



## **IDT Announces Results for Fourth Fiscal Quarter and Full Fiscal Year 2003; Revenue Growth Resumes as the Company Posts \$80.8 Million in the Fourth Fiscal Quarter**

### **Revenue Growth Resumes as the Company Posts \$80.8 Million in the Fourth Fiscal Quarter**

SANTA CLARA, Calif.--(BUSINESS WIRE)--April 23, 2003--IDT™ (Integrated Device Technology, Inc.; Nasdaq:IDTI), a leading communications IC company, today announced results for the fourth fiscal quarter and full fiscal year 2003, ended March 30, 2003.

Revenues for the fourth quarter were \$80.8 million, an increase of 2.3 percent over the third quarter of fiscal 2003 and a decrease of 6.7 percent from the fiscal quarter ended March 31, 2002. Revenues for fiscal year 2003 were \$343.9 million, a decrease of 9.5 percent over the previous fiscal year. On a pro-forma basis, net loss for the fourth fiscal quarter was \$23.6 million (\$0.23 per share), compared to a net loss of \$6.6 million (\$0.06 per share) for the quarter one year ago; and the net loss for the full fiscal year 2003 was \$53.2 million (\$0.51 per share), compared to a net loss of \$23.7 million (\$0.23 per share) during the previous fiscal year.

Including certain costs, charges and gains in accordance with GAAP, the Company lost \$239.1 million in the fourth quarter of fiscal 2003 (\$2.31 per share). On a GAAP basis, one year ago the Company recorded a net loss of \$20.0 million (\$0.19 per share) for the fourth quarter. On a GAAP basis for fiscal year 2003, the net loss was \$277.9 million (\$2.68 per share), compared to a net loss of \$46.2 million (\$0.44 per share) during the previous fiscal year. Included in the fourth-quarter results were restructuring and impairment charges, and asset write-downs of \$213.3 million. This included a \$107.9 million write-down of manufacturing fixed assets, a reserve of \$88.5 million to fully reserve the Company's net deferred tax assets, and a charge of \$13.5 million related to certain intangible technology assets. Of the \$213.3 million, only about \$3 million represent cash charges, primarily severance related to reducing headcount by approximately 150 positions during the quarter. Further information, including a detailed reconciliation of pro-forma and GAAP results, is provided in the financial tables of this release.

"We are pleased with the progress we've made in substantially reducing our inventory levels and aggressively cutting spending to better align our business model with the current industry conditions and forecasted revenue," said Greg Lang, president and CEO of IDT. "Assuming moderate improvement in economic conditions, we anticipate that the actions we have taken will position us to generate positive cash flow starting as early as the first quarter and achieve pro-forma profitability during the fiscal year."

#### **FY03 Highlights:**

- IDT added several key senior executives in fiscal 2003. IDT named Clyde Hosein as vice president and chief financial officer, Thomas Brenner as vice president of worldwide marketing, and Scott Sarnikowski as vice president and co-general manager of the IP co-processor division. In addition, Lang completed his planned transition to president and CEO and joined the IDT board of directors.
- The Company received several accolades with its network search engines (NSEs), including the EDN Top 100 Products Award for 2002, being named the leading vendor of routing and switching semiconductors by RHK, Inc. and named the technology and volume shipment leader by IDC, and securing several new design wins at key communications customers.
- IDT continued to enhance its leadership in packet processing by shipping its one-millionth NSE and introducing the industry's fastest, widest and highest-performance NSE. In addition, IDT also began sampling its devices with fully integrated interfaces to the Intel and AMCC network processors, and introduced a suite of development tools that help speed development time, decrease system costs and improve overall system performance.
- IDT acquired Solidum Systems, the leading provider of classification and content-inspection processing solutions. This acquisition combined the packet-processing strengths of two industry leaders and allows for IDT to provide a complete Layer 2-7 classification solution.
- IDT introduced the RC32438 Interprise™ integrated communications processor for managed Layer-2 and Layer-3 Ethernet switches. This integrated processor received a product-of-the-year award from analogZONE for boosting system bandwidth and efficiency. The RC32438 processor delivers up to 266 MHz in performance and incorporates a DDR memory controller, a 32-bit version 2.2 PCI controller and two on-chip Ethernet interfaces to address the bandwidth-demanding requirements of enterprise and access applications.
- The Company extended its leadership in FIFO technology with the introduction of high-speed TeraSync™ quad/dual FIFO products that provide two or four TeraSync FIFOs in a single package, thereby reducing board space and overall



Revenues	\$80,804	\$79,010	\$86,621	\$343,878	\$379,817
Cost of revenues	60,893	59,826	56,163	226,693	241,841
Restructuring charges, asset impairment and other	114,085	1,010	3,870	115,370	24,742
Gross profit (loss)	(94,174)	18,174	26,588	1,815	113,234
Operating expenses:					
Research and development	39,357	30,126	31,962	129,108	129,146
Selling, general and administrative	20,396	21,827	18,707	82,511	83,987
Acquired in-process research and development	--	2,670	--	2,670	16,000
Amortization of intangibles	161	161	1,681	634	6,724
Total operating expenses	59,914	54,784	52,350	214,923	235,857
Operating loss	(154,088)	(36,610)	(25,762)	(213,108)	(122,623)
Interest expense	(111)	(143)	(203)	(514)	(1,238)
Gain (loss) on equity investments	--	--	--	(6,557)	36,160
Interest income and other, net	3,880	4,006	6,459	19,040	38,744
Loss before income taxes	(150,319)	(32,747)	(19,506)	(201,139)	(48,957)
Provision (benefit) for income taxes	88,782	(6,424)	474	76,757	(2,765)
Net loss	\$(239,101)	\$(26,323)	\$(19,980)	\$(277,896)	\$(46,192)
Net loss per share:					
Basic	\$(2.31)	\$(0.25)	\$(0.19)	\$(2.68)	\$(0.44)
Diluted	\$(2.31)	\$(0.25)	\$(0.19)	\$(2.68)	\$(0.44)
Weighted average shares:					
Basic	103,574	103,271	104,351	103,520	104,560
Diluted	103,574	103,271	104,351	103,520	104,560

