreased \$3.8 million in the quarter ended September 29, 2013 compared to the quarter ended September 30, 2012 as a result of decreased revenues. Gross profit as a percentage of revenues increased 0.9% in the quarter ended September 29, 2013 compared to the quarter ended September 30, 2012. Despite lower revenue levels, gross profit percentage improved primarily due to an improved shipment mix of higher margin products as the Communication segment revenue as a percentage of total revenue increased from 51.9% in the second quarter of fiscal 2013 to 58.5% in the corresponding quarter of fiscal 2014. As of September 29, 2013, the balance of inventory buffer stock which was built in anticipation of the transition of wafer fabrication activities to third party foundries, which was completed in the fourth quarter of fiscal 2012, totaled approximately \$2.9 million.

Gross profit decreased \$10.1 million in the six months ended September 29, 2013 compared to the six months ended September 30, 2012 as a result of decreased revenues. Gross profit as a percentage of revenues increased 0.7% in the six months ended September 29, 2013 compared to the six months ended September 30, 2012. Despite lower revenue levels, gross profit percentage improved primarily due to an improved shipment mix of higher margin products as the Communication segment revenue as a percentage of total revenue increased from 50.0% in the first six month period of fiscal 2013 to 58.2% in the corresponding period of fiscal 2014.

Operating Expenses

The following table presents our operating expenses for the three and six months ended September 29, 2013 and September 30, 2012:

	Three Months Ended				Six Months Ended			
	September 29, 2013		September 30, 2012		September 29, 2013		September 30, 2012	
<i>(in thousands, except for percentages)</i>	Dollar Amount	% of Net Revenues						
Research and development	\$ 42,216	34%	\$ 42,387	32%	\$ 83,065	34%	\$ 83,931	32%
Selling, general and administrative	\$ 28,045	22%	\$ 32,750	25%	\$ 55,888	23%	\$ 69,162	26%

Research and Development (R&D)

R&D expense decreased \$0.2 million, or 0.4%, to \$42.2 million in the quarter ended September 29, 2013 compared to the quarter ended September 30, 2012. The decrease was primarily due to a \$2.6 million decrease in R&D labor and benefits related costs driven by lower headcount, a \$1.3 million decrease in transitional services related expenses incurred in the second quarter of fiscal 2013 in connection with the acquisition of NXP high-speed data converter assets, and a \$1.3 million reduction in stock-based compensation expense as a result of equity grant cancellations triggered by departure of our CEO, CFO, and VP of Worldwide Sales and the divestiture of PCIe Enterprise Flash Controller Business during the second quarter of fiscal 2014. These decreases were offset in part by a \$5.6 million increase in severance costs and accelerated amortization of CAD licenses caused by reduction in headcount.

R&D expense decreased \$0.9 million, or 1%, to \$83.1 million in the six months ended September 29, 2013 compared to the six months ended September 30, 2012. The decrease was primarily due to a \$2.7 million decrease in R&D labor and benefits related costs driven by lower headcount, a \$1.1 million reduction in health insurance costs due to lower claims and a \$2.2 million decrease in transitional services related expense incurred in the second quarter of fiscal 2013 in connection with the acquisition of NXP high-speed data converter assets and other outside service costs. These decreases were offset in part by a \$5.4 million increase in severance costs and accelerated amortization of CAD licenses caused by reduction in headcount.

Selling, General and Administrative (SG&A)

SG&A expense decreased \$4.7 million, or 14%, to \$28.0 million in the quarter ended September 29, 2013 as compared to the quarter ended September 30, 2012. The decrease was primarily the result of an approximately \$4.8 million decrease in acquisition related legal, consulting, broker and other fees related to the proposed acquisition of PLX and the completed acquisition of NXP high-speed data converter assets. Cost savings associated with the reduction in headcount were offset by \$0.7 million increase in severance costs recorded in the second quarter of fiscal 2013.

SG&A expense decreased \$13.3 million, or 19%, to \$55.9 million in the six months ended September 29, 2013 as compared to the six months ended September 30, 2012. The decrease was primarily the result of an approximately \$11.5 million decrease in acquisition related legal, consulting, broker and other fees incurred in connection with the proposed acquisition of PLX, the completed acquisitions of the NXP high-speed data converter assets, Fox Enterprises and Alvand Technologies and a \$2.6 million reduction in consulting fees incurred during the first half of fiscal 2013 in response to activities and inquiries of Starboard Value LP. Cost savings associated with the reduction in headcount were offset by \$0.8 million increase in severance costs recorded during the six month period ended September 29, 2013.

Interest Income and Other, Net

The components of interest income and other, net are summarized as follows:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
Interest income	\$ 237	\$ 86	\$ 501	\$ 248
Interest expense	(9)	(396)	(12)	(1,176)
Other income (expense), net	528	104	324	2,722
Interest income and other, net	\$ 756	\$ (206)	\$ 813	\$ 1,794

Interest income is derived from earnings on our cash and short-term investments. Interest expense is primarily due to charges associated with the credit facility with Bank of America which was terminated in the fourth quarter of fiscal 2013. Other income (expense), net primarily consists of gains or losses in the value of deferred compensation plan assets, foreign currency gains or losses and other non-operating gains or losses. The decrease in other income of \$2.4 million in the six months ended September 29, 2013 as compared to the same period in the prior year was primarily attributable to \$2.3 million in death benefit proceeds received in fiscal 2013 under life insurance policies purchased with the intention of funding deferred compensation plan liabilities.

Income Tax Expense (Benefit)

During the three and six months ended September 29, 2013, the Company recorded an income tax expense of \$42 thousand and an income tax benefit of \$156 thousand, respectively, from continuing operations. The Company recorded an income tax benefit of \$33 thousand and \$4.0 million in the three and six months ended September 30, 2012, respectively, from continuing operations. The income tax benefit recorded in the six months ended September 29, 2013 was primarily due to the reversal of uncertain tax positions resulting from statute lapse. The income tax benefit in the six months ended September 30, 2012 was primarily due to the recognition of a deferred tax asset offset by the recognition of a deferred tax liability due to the acquisition of Fox Enterprises. The increase in the deferred tax liability was a part of the purchase accounting step-up adjustment that was recorded against goodwill while the increase in the deferred tax asset was recorded as a tax benefit.

Liquidity and Capital Resources

Our cash and cash equivalents and short-term investments were \$429.9 million at September 29, 2013, an increase of \$132.7 million compared to March 31, 2013.

We had no outstanding debt at September 29, 2013 and March 31, 2013.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled \$21.6 million in the six months ended September 29, 2013 compared to \$24.8 million in the six months ended September 30, 2012. Cash provided by operating activities in the six months ended September 29, 2013 consisted of our net income of \$81.4 million, adjusted to add back depreciation, amortization, and other non-cash items which totaled \$26.7 million less the gain on divestitures of \$82.3 million; and cash used by working capital requirements. In the six months ended September 29, 2013, excluding the effects of non-cash activities, cash used by working capital requirements was \$4.2 million and consisted primarily of a \$9.4 million increase in accounts receivable due to an increase in revenues as compared to the fourth quarter of fiscal 2013, combined with a \$1.9 million increase in inventories, a \$1.3 million reduction in income taxes payable, a \$1.0 million decrease in deferred income and a \$1.6 million decrease in accrued compensation. These working capital uses were offset in part by cash provided from a \$4.3 million decrease in prepaid and other assets due to an acceleration of amortization of prepaid design engineering software tools, a \$2.1 million increase in accounts payable and a \$4.6 million reduction in other accrued liabilities due to the timing of liabilities incurred versus payments.

In the six months ended September 30, 2012, net cash provided by operating activities totaled \$24.8 million. Cash provided by operating activities in the six months ended September 30, 2012 consisted of our net loss of \$4.4 million, as adjusted to add back depreciation, amortization, and other non-cash items totaling \$21.4 million; and cash provided by working capital requirements primarily related to decreases in inventories, decrease in other assets partially offset by decrease in accrued compensation and related expenses and increase in accounts receivable. In the six months ended September 30, 2012, excluding the effects of acquisitions, inventory decreased by \$11.8 million primarily due to shipments exceeding inventory build and \$1.3 million in inventory sold to Synaptics. Prepaid and other assets decreased by \$7.0 million. Accrued liabilities decreased by \$5.0 million primarily due to payout of retention bonus accrued in association with the sale of our video business. Increase in accounts receivable of \$7.0 million was primarily attributable to higher shipments during the end of quarter.

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Cash Flows Used in Investing Activities

Net cash used by investing activities in the six months ended September 29, 2013 was \$63.3 million compared to cash used of \$68.7 million in the six months ended September 30, 2012. Net cash used by investing activities in the six months ended September 29, 2013 was primarily due to the use of \$154.9 million for the net purchase of short-term investments and \$10.5 million of expenditures to purchase capital equipment offset by \$96.1 million of proceeds from divestiture of PCIe Enterprise Flash Controller Business and \$6 million of proceeds from HQV and FRC divestitures received from an escrow account during the second quarter of fiscal 2014.

In the six months ended September 30, 2012, net cash used by investing activities was \$68.7 million which was primarily due to \$68.3 million paid for the acquisitions of Fox Enterprises, Alvand Technologies and NXP B.V, \$7.8 million paid to escrow in association with the acquisitions, \$17.3 million of expenditures to purchase capital equipment partially offset by net proceeds of \$19.7 million from the net sale of short-term investments and \$5.0 million of proceeds from sale of video processing business assets to Synaptics.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$20.0 million in the six months ended September 29, 2013 as compared to net cash provided by financing activities of \$6.2 million in the six months ended September 30, 2012. Cash provided by financing activities in the six months ended September 29, 2013, was primarily due to proceeds of approximately \$24.7 million from the exercise of employee stock options and the issuance of stock under our employee stock purchase plan which was offset in part by a \$4.7 million payout of the contingent consideration associated with the acquisition of Fox Enterprises, Inc. and Alvand Technologies, Inc.

In the six months ended September 30, 2012, net cash provided by financing activities was \$6.2 million which was primarily due to proceeds of approximately \$6.1 million from the exercise of employee stock options and the issuance of stock under our employee stock purchase plan.

We anticipate capital expenditures of approximately \$20 million to \$30 million during the next 12 months to be financed through cash generated from operations and existing cash and investments.

In addition, as much of our revenues are generated outside the U.S., a significant portion of our cash and investment portfolio accumulates in the foreign countries in which we operate. At September 29, 2013, we had cash, cash equivalents and investments of approximately \$294.6 million invested overseas in accounts belonging to various IDT foreign operating entities. While these amounts are primarily invested in U.S. dollars, a portion is held in foreign currencies, and all offshore balances are exposed to local political, banking, currency control and other risks. In addition, these amounts may be subject to tax and other transfer restrictions.

We believe that existing cash and investment balances, together with cash flows from operations, will be sufficient to meet our working capital and capital expenditure needs through at least the next 12 months. We may choose to investigate other financing alternatives to supplement U.S. liquidity; however, we cannot be certain that additional financing will be available on satisfactory terms.

Off-Balance Sheet Arrangements

As of September 29, 2013, we did not have any off-balance sheet arrangements, as defined under SEC Regulation S-K Item 303(a)(4)(ii).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our interest rate risk relates primarily to our short-term investments of \$320.2 million and \$166.3 million as of September 29, 2013 and March 31, 2013, respectively. By policy, we limit our exposure to long-term investments and mitigate the credit risk through diversification and adherence to a policy requiring the purchase of highly rated securities. As of September 29, 2013 and March 31, 2013, the Company's cash, cash equivalents and investment portfolio was concentrated in securities with same day liquidity and at the end of the second quarter of fiscal 2014, a substantial majority of securities in our investment portfolio had maturities of less than two years. A hypothetical 10% change in interest rates would not have a material effect on the value of our investment portfolio as of September 29, 2013. We do not currently use derivative financial instruments in our investment portfolio.

At September 29, 2013 and March 31, 2013, we had no outstanding debt.

We are exposed to foreign currency exchange rate risk as a result of international sales, assets and liabilities of foreign subsidiaries, local operating expenses of our foreign entities and capital purchases denominated in foreign currencies. We may use derivative financial instruments to help manage our foreign currency exchange exposures. We do not enter into derivatives for speculative or trading purposes. We have foreign exchange facilities used for hedging arrangements with banks that allow the Company to enter into foreign exchange contracts totaling approximately \$20.0 million, all of which was available at September 29, 2013. We performed a sensitivity analysis as of September 29, 2013 and March 31, 2013 and determined that, without hedging the exposure, a 10% change in the value of the U.S. dollar would result in an approximate 0.5% impact on gross profit margin percentage, as we operate a manufacturing testing facility in Malaysia, and an approximate 1.4% impact to operating expenses (as a percentage of revenue), as we operate sales offices in Japan and throughout Europe and design centers in the U.S., China, and Canada. At September 29, 2013 and March 31, 2013, we had no outstanding foreign exchange contracts.

We did not have any currency exposure related to any outstanding capital purchases as of September 29, 2013 and March 31, 2013.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

At September 29, 2013, the end of the quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure control and procedures were effective at a reasonable assurance level. There have been no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonable likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Litigation

In January 2012, Maxim I Properties, a general partnership that had purchased a certain parcel of real property (the Property) in 2003, filed a complaint in the Northern District of California naming approximately 30 defendants, including the Company, alleging various environmental violations of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Hazardous Substance Account Act (HSAA), the Resource Conservation and Recovery Act (RCRA), and other public and private nuisance claims (the Complaint). The Complaint alleges with regard to the Company that IDT "...generated, transported, and/or arranged for the transport and/or disposal of hazardous waste to the Property." The Complaint further alleges that the Defendants are liable for the costs of investigation and remediation of the Property due to the release of hazardous substances, and that Defendants violated their duty to prevent the release of such hazardous substances. In March 2012, the Company was served with and filed an answer to the Complaint, denying the various allegations in the Complaint, and in April 2012, the Company filed an amended answer to the Complaint, including a counterclaim against the Plaintiff. On August 15, 2012, the plaintiff voluntarily dismissed its Complaint against the Company without prejudice. Moyer Products, Inc., another defendant, has cross-claimed against Defendants, including the Company, and thus the Company remains a defendant in this action. In September

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2012, the Department of Toxic Substances Control (DTSC) notified the Company that it identified the Company, along with more than fifty other companies, as “a generator of hazardous waste” that was sent to the Property. DTSC proposed that the Company, along with the other respondent parties, enter into a Corrective Action Consent Agreement to conduct the Property investigation and corrective actions. The Company continues to participate in discussions with the DTSC regarding its proposal, but will at the same time continue to vigorously defend itself against the allegations in the Complaint and evaluate settlement options with Moyer Products, when Moyer Products is available to discuss such options. Because the case is at an early stage and no specific monetary demands have been made, it is not possible for us to estimate the potential loss or range of potential losses.

The Company is also party to various other legal proceedings and claims arising in the normal course of business. As of September 29, 2013, the Company has not recorded any accrual for contingent liabilities associated with its legal proceedings based on the belief that liabilities, while possible, are not probable. Further, probable ranges of losses in these matters cannot be reasonably estimated at this time. Generally, litigation is subject to inherent uncertainties, and no assurance can be given that the Company will prevail in any particular lawsuit. Accordingly, pending lawsuits, as well as potential future litigation with other companies, could result in substantial costs and diversion of resources and could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and all information contained in this report before you decide to purchase our common stock. If any of the possible adverse events described below actually occurs, we may be unable to conduct our business as currently planned and our financial condition and operating results could be harmed. In addition, the trading price of our common stock could decline due to the occurrence of any of these risks, and you may lose all or part of your investment. The risks described below are not the only risks facing us. Additional risks not currently known to us or that we currently believe are immaterial may also impair our business, results of operations, and financial condition.

Our operating results can fluctuate dramatically.

Our operating results have fluctuated in the past and are likely to vary in the future. Fluctuations in operating results can result from a wide variety of factors, including:

- global economic conditions, including those related to the credit markets;
- the cyclical nature of the semiconductor industry;
- changes in the demand for and mix of products sold and in the markets we and our customers serve;
- the availability of industry-wide wafer processing capacity;
- the availability of industry-wide and package specific assembly subcontract capacity and related raw materials;
- competitive pricing pressures;
- the success and timing of new product and process technology announcements and introductions from us or our competitors;
- potential loss of market share among a concentrated group of customers;
- difficulty in attracting and retaining key personnel;
- difficulty in predicting customer product requirements;
- production difficulties and interruptions caused by our complex manufacturing and logistics operations;
- reduced control over our manufacturing and product delivery as a result of our increasing reliance on subcontractors, foundry and other manufacturing services;
- unrealized potential of acquired businesses and resulting assets impairment;
- availability and costs of raw materials from a limited number of suppliers;
- political and economic conditions in various geographic areas;
- timing and execution of plans and programs subject to foreign labor law requirements, including consultation with work councils;
- reduced customer demand as a result of the impact from natural and/or man-made disasters which may adversely impact our customer's manufacturing capability or reduce our customer's ability to acquire critical materials or components to manufacture their end products;
- costs associated with other events, such as intellectual property disputes or other litigation; and
- legislative, tax, accounting, or regulatory changes or changes in their interpretation.

Global economic conditions may adversely affect our business and results of operations.

Adverse changes in global economic business conditions may negatively affect customer demand for our products. While the global economy has partially recovered from the economic downturn that began in 2008, continuing concerns about the impact of geopolitical issues, the availability and cost of credit, the debt crises in Europe, low business and consumer confidence, high unemployment and high energy costs, have contributed to substantial volatility in global capital markets and uncertain demand

for the semiconductor industry and our products since fiscal year 2010. If the currently improving economic conditions are not sustained or begin to deteriorate again, or if we are unable to timely adapt to changes in macroeconomic conditions, our business, financial condition and results of operations may be adversely affected. In addition, the results of our operations would likely be adversely affected in the event of widespread financial and business disruption on account of a default by the U.S. on U.S. government obligations and/or a prolonged failure to maintain significant U.S. government operations.

The cyclicity of the semiconductor industry exacerbates the volatility of our operating results.

The semiconductor industry is highly cyclical. The semiconductor industry has experienced significant downturns, often in connection with product cycles of both semiconductor companies and their customers, but also related to declines in general economic conditions. These downturns have been characterized by volatile customer demand, high inventory levels and accelerated erosion of average selling prices. Any future economic downturns could materially and adversely affect our business from one period to the next relative to demand and product pricing. In addition, the semiconductor industry has experienced periods of increased demand, during which we may experience internal and external manufacturing constraints. We may experience substantial changes in future operating results due to the cyclical nature of the semiconductor industry.

Demand for our products depends primarily on demand in the communications, enterprise computing, personal computer (PC), and consumer markets which can be significantly affected by concerns over macroeconomic issues.

Our product portfolio consists predominantly of semiconductor solutions for the communications, computing, and consumer markets. Our strategy and resources are directed at the development, production and marketing of products for these markets. The markets for our products will depend on continued and growing demand for communications equipment, servers, PCs and consumer electronics. These end-user markets may experience changes in demand that could adversely affect our business and could be greater in periods of economic uncertainty and contraction. To the extent demand or markets for our products do not grow, our business could be adversely affected.

We are reliant upon subcontractors and third-party foundries.

We are dependent on third-party subcontractors for all of our assembly operations. We are also dependent on third-party outside foundries for the manufacture of our silicon wafers. Our increased reliance on subcontractors and third-party foundries for our current products increases certain risks because we will have less control over manufacturing quality and delivery schedules, maintenance of sufficient capacity to meet our orders and generally, and maintaining the manufacturing processes we require. During the fourth quarter of fiscal 2012, we completed the transfer of our internal wafer fabrication production to outside foundries. Due to production lead times and potential capacity constraints, any failure on our part to adequately forecast the mix of product demand and resulting foundry and subcontractor requirements could adversely affect our operating results. In addition, we cannot be certain that these foundries and subcontractors will continue to manufacture, assemble, package and test products for us on acceptable economic and quality terms, or at all, and it may be difficult for us to find alternatives in a timely and cost-effective manner if they do not do so.

We build most of our products based on estimated demand forecasts.

Demand for our products can change rapidly and without advance notice. Demand can also be affected by changes in our customers' levels of inventory and differences in the timing and pattern of orders from their end customers. A large percentage of our revenue in the APAC region is recognized upon shipment to our distributors. Consequently, we have less visibility over both inventory levels at our distributors and end customer demand for our products. Further, the distributors have assumed more risk associated with changes in end demand for our products. Accordingly, significant changes in end demand in the semiconductor business in general, or for our products in particular, may be difficult for us to detect or otherwise measure, which could cause us to incorrectly forecast end-market demand for our products. If we are not able to accurately forecast end demand for our products, we may be left with large amounts of unsold products, may not be able to fill all actual orders, and may not be able to efficiently utilize our existing manufacturing capacity or make optimal investment and other business decisions. As a result, we may end up with excess and obsolete inventory or we may be unable to meet customer short-term demands, either of which could have an adverse impact on our operating results.

If we are unable to execute our business strategy successfully, our revenues and profitability may be adversely affected.

Our future financial performance and success are largely dependent on our ability to execute our business strategy successfully. Our present business strategy to be a leading provider of essential mixed signal semiconductor solutions will be affected, without limitation, by: (1) our ability to continue to aggressively manage, maintain and refine our product portfolio including focus on the development and growth of new applications; (2) our ability to continue to maintain existing customers, aggressively pursue and win new customers; (3) our ability to successfully develop, manufacture and market new products in a timely manner; (4) our ability to develop new products in a more efficient manner; (5) our ability to sufficiently differentiate and enhance of our products; (6) our ability to successfully deploy research and development (R&D) investment in the areas of displays, silicon timing, power management, signal integrity and radio frequency; and (7) our ability to rationalize our operating expenses to improve our results of operations.

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We cannot assure you that we will successfully implement our business strategy or that implementing our strategy will sustain or improve our results of operations. In particular, we cannot assure you that we will be able to build our position in markets with high growth potential, increase our volume or revenue, rationalize our manufacturing operations or reduce our costs and expenses.

Our business strategy is based on our assumptions about the future demand for our current products and the new products and applications that we are developing and on our ability to produce our products profitably. Each of these factors is subject to one or more of the risk factors set forth in this report. Several risks that could affect our ability to implement our business strategy are beyond our control. In addition, circumstances beyond our control and changes in our business or industry may require us to change our business strategy.

Our results are dependent on the success of new products.

The markets we serve are characterized by competition, rapid technological change, evolving standards, short product life cycles and continuous erosion of average selling prices. Consequently, our future success will be highly dependent upon our ability to continually develop new products using the latest and most cost-effective technologies, introduce our products in commercial quantities to the marketplace ahead of the competition and have our products selected for inclusion in leading system manufacturers' products. In addition, the development of new products will continue to require significant R&D expenditures. If we are unable to successfully develop, produce and market new products in a timely manner, have our products available in commercial quantities ahead of competitive products or have our products selected for inclusion in products of systems manufacturers and sell them at gross margins comparable to or better than our current products, our future results of operations could be adversely affected. In addition, our future revenue growth is also partially dependent on our ability to penetrate new markets in which we have limited experience and where competitors are already entrenched. Future success for certain new products will also depend on the development of product solutions for new emerging markets and new applications for existing markets. The success of such products is dependent on the ability of our customer's and their customer's to successfully develop new markets and gain market acceptance for new product solutions in those markets. Even if we are able to develop, produce and successfully market new products in a timely manner, such new products may not achieve market acceptance. The above described events could have a variety of negative effects on our competitive position and our financial results, such as reducing our revenue, increasing our costs, lowering our gross margin percentage, and ultimately leading to impairment of assets.

The loss of the services of any key personnel may adversely affect our business and growth prospects.

Our performance is substantially dependent on the performance of our executive officers and key employees. The loss of the services of any of our executive officers, technical personnel or other key employees could adversely affect our business. In addition, our future success depends on our ability to successfully compete with other technology firms in attracting and retaining specialized technical and management personnel. If we are unable to identify, hire, and retain highly qualified technical and managerial personnel, our business and growth prospects could be adversely affected.

We are dependent on a concentrated group of customers for a significant part of our revenues.

A large portion of our revenues depends on sales to a limited number of customers. If these relationships were to diminish, or if these customers were to develop their own solutions or adopt a competitor's solution instead of buying our products, our results could be adversely affected.

Many of our end-customer original equipment manufacturers (OEMs) have outsourced their manufacturing to a concentrated group of global electronics manufacturing service (EMSs) providers and original design manufacturers (ODMs) who then buy products directly from us or from our distributors on behalf of the OEM. These EMSs and ODMs have achieved greater autonomy in the design win, product qualification and product purchasing decisions, especially for commodity products. Competition for the business from EMSs and ODMs is intense and there is no assurance we can remain competitive and retain our existing market share with these customers. If these companies were to allocate a higher share of commodity or second-source business to our competitors instead of buying our products, our results would be adversely affected. Furthermore, as EMSs and ODMs have represented a growing percentage of our overall business, our concentration of credit and other business risks with these customers has increased. Competition among global EMSs and ODMs is intense as they operate on very low margins. If any one or more of our global EMSs or ODMs customers were to file for bankruptcy or otherwise experience significantly adverse financial conditions, our business would be adversely affected as well.

In addition, we utilize a relatively small number of global and regional distributors around the world, who buy product directly from us on behalf of their customers. For example, sales to three distributors represented 10% or more of the Company's net revenues for fiscal 2013. In addition, at March 31, 2013, four distributors represented 10% or more of the Company's gross accounts receivable. If our business relationships with any of these distributors were to diminish or any of these distributors were to file for bankruptcy or otherwise experience significantly adverse financial conditions, our business could be adversely affected. Because we continue to be dependent on product demand from a small group of OEM end customers and global and regional distributors, any material delay, cancellation or reduction of orders from or loss of these or other major customers could cause our revenue to decline significantly.

We have made and may continue to make acquisitions and divestitures which could divert management's attention, cause ownership dilution to our stockholders, be difficult to integrate, and/or adversely affect our financial results.

Acquisitions and divestitures are commonplace in the semiconductor industry and we have acquired and divested, and may continue to acquire or divest, businesses and technologies. Integrating newly acquired businesses or technologies could put a strain on our resources, could be costly and time consuming, and might not be successful. Acquisitions or divestitures could divert our management's attention and other resources from other business concerns. In addition, we might lose key employees while integrating new organizations. Acquisitions and divestitures could also result in customer dissatisfaction, performance problems with an acquired company or technology, dilutive or potentially dilutive issuances of equity securities, the incurrence of debt, the assumption or incurrence of contingent liabilities, or other unanticipated events or circumstances, any of which could harm our business. Consequently, we might not be successful in acquiring or integrating any new businesses, products, or technologies, and might not achieve anticipated revenues and cost benefits. In addition, we might be unsuccessful in finding or completing acquisition or divestiture opportunities on acceptable terms in a timely manner.

We are dependent on a limited number of suppliers.

Our manufacturing operations depend upon obtaining adequate raw materials on a timely basis. The number of suppliers of certain raw materials, such as silicon wafers, ultra-pure metals and certain chemicals and gases needed for our products, is very limited. In addition, certain packages for our products require long lead times and are available from only a few suppliers. From time to time, suppliers have extended lead times or limited supply to us due to capacity constraints. Our results of operations would be materially and adversely affected if we were unable to obtain adequate supplies of raw materials in a timely manner or if there were significant increases in the costs of raw materials, or if foundry or assembly subcontractor capacity were not available, or if capacity were only available at unfavorable prices.

Our operations and business could be significantly harmed by natural disasters or acts of terrorism.

A majority of the third-party foundries and subcontractors we currently use are located in Malaysia, South Korea, the Philippines, Singapore, Taiwan, Thailand, and China. In addition, we own a test facility in Malaysia. The risk of an earthquake or tsunami in these Pacific Rim locations is significant. The occurrence of an earthquake, drought, flood, fire, or other natural disaster near any of these locations could cause a significant reduction of end-customer demand and/or availability of materials, a disruption of the global supply chain, an increase in the cost of products that we purchase, and otherwise interfere with our ability to conduct business. In addition, public health issues, acts of terrorism or other catastrophic events could significantly delay the production or shipment of our products. Although we maintain insurance for some of the damage that may be caused by natural disasters, our insurance coverage may not be sufficient to cover all of our potential losses and would not cover us for lost business. As a result, a natural disaster in one or more of these regions could have a material adverse effect on our financial condition and results of operations.

Costs related to product defects and errata may harm our results of operations and business.

Costs associated with unexpected product defects and errata, or deviations from published specifications, due to, for example, unanticipated problems in our design and manufacturing processes, could include:

- writing off the value of inventory of such products;
- disposing of products that cannot be fixed;
- recalling such products that have been shipped to customers;
- providing product replacements for, or modifications to, such products; and
- defending against litigation related to such products.

These costs could be substantial and may therefore increase our expenses and lower our gross margin. In addition, our reputation with our customers or users of our products could be damaged as a result of such product defects and errata, and the demand for our products could be reduced. The announcement of product defects and/or errata could cause customers to purchase products from our competitors as a result of anticipated shortages of our components or for other reasons. These factors could harm our financial results and the prospects for our business.

Intellectual property claims against and/or on behalf of the Company could adversely affect our business and operations.

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights, which has resulted in significant and often protracted and expensive litigation. We have been involved with patent litigation and asserted intellectual property claims in the past, both as a plaintiff and a defendant, some of which have adversely affected our operating results. Although we have obtained patent licenses from certain semiconductor manufacturers, we do not have licenses from a number of semiconductor manufacturers that have broad patent portfolios. Claims alleging infringement of intellectual property rights have been asserted against us in the past and could be asserted against us in the future.

As a result of these claims, we may have to discontinue the use of certain processes, license certain technologies, cease the manufacture, use, and sale of infringing products, incur significant litigation costs and damages and develop non-infringing

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technology. We might not be able to obtain such licenses on acceptable terms or develop non-infringing technology. Further, the failure to renew or renegotiate existing licenses on favorable terms, or the inability to obtain a key license, could materially and adversely affect our business. Future litigation, either as a plaintiff or a defendant, could adversely affect our operating results, as a result of increased expenses, the cost of settled claims, and/or payment of damages.

Our product manufacturing operations are complex and subject to interruption.

From time to time, we have experienced production difficulties, including lower manufacturing yields or products that do not meet our or our customers' specifications, which has resulted in delivery delays, quality problems and lost revenue opportunities. While delivery delays have been infrequent and generally short in duration, we could experience manufacturing problems, capacity constraints and/or product delivery delays in the future as a result of, among other things, the complexity of our manufacturing processes, changes to our process technologies (including transfers to other facilities and die size reduction efforts), and difficulties in ramping production. In addition, any significant quality problems could damage our reputation with our customers and could take focus away from the development of new and enhanced products. These could have a significant negative impact on our financial results.

We are dependent upon electric power and water provided by public utilities where we operate our manufacturing facility. We maintain limited backup generating capability, but the amount of electric power that we can generate on our own is insufficient to fully operate this facility, and prolonged power interruptions and restrictions on our access to water could have a significant adverse impact on our business.

Tax benefits we receive may be terminated or reduced in the future, which would increase our costs.

As a result of our international manufacturing operations, a significant portion of our worldwide profits are in jurisdictions outside the United States, primarily Malaysia, which has granted the Company significant reductions in tax rates. These lower tax rates allow us to record a relatively low tax expense on a worldwide basis. Under current Malaysia law, we are not subject to tax on our operational and investment income. If U.S. corporate income tax laws were to change regarding deferral of U.S. income tax on foreign earnings or other matters impacting our operating structure, this would have a significant impact to our financial results.

In addition, we were granted a tax holiday in Malaysia during fiscal 2009. The tax holiday was contingent upon us continuing to meet specified investment criteria in fixed assets, and to operate as an APAC regional headquarters center. In the fourth quarter of fiscal 2011, we agreed with the Malaysia Industrial Development Board (MIDA) to cancel this tax holiday and entered into a new tax holiday which is a full tax exemption on statutory income for a period of 10 years commencing April 4, 2011. We are required to meet several requirements as to financial targets, investment, headcount and activities in Malaysia to retain this status. Our inability to renew this tax holiday when it expires or meet certain conditions of the agreement with MIDA may adversely impact our effective tax rate.

Our financial results may be adversely affected by higher than expected tax rates or exposure to additional tax liabilities. Tax audits may have a material adverse effect on our profitability.

As a global company, our effective tax rate is highly dependent upon the geographic composition of worldwide earnings and tax regulations governing each region in which we operate. We are subject to income taxes in the United States and various foreign jurisdictions, and significant judgment is required to determine worldwide tax liabilities. Our effective tax rate could be adversely affected by changes in the mix of earnings between countries with differing statutory tax rates, in the valuation of deferred tax assets, in tax laws or by material audit assessments, which could affect our profitability. In particular, the carrying value of deferred tax assets, which are predominantly in the United States, is dependent upon our ability to generate future taxable income in the United States. In addition, the amount of income taxes we pay is subject to ongoing audits in various jurisdictions, and a material assessment by a governing tax authority such as the Internal Revenue Service in the United States could have a material effect on our profitability.

The costs associated with legal proceedings can be substantial, specific costs are unpredictable and not completely within our control, and unexpected increases in litigation costs could adversely affect our operating results.

We have been involved in various legal proceedings, such as those described in Part II, Item 1, "Legal Proceedings." The costs associated with legal proceedings are typically high, relatively unpredictable, and are not completely within our control. While we do our best to forecast and control such costs, the costs may be materially more than expected, which could adversely affect our operating results. Moreover, we may become involved in unexpected litigation with additional litigants at any time, which would increase our aggregate litigation costs, and could adversely affect our operating results. We are not able to predict the outcome of any legal action, and an adverse decision in any legal action could significantly harm our business and financial performance.

If the credit market conditions deteriorate, it could have a material adverse impact on our investment portfolio.

Although we manage our investment portfolio by purchasing only highly-rated securities and diversifying our investments across various sectors, investment types, and underlying issuers, recent volatility in the short-term financial markets has been high. We

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have no securities in asset-backed commercial paper and hold no auction rated or mortgage-backed securities. However, it is uncertain as to the full extent of the current credit and liquidity crisis, and with possible further deterioration, particularly within one or several of the large financial institutions, the value of our investments could be negatively impacted.

Our results of operations could vary as a result of the methods, estimates, and judgments we use in applying our accounting policies.

The methods, estimates, and judgments we use in applying our accounting policies have a significant impact on our results of operations. Such methods, estimates, and judgments are, by their nature, subject to substantial risks, uncertainties and assumptions, and factors may arise over time that lead us to change our methods, estimates, and judgments. Changes in those methods, estimates, and judgments could significantly affect our results of operations. In particular, the calculation of stock-based compensation expense under the authoritative guidance requires us to use valuation methodologies that were not developed for use in valuing employee stock options and make a number of assumptions, estimates, and conclusions regarding matters such as expected forfeitures, expected volatility of our share price and the exercise behavior of our employees. Changes in these variables could affect our stock-based compensation expense and have a significant and potentially adverse affect on our gross margins, research and development expense and selling, general and administrative expense.

International operations add increased volatility to our operating results.

A substantial percentage of our total revenues are derived from international sales, as summarized below:

<i>(percentage of total revenues)</i>	First Six Months of Fiscal 2014	Fiscal 2013	Fiscal 2012
APAC	62%	64%	66%
Americas	16%	16%	15%
Japan	8%	8%	8%
Europe	14%	12%	11%
Total	100%	100%	100%

In addition, our test facility in Malaysia, our design centers in Canada and China, and our foreign sales offices incur payroll, facility, and other expenses in local currencies. Accordingly, movements in foreign currency exchange rates can impact our revenues and costs of goods sold, as well as both pricing and demand for our products.

Our non-U.S. offshore sites, manufacturing subcontractors and export sales are also subject to risks associated with foreign operations, including:

- political instability and acts of war or terrorism, which could disrupt our manufacturing and logistical activities;
- regulations regarding use of local employees and suppliers;
- exposure to foreign employment practices and labor laws;
- currency controls and fluctuations, devaluation of foreign currencies, hard currency shortages and exchange rate fluctuations;
- changes in local economic conditions;
- governmental regulation of taxation of our earnings and those of our personnel; and
- changes in tax laws, import and export controls, tariffs and freight rates.

Our international locations are subject to local labor laws, which are often significantly different from U.S. labor laws and which may under certain conditions result in large separation costs upon termination.

Contract pricing for raw materials and equipment used in the fabrication and assembly processes, as well as for foundry and subcontract assembly services, may also be affected by currency controls, exchange rate fluctuations and currency devaluations. We sometimes hedge currency risk for currencies that are highly liquid and freely quoted, but may not enter into hedge contracts for currencies with limited trading volume. In addition, as much of our revenues are generated outside the United States, a significant portion of our cash and investment portfolio accumulates in the foreign countries in which we operate. On September 29, 2013, we had cash, cash equivalents and investments of approximately \$294.6 million invested overseas in accounts belonging to our foreign subsidiaries. While these amounts are primarily invested in U.S. dollars, a portion is held in foreign currencies, and all offshore balances are exposed to local political, banking, currency control and other risks. In addition, these amounts may be subject to tax and other transfer restrictions.

We invest in companies for strategic reasons and may not realize a return on our investments.

We make investments in companies around the world to further our strategic objectives and support our key business initiatives. Such investments include equity instruments of private companies, and many of these instruments are non-marketable at the time of our initial investment. These companies range from early-stage companies that are often still defining their strategic direction to more mature companies with established revenue streams and business models. The success of these companies is dependent on product development, market acceptance, operational efficiency, and other key business factors as well as their ability to secure additional funding, obtain favorable investment terms for future financings, or participate in liquidity events such as public offerings, mergers, and private sales. If any of these private companies fail, we could lose all or part of our investment in that company. If we determine that other-than-temporary decline in the fair value exists for an equity investment in a private company in which we have invested, we write down the investment to its fair value and recognize the related write-down as an investment loss.

When the strategic objectives of an investment have been achieved, or if the investment or business diverges from our strategic objectives, we may decide to dispose of the investment. We may incur losses on the disposal of our non-marketable investments. Additionally, for cases in which we are required under equity method accounting to recognize a proportionate share of another company's income or loss, such income or loss may impact our earnings. Gains or losses from equity securities could vary from expectations depending on gains or losses realized on the sale or exchange of securities, gains or losses from equity method investments, and impairment charges for equity and other investments.

We rely upon certain critical information systems for the operation of our business.

We maintain and rely upon certain critical information systems for the effective operation of our business. These information systems include telecommunications, the Internet, our corporate intranet, various computer hardware and software applications, network communications, and e-mail. These information systems are subject to attacks, failures, and access denials from a number of potential sources including viruses, destructive or inadequate code, power failures, and physical damage to computers, communication lines and networking equipment. To the extent that these information systems are under our control, we have implemented security procedures, such as virus protection software and emergency recovery processes, to address the outlined risks. While we believe that our information systems are appropriately controlled and that we have processes in place to adequately manage these risks, security procedures for information systems cannot be guaranteed to be failsafe and our inability to use or access these information systems at critical points in time could unfavorably impact the timely and efficient operation of our business.

We are exposed to potential impairment charges on certain assets.

Over the past several years, we have made several acquisitions. As a result of these acquisitions, we had \$137.6 million of goodwill and \$40.0 million of intangible assets on our balance sheet as of September 29, 2013. In determining fair value, we consider various factors, including our market capitalization, forecasted revenue and costs, risk-adjusted discount rates, future economic and market conditions, determination of appropriate market comparables and expected periods over which our assets will be utilized and other variables. If our assumptions regarding forecasted cash flow, revenue and margin growth rates of certain long-lived asset groups and reporting units are not achieved, an impairment review may be triggered for the remaining balance of goodwill and long-lived assets prior to the next annual review in the fourth quarter of fiscal 2014, which could result in material charges that could impact our operating results and financial position.

Our reported financial results may be adversely affected by new accounting pronouncements or changes in existing accounting standards and practices.

We prepare our financial statements in conformity with accounting principles generally accepted in the United States. These accounting principles are subject to interpretation by the Financial Accounting Standards Board (FASB), SEC and various organizations formed to interpret and create appropriate accounting standards and practices. New accounting pronouncements and varying interpretations of accounting standards and practices have occurred and may occur in the future. New accounting pronouncements or a change in the interpretation of existing accounting standards or practices may have a significant effect on our reported financial results and may even affect our reporting of transactions completed before the change is announced or effective.

We have limited experience with government contracting, which entails differentiated business risks.

We may from time-to-time derive revenue from contracts and subcontracts with agencies of, or prime or secondary contractors to, the U.S. government, including U.S. military agencies. Consequently, we are subject to certain business risks that are particular to companies that contract with U.S. government agencies. These risks include the ability of the U.S. government or related contractors to unilaterally:

- terminate contracts at its convenience;
- terminate, modify or reduce the value of existing contracts, if budgetary constraints or needs change;
- cancel multi-year contracts and related orders, if funds become unavailable;

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- adjust contract costs and fees on the basis of audits performed by U.S. government agencies;
- control and potentially prohibit the export of our products;
- require that we continue to supply products despite the expiration of a contract under certain circumstances;
- require that we fill certain types of rated orders for the U.S. government prior to filling any orders for other customers; and
- suspend us from receiving new contracts pending resolution of any alleged violations of procurement laws or regulations.

In addition, because we may enter into defense industry contracts with respect to products that are sold both within and outside of the United States, we are subject to the following additional risks in connection with government contracts:

- the need to bid on programs prior to completing the necessary design, which may result in unforeseen technological difficulties, delays and/or cost overruns;
- the difficulty in forecasting long-term costs and schedules and the potential obsolescence of products related to long-term fixed price contracts; and
- the need to transfer and obtain security clearances and export licenses, as appropriate.

The revenue from, and activity with, contracts and subcontracts with agencies of, or prime contractors to, the U.S. government, has declined subsequent to the disposition of our military business in November 2009.

Our common stock may experience substantial price volatility.

Our stock price has experienced volatility in the past, and volatility in the price of our common stock may occur in the future, particularly as a result of fluctuations in global economic conditions and quarter-to-quarter variations in our actual or anticipated financial results, or the financial results of other semiconductor companies or our customers. Stock price volatility may also result from product announcements by us or our competitors, or from changes in perceptions about the various types of products we manufacture and sell. In addition, our stock price may fluctuate due to price and volume fluctuations in the stock market, especially in the technology sector, and as a result of other considerations or events described in this section.

We depend on the ability of our personnel, raw materials, equipment and products to move reasonably unimpeded around the world.

Any political, military, world health or other issue which hinders the worldwide movement of our personnel, raw materials, equipment or products or restricts the import or export of materials could lead to significant business disruptions. Furthermore, any strike, economic failure, or other material disruption on the part of major airlines or other transportation companies could also adversely affect our ability to conduct business. If such disruptions result in cancellations of customer orders or contribute to a general decrease in economic activity or corporate spending on information technology, or directly affect our marketing, manufacturing, financial and logistics functions, our results of operations and financial condition could be materially and adversely affected.

We are subject to a variety of environmental and other regulations related to hazardous materials used in our manufacturing processes.

The manufacturing and testing of our products require the use of hazardous materials that are subject to a broad array of environmental, health and safety laws and regulations. Any failure by us to adequately control the use or discharge of hazardous materials under present or future regulations could subject us to substantial costs or liabilities or cause our manufacturing operations to be suspended.

Existing and future environmental, health and safety laws and regulations could also require us to acquire pollution abatement or remediation equipment, modify our product designs, or incur other expenses associated with such laws and regulations. Many new materials that we are evaluating for use in our operations may be subject to regulation under existing or future environmental laws and regulations that may restrict our use of one or more of such materials in our manufacturing, and test processes, or products. Any of these restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our manufacturing and test processes.

New regulations related to “conflict minerals” may force us to incur additional expenses, may make our supply chain more complex and may result in damage to our reputation with customers.

On August 22, 2012, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted new requirements for companies that use certain minerals and metals, known as conflict minerals, in their products, whether or not these products are manufactured by third parties. These requirements will require companies to disclose and report whether or not such minerals originate from the Democratic Republic of Congo and adjoining countries. The implementation of these new requirements could adversely affect the sourcing, availability and pricing of such minerals if they are found to be used in the manufacture of our products. In addition, we will incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. Since our supply chain is

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complex, we may not be able to sufficiently verify the origins for these minerals and metals used in our products through the due diligence procedures that we implement, and may face difficulties in satisfying customers who require that all of the components of our products are certified as free of any conflict minerals. The first report is due on May 31, 2014 for the 2013 calendar year.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On July 21, 2010, our Board of Directors approved a share repurchase plan to repurchase up to \$225 million of our common stock. The old share repurchase program was canceled upon the approval of the new share repurchase program. In fiscal 2011, we repurchased approximately 12.8 million shares of our common stock at an average price of \$6.06 per share for a total purchase price of \$77.7 million under this new program. In fiscal 2012, we repurchased approximately 10.4 million shares of our common stock at an average price of \$6.49 per share for a total purchase price of \$67.5 million under this new program. We did not repurchase any shares in fiscal 2013 or during the first six months of fiscal 2014. As of September 29, 2013, approximately \$79.8 million was available for future purchase under this new share repurchase program, however, on October 22, 2013, our Board increased our share repurchase authorization to \$150 million. Share repurchases were recorded as treasury stock and resulted in a reduction of stockholders' equity.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) The following exhibits are filed herewith:

Exhibit Number	Exhibit Description
3.1	Restated Certificate of Incorporation, as amended to date. Incorporated by reference to Exhibit 3.1 to Form 10-K filed on May 21, 2012.
3.2	Certificate of Designations specifying the terms of the Series A Junior Participating Preferred Stock of Integrated Device Technology, Inc., as filed with the Secretary of State of the State of Delaware. Incorporated by reference to Exhibit 3.6 to Form 8-A filed on December 23, 1998.
3.3	Amended and Restated Bylaws of the Company, as amended and restated.
10.1*	Separation Agreement, dated August 26, 2013, by and between Theodore L. Tewksbury, III, and Integrated Device Technology, Inc. Incorporated by reference to Exhibit 10.1 to Form 8-K filed on August 27, 2013.
10.2*	Offer Letter between the Company and Jeffrey S. McCreary, entered into on September 12, 2013.
31.1	Certification of Chief Executive Officer as required by Rule 13a-14(a) and 15(d)-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer as required by Rule 13a-14(a) and 15(d)-14(a) of the Securities Exchange Act of 1934, as amended.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* This exhibit is a management contract or compensatory plan or arrangement.

** This certification accompanies this report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTEGRATED DEVICE TECHNOLOGY, INC.
Registrant

November 6, 2013

By: /s/ JEFFREY S. MCCREARY
Jeffrey S. McCreary
Interim President and Chief Executive Officer

November 6, 2013

/s/ BRIAN C. WHITE
Brian C. White
Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

AMENDED AND RESTATED BYLAWS
OF
INTEGRATED DEVICE TECHNOLOGY, INC.
(a Delaware corporation)
Effective as of July 23, 2013

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**AMENDED AND RESTATED BYLAWS
OF
INTEGRATED DEVICE TECHNOLOGY, INC.
(a Delaware corporation)**

**article I
STOCKHOLDERS**

Section 1.1 ***Annual Meetings.*** An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as the Board of Directors shall each year fix. Any other proper business may be transacted at the annual meeting.

Section 1.2 ***Special Meetings.*** Special meetings of the stockholders, for any purpose or purposes described in the notice of the meeting, may be called only by (i) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption), (ii) the Chairman of the Board, (iii) the Chief Executive Officer, (iv) the President or (v) the holder(s) of a majority of the outstanding shares of the Corporation. Special meetings may not be called by any other person or persons. If a special meeting of stockholders is called by any person or persons other than by a majority of the members of the Board of Directors, then such person or persons shall call such meeting by delivering a written request to call such meeting to each member of the Board of Directors, and the Board of Directors shall then determine the time, date and place of such special meeting, which shall be held not more than one hundred twenty (120) nor less than thirty-five (35) days after the written request to call such special meeting was delivered to each member of the Board of Directors. Business transacted at special meetings shall be confined to the purpose or purposes stated in the Corporation's notice of such meeting.

Section 1.3 ***Notice of Meetings.*** Written notice of all meetings of stockholders shall be given stating the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation of the Corporation as currently in effect (the "Certificate of Incorporation"), such notice shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, by leaving such notice with him or her or at his or her residence or usual place of business, or by depositing it postage prepaid in the United States mail, directed to each stockholder at his or her address as it appears on the records of the corporation. An affidavit of the Secretary, Assistant Secretary, or transfer agent of the corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. No notice need be given to any person with whom communication is unlawful or to any person who has waived such notice either (a) in writing (which writing need not specify the business to be transacted at, or the purpose of, the meeting) signed by such person before or after the time of the meeting or (b) by attending the meeting except for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Section 1.4 **Adjournments.** Any meeting of stockholders may adjourn from time to time to reconvene at the same or another place, and notice need not be given of any such adjourned meeting if the time, date and place thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.5 **Quorum.** At each meeting of stockholders the holders of a majority of the shares of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business, except if otherwise required by the Certificate of Incorporation or applicable law. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes then outstanding and entitled to vote present in person or by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity.

Section 1.6 **Organization.** Meetings of stockholders shall be presided over by such person as the Board of Directors may designate, or, in the absence of such a person, the Chairman of the Board, or, in the absence of such person, the President of the Corporation, or, in the absence of such person, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person shall be chairman of the meeting and, subject to Section 1.11 hereof, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7 **Voting; Proxies.** Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, and subject to the provisions of Section 1.8 of these Bylaws, each stockholder shall be entitled to one (1) vote for each share of stock held by such stockholder of record according to the records of the corporation. Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote unless the pledgor in a transfer on the books of the corporation has expressly empowered the pledgee to vote the pledged shares, in which case only the pledgee or his or her proxy shall be entitled to vote. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Voting at meetings of stockholders need not be by written ballot unless such is demanded at the meeting before voting begins by a stockholder

or stockholders holding shares representing at least one percent (1%) of the votes entitled to vote at such meeting, or by such stockholder's or stockholders' proxy; provided, however, that an election of directors shall be by written ballot if demand is so made by any stockholder at the meeting before voting begins. If a vote is to be taken by written ballot, then each such ballot shall state the name of the stockholder or proxy voting and such other information as the chairman of the meeting deems appropriate.

Section 1.8 *Action at Meeting.*

(a) *Generally.* When a quorum is present at any meeting, action of the stockholders on any matter properly brought before such meeting, other than the election of directors, shall require, and may be effected by, the affirmative vote of the holders of a majority in interest of the stock present or represented by proxy and entitled to vote on the subject matter, except where a different vote is expressly required by law, the Certificate of Incorporation or these Bylaws, in which case such express provision shall govern and control. The election of directors shall be determined by a plurality of the votes cast. If the Certificate of Incorporation so provides, no ballot shall be required for the election of directors unless requested by a stockholder present or represented at the meeting and entitled to vote in the election.

(b) *Cumulative Voting.* At a meeting of stockholders at which directors are to be elected, each stockholder shall be entitled to cumulate votes for a candidate if the candidate's name has been properly placed in nomination in accordance with these Bylaws and the stockholder requesting cumulative voting has given notice prior to the commencement of the voting of the stockholder's intention to cumulate votes. If cumulative voting is properly requested, each holder of stock, or of any class or classes or of a series or series thereof, who elects to cumulate votes shall be entitled to as many votes as shall equal the number of votes which (except for this provision as to cumulative voting) such stockholder would be entitled to cast for the election of directors with respect to such stockholder's shares of stock multiplied by the number of directors to be elected, and such stockholder may cast all of such votes for a single candidate or may distribute them among the number to be elected, or for any two or more of them as such stockholder may see fit.

Section 1.9 *Fixing Date for Determination of Stockholders of Record.*

(a) *Generally.* In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board of Directors, then the record date shall be as provided by applicable law. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) *Stockholder Request for Action by Written Consent.* Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall, by written notice to the Secretary of the Corporation, request the Board of Directors to fix a record date for such consent. Such request shall include a brief description of the action proposed to be taken. The Board of Directors shall, within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. Such record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors within ten (10) days after the date on which such a request is received, then the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, to its principal place of business, or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, then the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Section 1.10 *List of Stockholders Entitled to Vote.* A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting.

Section 1.11 *Inspectors of Elections.*

(a) *Applicability.* Unless otherwise provided in the Corporation's Certificate of Incorporation or required by the Delaware General Corporation Law, the following provisions of this Section 1.11 shall apply only if and when the Corporation has a class of voting stock that is: (i) listed on a national securities exchange; (ii) authorized for quotation on an interdealer quotation system of a registered national securities association; or (iii) held of record by more than 2,000 stockholders; in all other cases, observance of the provisions of this Section 1.11 shall be optional, and at the discretion of the Corporation.

(b) *Appointment.* The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace

any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

(c) *Inspector's Oath.* Each inspector of election, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability.

(d) *Duties of Inspectors.* At a meeting of stockholders, the inspectors of election shall (i) ascertain the number of shares outstanding and the voting power of each share, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

(e) *Opening and Closing of Polls.* The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the inspectors at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

(f) *Determinations.* In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with Section 212(c)(2) of the Delaware General Corporation Law, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.11 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.12 *Notice of Business to be Brought Before a Meeting.*

(a) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) brought before the meeting by the Corporation and specified in the notice of meeting given by or at the direction of the Board of Directors, (ii) brought before the meeting by or at the direction of the Board of Directors, or (iii) otherwise properly brought before the meeting by a stockholder who (A) was a stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf such business is proposed, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving the notice

provided for in this Section 1.12 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) complied with all of the notice procedures set forth in this Section 1.12 as to such business. Except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations, the “Exchange Act”), and included in the notice of meeting given by or at the direction of the Board, the foregoing clause (iii) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. Stockholders seeking to nominate persons for election to the Board of Directors must comply with the notice procedures set forth in Article I, Section 1.13 of these Bylaws, and this Section 1.12 shall not be applicable to nominations except as expressly provided therein; provided, however, that terms defined in this Section 1.12 and used in Article I, Section 1.13 of these Bylaws but not otherwise defined therein shall have the meanings defined in this Section 1.12.

(b) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (i) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 1.12. To be timely, a stockholder’s notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one year anniversary of the preceding year’s annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the one hundred twentieth (120) day prior to such annual meeting and not later than the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, “Timely Notice”). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(c) To be in proper form for purposes of this Section 1.12, a stockholder’s notice to the Secretary pursuant to this Section 1.12 shall be required to set forth:

(i) As to each Proposing Person (as defined below), (A) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation’s books and records) and (B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned of record or beneficially owned (as defined in Rule 13d-3 under the Exchange Act) by such Proposing Persons, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of the Corporation as to which Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (A) and (B) are referred to as “Stockholder Information”);

(ii) As to each Proposing Person, (A) any derivative, swap or other transaction or series of transactions engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to give such Proposing Person economic risk similar to ownership

of shares of any class or series of the Corporation, including due to the fact that the value of such derivative, swap or other transaction is determined by reference to the price, value or volatility of any shares of any class or series of the Corporation, or which derivative, swap or other transaction provides, directly or indirectly, the opportunity to profit from any increase in the price or value of shares of any class or series of the Corporation (“Synthetic Equity Interests”), which such Synthetic Equity Interests shall be disclosed without regard to whether (x) such derivative, swap or other transaction conveys any voting rights in such shares to such Proposing Person, (y) the derivative, swap or other transaction is required to be, or is capable of being, settled through delivery of such shares or (z) such other Proposing Person may have entered into other transactions that hedge or mitigate the economic effect of such derivative, swap or other transaction), (B) any proxy (other than a revocable proxy or consent given in response to a public proxy solicitation made pursuant to, and in accordance with, the Exchange Act), agreement, arrangement, understanding or relationship pursuant to which such Proposing Person has or shares a right to vote any shares of any class or series of the Corporation, (C) any agreement, arrangement, understanding or relationship, including any repurchase or similar so-called “stock borrowing” agreement or arrangement, engaged in, directly or indirectly, by such Proposing Person, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of shares of any class or series of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such Proposing Person with respect to the shares of any class or series of the Corporation, or which provides, directly or indirectly, the opportunity to profit from any decrease in the price or value of the shares of any class or series of the Corporation (“Short Interests”), (D) any performance related fees (other than an asset based fee) that such Proposing Person is entitled to based on any increase or decrease in the price or value of shares of any class or series of the Corporation, any Synthetic Equity Interests or Short Interests, if any (the disclosures to be made pursuant to the foregoing clauses (A) through (D) are referred to as “Disclosable Interests”); and

(iii) As to each matter the stockholder proposes to bring before the annual meeting, (A) a reasonably brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (B) the text of the proposal or business (including the text of any resolutions proposed for consideration), and (C) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and/or any other persons or entities (including their names) in connection with the proposal of such business by such Proposing Person.

For purposes of this Section 1.12, the term “Proposing Person” shall mean (i) the stockholder providing the notice of business proposed to be brought before an annual meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, and (iii) any affiliate or associate of such beneficial owner (as such terms are defined in Rule 12b-2 promulgated under the Exchange Act) of such stockholder or beneficial owner.

(d) A stockholder providing notice of business proposed to be brought before an annual meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 1.12 shall

be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(e) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1.12. The presiding officer of an annual meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with the provisions of this Section 1.12, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(f) This Section 1.12 is expressly intended to apply to any business proposed to be brought before an annual meeting, other than any proposal is made pursuant to Rule 14a-8 under the Exchange Act. In addition to the requirements of this Section 1.12 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to any such business. Nothing in this Section 1.12 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(g) For purposes of these Bylaws, public disclosure shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act and the rules and regulations thereunder.

Section 1.13 *Notice of Nominations for Election to the Board of Directors.*

(a) Nominations of any person for election to the Board of Directors at an annual meeting or at a special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting) may be made at such meeting only (i) by or at the direction of the Board of Directors, including by any committee or persons appointed by the Board of Directors, or (ii) by any stockholder who (A) was a stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf such nomination is proposed to be made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving the notice provided for in this Section 1.13 and at the time of the meeting, (B) is entitled to vote at the meeting, and (C) has complied with the notice procedures set forth in this Section 1.13 as to such nomination. This Section 1.13 shall be the exclusive means for a stockholder to propose any nomination of a person or persons for election to the Board of Directors to be considered by the stockholders at an annual meeting or special meeting.

(b) Without qualification, for a stockholder to make any nomination of a person or persons for elections to the Board of Directors at an annual meeting, the stockholder must (i) provide Timely Notice (as defined in Section 1.12(b)) thereof in writing and in proper form to the Secretary of the Corporation and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 1.13. Without qualification, if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting, then for a stockholder to make any nomination of a person or persons for election to the Board of Directors nominations to be made at a special meeting, the stockholder must (i) provide timely notice thereof in writing and in proper form to the Secretary of the Corporation at the principal executive offices of the Corporation, and (ii) provide any updates or supplements to such notice at the times and in the forms required by this Section 1.13. To be timely, a stockholder's notice for nominations to be made at a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the ninetieth (90th) day prior to such special meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such special meeting was first made. In no event shall any adjournment or postponement of an annual meeting or special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(c) To be in proper form for purposes of this Section 1.13, a stockholder's notice to the Secretary pursuant to this Section 1.13 shall be required to set forth:

(i) As to each Nominating Person (as defined below), the Stockholder Information (as defined in Section 1.12(c)(i)), except that for purposes of this Section 1.13, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 1.12(c)(i);

(ii) As to each Nominating Person, any Disclosable Interests (as defined in Section 1.12(c)(ii)), except that for purposes of this Section 1.13 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 1.12(c)(ii);

(iii) As to each person whom a Nominating Person proposes to nominate for election as a director, (A) all information with respect to such proposed nominee that would be required to be set forth in a stockholder's notice pursuant to this Section 1.13 if such proposed nominee were a Nominating Person, (B) all information relating to such proposed nominee that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 under the Exchange Act and the rules and regulations thereunder (including such proposed nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and (C) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among any Nominating Person, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if such Nominating Person, as applicable, and/or such Proposing Persons

were the “registrant” for purposes of such rule and the proposed nominee were a director or executive officer of such registrant; and (D) a completed and signed questionnaire, representation and agreement as provided in this Section 1.13(f).

(iv) The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder’s understanding of the independence or lack of independence of such proposed nominee.

For purposes of this Section 1.13, the term “Nominating Person” shall mean (i) the stockholder providing the notice of the nomination proposed to be made at the meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made, (iii) any affiliate or associate of such stockholder or beneficial owner (as such terms are defined in Rule 12b-2 promulgated under the Exchange Act) and (iv) any other person with whom such stockholder or such beneficial owner (or any of their respective affiliates or associates) is acting in concert.

(d) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 1.13 shall be true and correct as of the record date for the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(e) Notwithstanding anything in these Bylaws to the contrary, no person shall be eligible for election as a director of the Corporation unless nominated in accordance with this Section 1.13. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 1.13, and if he or she should so determine, he or she shall so declare such determination to the meeting and the defective nomination shall be disregarded.

(f) To be eligible to be a nominee for election as a director of the Corporation, the proposed nominee must deliver (in accordance with the time periods prescribed for delivery of notice under this Section 1.13) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such proposed nominee (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in form provided by the Secretary upon written request) that such proposed nominee (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue

or question (a “Voting Commitment”) that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such proposed nominee’s ability to comply, if elected as a director of the Corporation, with such proposed nominee’s fiduciary duties under applicable law, (ii) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation and (iii) in such proposed nominee’s individual capacity and on behalf of the stockholder (or the beneficial owner, if different) on whose behalf the nomination is made, would be in compliance, if elected as a director of the Corporation, and will comply with applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

(g) In addition to the requirements of this Section 1.13 with respect to any nomination proposed to be made at a meeting, each Nominating Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

Section 1.14 *Procedures for Stockholders to Call Special Meetings.*

(a) Special meetings of the stockholders for any purpose or purposes may be called only (i) by the Chairman of the Board of Directors, (ii) by the Board of Directors, pursuant to a resolution approved by a majority of the entire Board of Directors, or (iii) by the Secretary of the Corporation, following his or her receipt of one or more written demands to call a special meeting of the stockholders in accordance with, and subject to, this Section 1.14 from stockholders of record as of the record date fixed in accordance with Section 1.14(d) who hold, in the aggregate, at least a majority of the outstanding shares of the Corporation. The notice of a special meeting shall state the purpose or purposes of the special meeting, and the business to be conducted at the special meeting shall be limited to the purpose or purposes stated in the notice. Except in accordance with this Section 1.14, stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders.

(b) No stockholder may demand that the Secretary of the Corporation call a special meeting of the stockholders pursuant to Section 1.14(a) unless a stockholder of record has first submitted a request in writing that the Board of Directors fix a record date for the purpose of determining the stockholders entitled to demand that the Secretary of the Corporation call such special meeting, which request shall be in proper form and delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation.

(c) To be in proper form for purposes of this Section 1.14, a request by a stockholder for the Board of Directors to fix a record date shall set forth:

(i) As to each Requesting Person (as defined below), the Stockholder Information (as defined in Section 1.12(c)(i), except that for purposes of this Section 1.14 the term “Requesting Person” shall be substituted for the term “Proposing Person” in all places it appears in Section 1.12(c)(i));

(ii) As to each Requesting Person, any Disclosable Interests (as defined in Section 1.12(c)(ii)), except that for purposes of this Section 1.14 the term “Requesting Person” shall be substituted for the term “Proposing Person” in all places it appears in Section 1.12(c)(ii); and

(iii) As to the purpose or purposes of the special meeting, (A) a reasonably brief description of the purpose or purposes of the special meeting and the business proposed to be conducted at the special meeting, the reasons for conducting such business at the special meeting and any material interest in such business of each Requesting Person, and (B) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Requesting Persons or (y) between or among any Requesting Person and any other person or entity (including their names) in connection with the request for the special meeting or the business proposed to be conducted at the special meeting.

For purposes of this Section 1.14(b), the term “Requesting Person” shall mean (i) the stockholder making the request to fix a record date for the purpose of determining the stockholders entitled to demand that the Secretary call a special meeting, (ii) the beneficial owner or beneficial owners, if different, on whose behalf such request is made, (iii) any affiliate or associate of such stockholder or beneficial owner, and (iv) any other person with whom such stockholder or beneficial owner (or any of their respective affiliates or associates) is acting in concert.

(d) Within ten (10) days after receipt of a request to fix a record date in proper form and otherwise in compliance with this Section 1.14 from any stockholder of record, the Board of Directors may adopt a resolution fixing a record date for the purpose of determining the stockholders entitled to demand that the Secretary of the Corporation call a special meeting, which date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no resolution fixing a record date has been adopted by the Board of Directors within the ten (10) day period after the date on which such a request to fix a record date was received, the record date in respect thereof shall be deemed to be the twentieth (20th) day after the date on which such a request is received. Notwithstanding anything in this Section 1.14 to the contrary, no record date shall be fixed if the Board of Directors determines that the demand or demands that would otherwise be submitted following such record date could not comply with the requirements set forth in clauses (ii), (iv), (v) or (vi) of Section 1.14(f).

(e) Without qualification, a special meeting of the stockholders shall not be called pursuant to Section 1.14(a) unless stockholders of record as of the record date fixed in accordance with Section 1.14(d) who hold, in the aggregate, a majority of the outstanding shares of the Corporation (the “Requisite Percentage”) timely provide one or more demands to call such special meeting in writing and in proper form to the Secretary of the Corporation at the principal executive offices of the Corporation. Only stockholders that are holders of record on the record date shall be entitled to demand that the Secretary of the Corporation call a special meeting of the stockholders pursuant to Section 1.14(a), notwithstanding any transfer of any stock on the stock ledger of the Corporation after any such record date. To be timely, a stockholder’s demand to call a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not later than the sixtieth (60th) day following the record date fixed in accordance

with Section 1.14(d). To be in proper form for purposes of this Section 1.14, a demand to call a special meeting shall set forth (i) the business proposed to be conducted at the special meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration), and (iii) with respect to any stockholder or stockholders submitting a demand to call a special meeting (except for any stockholder that has provided such demand in response to a solicitation made pursuant to, and in accordance with, Section 14 of the Exchange Act by way of a solicitation statement filed on Schedule 14A) (a “Solicited Stockholder”) the information required to be provided pursuant to this Section 1.14 of a Requesting Person. A stockholder may revoke a demand to call a special meeting by written revocation delivered to the Secretary at any time prior to the special meeting. If any such revocation(s) are received by the Secretary after the Secretary’s receipt of written demands from the holders of the Requisite Percentage of stockholders, and as a result of such revocation(s), there no longer are unrevoked demands from the Requisite Percentage of stockholders to call a special meeting, the Board of Directors shall have the discretion to determine whether or not to proceed with the special meeting.

(f) The Secretary shall not accept, and shall consider ineffective, a written demand from a stockholder to call a special meeting (i) that does not comply with this Section 1.14, (ii) that relates to an item of business to be transacted at such meeting that is not a proper subject for stockholder action under applicable law, (iii) that includes an item of business to be transacted at such meeting that did not appear on the written request that resulted in the determination of the record date (the “Current Record Date”) to determine the stockholders entitled to submit such written demand, (iv) that relates to an item of business (other than the election of directors) that is identical or substantially similar to an item of business (a “Similar Item”) for which a record date (other than the Current Record Date) was previously fixed and such demand is delivered between the time beginning on the 61st day after such previous record date and ending on the one-year anniversary of such previous record date, (v) if a Similar Item will be submitted for stockholder approval at any stockholder meeting to be held on or before the 90th day after the Secretary receives such demand, or (vi) if a Similar Item has been presented at the most recent annual meeting or at any special meeting held within one year prior to receipt by the Secretary of such demand to call a special meeting.

(g) After receipt of demands in proper form and in accordance with this Section 1.14 from a stockholder or stockholders holding the Requisite Percentage, the Board of Directors shall duly call, and determine the place, date and time of, a special meeting of stockholders for the purpose or purposes and to conduct the business specified in the demands received by the Corporation. Notwithstanding anything in these Bylaws to the contrary, the Board of Directors may submit its own proposal or proposals for consideration at such a special meeting. The record date for such a special meeting shall be fixed in accordance with Section 1.9 of these Bylaws. The Board of Directors shall provide written notice of such special meeting to the stockholders in accordance with Section 1.3.

(h) In connection with a special meeting called in accordance with this Section 1.14, the stockholder or stockholders (except for any Solicited Stockholder) who requested that the Board of Directors fix a record date in accordance with this Section 1.14 or who delivered a demand to call a special meeting to the Secretary shall further update and supplement the information

previously provided to the Corporation in connection with such request or demand, if necessary, so that the information provided or required to be provided in such request or demand pursuant to this Section 1.14 shall be true and correct as of the record date for the special meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for the special meeting (in the case of the update and supplement required to be made as of the record date), and not later than eight (8) business days prior to the date for the meeting, if practicable (or, if not practicable, the first practicable date prior to) any adjournment or postponement thereof (in the case of the update and supplement required to be made as of ten (10) business days prior to the special meeting or any adjournment or postponement thereof).

(i) Notwithstanding anything in these Bylaws to the contrary, the Secretary shall not be required to call a special meeting pursuant to this Section 1.14 except in accordance with this Section 1.14. If the Board of Directors shall determine that any request to fix a record date or demand to call and hold a special meeting was not properly made in accordance with this Section 1.14, or shall determine that the stockholder or stockholders requesting that the Board of Directors fix such record date or submitting a demand to call the special meeting have not otherwise complied with this Section 1.14, then the Board of Directors shall not be required to fix a record date or to call and hold the special meeting. In addition to the requirements of this Section 1.14, each Requesting Person shall comply with all requirements of applicable law, including all requirements of the Exchange Act, with respect to any request to fix a record date or demand to call a special meeting.

Section 1.15 *Action by Written Consent of Stockholders.*

(a) Unless otherwise provided by the Certificate of Incorporation, and except as set forth in Section 1.9(b) above, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, (i) shall be signed by the holders of record on the record date (established as provided below) of outstanding shares of the Corporation's stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and (ii) shall be delivered to the Corporation at its registered office in the State of Delaware, at its principal place of business or to an officer or agent of the Corporation having custody of the minute books in which proceedings of meetings of stockholders are recorded. Delivery shall be made by hand or by certified or registered mail, return receipt requested. Every written stockholder consent shall bear the signature of each stockholder who signs the consent, and no written consent shall be effective to take corporate action unless, within sixty (60) days of the earliest dated valid consent delivered in the manner described in this Section 1.15, written consents signed by a sufficient number of holders to take such action are delivered to the Corporation in the manner described in this Section 1.15. Only stockholders that are holders of record on the record date shall be entitled to consent to corporate action in writing without a meeting, notwithstanding any transfer of any stock on the stock ledger of the Corporation after any such record date.

(b) Without qualification, any stockholder of record seeking to have the stockholders authorize or take any action by written consent shall first request in writing that the Board of Directors fix a record date for the purpose of determining the stockholders entitled to take such action, which request shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation. Within ten (10) days after receipt of a request in compliance with this Section 1.15(b) from any such stockholder, the Board of Directors may adopt a resolution fixing a record date for the purpose of determining the stockholders entitled to take such action, which date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no resolution fixing a record date has been adopted by the Board of Directors within such ten (10) day period after the date on which such a request is received, (i) the record date for determining stockholders entitled to consent to such action, when no prior action of the Board of Directors is required by applicable law, shall be the first date on which a valid signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner described in this Section 1.15, and (ii) the record date for determining stockholders entitled to consent to such action, when prior action by the Board of Directors is required by applicable law, shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

(c) If the Board of Directors shall determine that any request to fix a record date or to take stockholder action by written consent was not properly made in accordance with this Section 1.15, or the stockholder or stockholders seeking to take such action do not otherwise comply with this Section 1.15, then the Board of Directors shall not be required to fix a record date and the Corporation shall be entitled to take such other actions in connection with any such purported action by written consent as permitted by applicable law. In addition to the requirements of this Section 1.15 with respect to stockholders seeking to take an action by written consent, each Soliciting Person shall comply with all requirements of applicable law, including all requirements of the Exchange Act, with respect to such action.

(d) Prompt notice of the taking of corporate action by stockholders without a meeting pursuant to this Section 1.15 by less than unanimous written consent of the stockholders shall be given to those stockholders who have not consented thereto in writing and, in the case of a Certificate Action (as defined below), if the Delaware General Corporation Law so requires, such notice shall be given prior to filing of the certificate in question. If the action which is consented to requires the filing of a certificate under the Delaware General Corporation Law (a "Certificate Action"), then if the Delaware General Corporation Law so requires, the certificate so filed shall state that written stockholder consent has been given in accordance with Section 228 of the Delaware General Corporation Law and that written notice of the taking of corporate action by stockholders without a meeting as described herein has been given as provided in such section.

ARTICLE II
BOARD OF DIRECTORS

Section 2.1 **Number; Qualifications.** The Board of Directors shall consist of one or more members. The initial number of directors shall be nine (9), and thereafter shall be fixed from time to time by resolution of the Board of Directors. No decrease in the authorized number of directors constituting the Board of Directors shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2 **Election; Resignation; Removal; Vacancies.** The term of office of directors shall be as provided in Section 7.1 of the Certificate of Incorporation. Subject to the provisions of the Certificate of Incorporation, each director shall serve until his or her successor is elected and qualified, or until his or her earlier resignation or removal. Any director may resign at any time upon written notice to the Corporation. In the case of any increase in the number of directors, such additional director(s) shall be elected as provided in Section 7.1 of the Certificate of Incorporation. Directors so chosen or elected shall hold office for the remaining term of the directorship to which appointed. The removal of directors and the filling of vacancies created on the Board of Directors shall be as provided in the Certificate of Incorporation.

Section 2.3 **Regular Meetings.** Regular meetings of the Board of Directors may be held at such places, within or without the State of Delaware, and at such times as the Board of Directors may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board of Directors.

Section 2.4 **Special Meetings.** Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or a majority of the members of the Board of Directors then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally or in writing, by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile or similar communication method. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5 **Telephonic Meetings Permitted.** Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or similar communications equipment shall constitute presence in person at such meeting.

Section 2.6 **Quorum; Vote Required for Action.** At all meetings of the Board of Directors a majority of the total number of authorized directors shall constitute a quorum for the transaction of business. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.7 **Organization.** Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his or her absence by the President, or in his or her absence by a

chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 **Written Action by Directors.** Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee, respectively.

Section 2.9 **Powers.** The Board of Directors may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

Section 2.10 **Compensation of Directors.** Directors, as such, may receive, pursuant to a resolution of the Board of Directors, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board of Directors.

ARTICLE III COMMITTEES

Section 3.1 **Committees.** The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided in subsection (a) of Section 151 of the Delaware General Corporation Law, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation, or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation, or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation under Sections 251 or 252 of the Delaware General Corporation Law, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the Bylaws of the Corporation; and unless

the resolution of the Board of Directors expressly so provides, no such committee shall have the power or authority to declare a dividend, authorize the issuance of stock or adopt a certificate of ownership and merger pursuant to section 253 of the Delaware General Corporation Law.

Section 3.2 **Committee Rules.** Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV OFFICERS

Section 4.1 **Generally.** The officers of the Corporation shall consist of a Chief Executive Officer and/or a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, including a Chairman of the Board of Directors and/or Chief Financial Officer, as may from time to time be appointed by the Board of Directors. All officers shall be elected by the Board of Directors; provided, however, that the Board of Directors may empower the Chief Executive Officer of the Corporation to appoint officers other than the Chairman of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board of Directors.

Section 4.2 **Chief Executive Officer.** Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of the Chief Executive Officer of the Corporation are:

- (a) To act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of the Corporation;
- (b) To preside at all meetings of the stockholders;
- (c) To call meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and
- (d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board of Directors, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board of Directors has not designated any other officer to be the Chief Executive Officer, then the Chairman of the Board shall be the Chief Executive Officer.

Section 4.3 **Chairman of the Board.** The Chairman of the Board shall have the power to preside at all meetings of the Board of Directors and shall have such other powers and duties as provided in these Bylaws and as the Board of Directors may from time to time prescribe.

Section 4.4 **President.** The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall have designated another officer as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board of Directors to the Chairman of the Board, and/or to any other officer, the President shall have the responsibility for the general management the control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board of Directors.

Section 4.5 **Vice President.** Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board of Directors or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

Section 4.6 **Chief Financial Officer.** Subject to the direction of the Board of Directors and the President, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of chief financial officer.

Section 4.7 **Treasurer.** The Treasurer shall have custody of all monies and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board of Directors or the President may from time to time prescribe.

Section 4.8 **Secretary.** The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board of Directors. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board of Directors or the President may from time to time prescribe.

Section 4.9 ***Delegation of Authority.*** The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 4.10 ***Removal.*** Any officer of the Corporation shall serve at the pleasure of the Board of Directors and may be removed at any time, with or without cause, by the Board of Directors. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V STOCK

Section 5.1 ***Certificates.*** Every holder of stock shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman or Vice-Chairman of the Board of Directors, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the number of shares owned by such stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile.

Section 5.2 ***Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates.*** The Corporation may issue a new certificate of stock in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 5.3 ***Other Regulations.*** The issue, transfer, conversion and registration of stock certificates shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI INDEMNIFICATION

Section 6.1 ***Indemnification of Officers and Directors.*** Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she (or a person of whom he or she is the legal representative), is or was a director or officer of the Corporation or a Reincorporated Predecessor (as defined below) or is or was serving at the request of the Corporation or a Reincorporated Predecessor (as defined below) as a director, officer or employee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the Delaware General Corporation Law, against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and

penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. As used herein, the term "Reincorporated Predecessor" means a corporation that is merged with and into the Corporation in a statutory merger where (a) the Corporation is the surviving corporation of such merger; (b) the primary purpose of such merger is to change the corporate domicile of the Reincorporated Predecessor to Delaware.

Section 6.2 **Advance of Expenses.** The Corporation shall pay all expenses (including attorneys' fees) incurred by such a director or officer in defending any such proceeding as they are incurred in advance of its final disposition; provided, however, that if the Delaware General Corporation Law then so requires, the payment of such expenses incurred by such a director or officer in advance of the final disposition of such proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Article VI or otherwise; and provided, further, that the Corporation shall not be required to advance any expenses to a person against whom the Corporation directly brings a claim, in a proceeding, alleging that such person has breached his or her duty of loyalty to the Corporation, committed an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, or derived an improper personal benefit from a transaction.

Section 6.3 **Non-Exclusivity of Rights.** The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI. The Board of Directors of the Corporation shall have the power to delegate to such officer or other person as the Board of Directors shall specify the determination of whether indemnification shall be given to any person pursuant to this Section 6.3.

Section 6.4 **Indemnification Contracts.** The Board of Directors is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5 **Effect of Amendment.** Any amendment, repeal or modification of any provision of this Article VI shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

ARTICLE VII NOTICES

Section 7.1 **Notice.** Except as otherwise specifically provided herein or required by law, all notices required to be given pursuant to these Bylaws shall be in writing and may in every instance be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid telegram, telex, overnight express courier, mailgram or facsimile. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (i) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (ii) in the case of delivery by mail, upon deposit in the mail, (iii) in the case of delivery by overnight express courier, on the first business day after such notice is dispatched, and (iv) in the case of delivery via telegram, telex, mailgram, or facsimile, when dispatched.

Section 7.2 **Waiver of Notice.** Whenever notice is required to be given under any provision of these Bylaws, a written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

ARTICLE VIII INTERESTED DIRECTORS

Section 8.1 **Interested Directors; Quorum.** No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (i) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (ii) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE IX MISCELLANEOUS

Section 9.1 ***Fiscal Year.*** The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 9.2 ***Seal.*** The Board of Directors may provide for a corporate seal, which shall have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board of Directors.

Section 9.3 ***Form of Records.*** Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on, or be in the form of, magnetic tape, diskettes, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

Section 9.4 ***Reliance Upon Books and Records.*** A member of the Board of Directors, or a member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5 ***Certificate of Incorporation Governs.*** In the event of any conflict between the provisions of the Corporation's Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6 ***Severability.*** If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Corporation's Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

Section 9.7 ***Stockholder Rights Plan.*** The Corporation will not adopt or extend a stockholder rights plan, rights agreement or any other form of "poison pill" which is designed to make, or has the effect of making, the acquisition of large holdings of the corporation's stock more difficult or expensive (a "Stockholder Rights Plan") without obtaining the prior approval of the

stockholders of the Corporation by the affirmative vote of a majority of the votes cast with respect to the matter by the shares represented and entitled to vote thereon at an annual or special meeting of the stockholders at which a quorum is present; provided, however, that the corporation may adopt a Stockholder Rights Plan without such prior approval if a majority of the independent directors (as determined in accordance with applicable Nasdaq rules and listing requirements and any additional criteria set forth in the corporation's Corporate Governance Guidelines), in the exercise of their fiduciary duties, determines that adoption of a Stockholder Rights Plan is in the best interest of stockholders under the circumstances. If a Stockholder Rights Plan is adopted without prior stockholder approval as contemplated by the preceding sentence, such plan shall expire within twelve (12) months from the date of adoption unless, prior to such date, it is approved by the affirmative vote of a majority of the votes cast with respect to the matter by the shares represented and entitled to vote thereon at an annual or special meeting of the stockholders at which a quorum is present. For purposes of this Section 9.7, a "majority of the votes cast" means that the number of votes cast "for" approval of a Stockholder Rights Plan exceeds the number of votes cast "against" approval of a Stockholder Rights Plan.

Section 9.8. Forum for Adjudication of Disputes. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's Certificate of Incorporation or these Bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 9.8.

ARTICLE X AMENDMENT

Section 10.1 *Amendments.* Subject to Section 6.5 of these Bylaws, and except as provided in Section 2.1, stockholders of the Corporation holding at least a majority of the Corporation's outstanding voting stock shall have the power to adopt, amend or repeal Bylaws. To the extent provided in the Certificate of Incorporation, the Board of Directors of the Corporation shall also have the power to adopt, amend or repeal Bylaws of the Corporation, except insofar as Bylaws adopted by the stockholders shall otherwise provide.



August 26, 2013

Jeffrey S. McCreary
9468 Sullivan Place
Zionsville, IN 46077

Dear **Jeffrey**:

We are pleased to make you an offer of employment as **Interim Chief Executive Officer** reporting to **John A. Schofield, Chairman of the Board**. The terms of your employment are as follows:

Salary: Equivalent to **\$600,000** annually; **\$23,077** payable biweekly

Status: Full-time / Exempt

Stock Options: You will be recommended for a stock option grant to purchase **300,000** shares of IDT common stock, which will vest on a monthly basis over a four year period, assuming your continued service as an employee to IDT. The granting of your stock options will occur on or about the 15th day of the month following the completion of the month in which you begin employment with IDT, subject to approval by our Board of Directors. Your stock options will have a per share exercise price equal to the closing price of IDT common stock on the last trading day prior to the date of grant.

If your position as Interim Chief Executive Officer is terminated without you being named as the successor Chief Executive Officer, then any stock options pursuant to this grant that are vested as of the time of your termination shall be exercisable for a period of twelve months following the date of termination of your position as Interim Chief Executive Officer or termination of your position as Director of the Board, whichever is later.

As long as you serve as a Director of the Board, any stock options pursuant to this grant that are vested as of the time

of your termination as Interim Chief Executive Officer shall be exercisable for the remainder of the option life.

Other Equity: You will be eligible for an additional equity award as follows:

(a) If you are named as the successor Chief Executive Officer, you shall be recommended for a grant of Performance Stock Units in the amount equal to $x/48^{\text{th}}$ of 120,000 shares where "x" shall be the number of months of service completed by you in the Interim Chief Executive Officer position. (E.g. if you serve in the interim position for 6 months, the number of Performance Stock Units granted will be $6/48 \times 120,000 = 15,000$ shares). Vesting will be in accordance with the schedule and performance criteria set forth in the Company's Fiscal 2014 Performance Equity Plan; or

(b) If your position as Interim Chief Executive Officer is terminated without you being named as the successor Chief Executive Officer, then you shall be recommended for a fully vested grant of IDT common stock in the amount equal to $x/48^{\text{th}}$ of 120,000 shares where "x" shall be the number of months of service completed by you in the Interim Chief Executive Officer position. (E.g. if you serve in the interim position for 6 months, the number of shares granted will be $6/48 \times 120,000 = 15,000$ shares).

Bonus: You will participate in IDT's Annual Incentive Plan (AIP) pursuant to the terms of the current Plan. Your participation will be at an annual target of **115%** of your base earnings.

Benefits: You will be eligible for IDT's full range of employee benefits including medical, dental, vision, life insurance, disability insurance, and 401(k). You will also earn three weeks of vacation per year. A summary of our benefit program is enclosed.

Temporary Housing: IDT will cover \$8,000 for temporary housing per month for the duration of your position as Interim Chief Executive Officer.

This offer is pending acceptable reference qualification and background verification. In addition, IDT requires each candidate for employment to submit to a drug test which will be administered through an independent laboratory. Your employment is contingent upon you successfully passing a pre-employment drug screen.

In order to comply with the Immigration Reform and Control Act of 1986, this offer is contingent upon you providing proof of eligibility to work in the United States. Be prepared to supply the original documents containing this information on your start date. In addition, IDT produces technology that may be subject to U.S. export control laws. Accordingly, this offer of employment is also contingent upon IDT's ability to obtain government authorization, if necessary, for technology transfer to you.

As a condition of employment, you are required to sign and comply with the Company's standard Employee Confidentiality & Invention Agreement which requires, among other things, that you maintain the confidentiality of all IDT proprietary information and that you assign patent rights to any invention made during your employment at IDT.

As stated in the Employment Application, employment with IDT is at the mutual consent of the employee and IDT. Accordingly, you and IDT retain the right to terminate the employment relationship at will, at any time, with or without cause, and with or without notice. Please understand that no representative of IDT other than the Chairman of the Board has the authority to make any contrary agreement or representation, and that such agreement made by the Chairman of the Board must be in writing and signed by you and the Chairman of the Board.

We look forward to your acceptance of our offer.

Sincerely,

/s/ John A. Schofield

John A. Schofield
Chairman of the Board

/s/ Jeffrey S. McCreary
Candidate's Signature of Acceptance

September 12, 2013
Date

Certification of Chief Executive Officer

I, Jeffrey S. McCreary, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integrated Device Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2013

By: /s/ JEFFREY S. MCCREARY

Jeffrey S. McCreary
Interim President and Chief Executive Officer

Certification of Chief Financial Officer

I, Brian C. White, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Integrated Device Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2013

By: /s/ BRIAN C. WHITE

Brian C. White
Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Certification of Chief Executive Officer

I, Jeffrey S. McCreary, of Integrated Device Technology, Inc. (the "Company"), pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350, certify to my knowledge that:

- (i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 29, 2013 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2013

By: /s/ JEFFREY S. MCCREARY
Jeffrey S. McCreary
Interim President and Chief Executive Officer

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Chief Financial Officer

I, Brian C. White, of Integrated Device Technology, Inc. (the "Company"), pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350, certify to my knowledge that:

- (i) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 29, 2013 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2013

By: /s/ BRIAN C. WHITE
Brian C. White
Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