INTEGRATED DEVICE TECHNOLOGY, INC.  
PRO FORMA ADJUSTMENTS  
(Unaudited)

(In thousands)                      Three Months Ended                      Twelve Months Ended

	Mar. 30, 2003	Dec. 29, 2002	Mar. 31, 2002	Mar. 30, 2003	Mar. 31, 2002
Net loss	\$(239,101)	\$(26,323)	\$(19,980)	\$(277,896)	\$(46,192)
Non-GAAP adjustments:					
Cost of goods sold:					
Restructuring charges (1)	1,031	1,010	3,870	2,316	7,309
Asset impairment (2), (3)	113,054	--	--	113,054	17,433
Other (4)	288	339	3,127	4,608	3,127
Amortization of acquisition- related charges (3)	909	909	786	3,390	3,144
Operating expenses:					
Asset impairment (2)	8,329	--	--	8,329	--
Acquired IPR&D (3)	--	2,670	--	2,670	16,000
Other (4)	9	8	76	385	76
Restructuring charges (1)	2,373	868	172	3,459	1,289
Amortization of goodwill (3)	--	--	1,500	--	6,000
Other acquisition- related costs (3)	991	1,248	1,752	4,191	5,839
Losses (gains) on equity Investments (5)	--	--	--	6,557	(36,160)
Other income (6)	--	--	--	--	(4,785)
Taxes (7)	88,536	(1,285)	2,118	75,773	3,171
Total special items	215,520	5,767	13,401	224,732	(22,443)
Pro forma net loss	\$(23,581)	\$(20,556)	\$(6,579)	\$(53,164)	\$(23,749)

(1) Consists of costs, primarily severance, of restructuring actions taken during FY 2002 and FY 2003.

(2) We recorded impairment charges related to our Salinas, Calif. wafer fabrication plant (Q3 2002) and other manufacturing assets, principally our Hillsboro, Ore. fabrication plant (Q4 2003).

(3) Costs relate to our acquisitions of Newave and Solidum in April 2001 and October 2002, respectively. Newave-related costs include

an IPR&D charge and amortization of contingent compensation, stock-based compensation and intangible assets. Solidum-related costs include an IPR&D charge and amortization of intangible assets. We also recorded an intangible asset impairment charge of \$13.5 million in Q4 2003 related to Newave existing technology.

- (4) Consists of costs related to the June 2002 closure of our Salinas plant, including \$3.0 million and \$2.9 million in retention bonuses for Q1 2003 and Q4 2002, respectively.
- (5) We recorded an other-than-temporary impairment charge related to an equity investment in Q2 2003. We sold another equity investment in Q3 2002 and recorded a pretax gain of \$35.7 million.
- (6) In Q2 2002, we exercised an option to purchase land. The land was immediately sold at a pretax gain of \$5.1 million.
- (7) We recorded a valuation allowance of \$88.5 million against our net deferred tax assets in Q4 2003. Page 6/7 - IDT Announces Results for Fourth Fiscal Quarter and Full Fiscal Year 2003

INTEGRATED DEVICE TECHNOLOGY, INC.  
PRO FORMA STATEMENTS OF OPERATIONS  
(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Twelve Months Ended	
	Mar. 30, 2003	Dec. 29, 2002	Mar. 31, 2002	Mar. 30, 2003	Mar. 31, 2002
Revenues	\$80,804	\$79,010	\$86,621	\$343,878	\$379,817
Cost of revenues	59,696	58,578	52,250	218,695	235,570
Gross profit	21,108	20,432	34,371	125,183	144,247
Operating expenses:					
Research and development	29,354	28,839	30,143	115,810	123,448
Selling, general and administrative	18,858	21,151	18,707	80,079	83,205
Total operating expenses	48,212	49,990	48,850	195,889	206,653
Operating loss	(27,104)	(29,558)	(14,479)	(70,706)	(62,406)
Interest expense	(111)	(143)	(203)	(514)	(1,238)
Interest income and other, net	3,880	4,006	6,459	19,040	33,959
Loss before income taxes	(23,335)	(25,695)	(8,223)	(52,180)	(29,685)
Provision (benefit) for income taxes (1)	246	(5,139)	(1,644)	984	(5,936)
Net loss	\$(23,581)	\$(20,556)	\$(6,579)	\$(53,164)	\$(23,749)

Net loss per share:

Diluted	\$ (0.23)	\$ (0.20)	\$ (0.06)	\$ (0.51)	\$ (0.23)
Weighted average shares:					
Diluted	103,574	103,271	104,351	103,520	104,560

(1) In the fourth quarter of fiscal 2003, we established a valuation allowance to reserve 100% of our deferred tax assets and ceased to recognize any tax benefit associated with period losses. Therefore, pro forma results presented for the three and twelve month periods ended March 30, 2003 exclude any domestic tax benefits associated with losses for those periods and include only estimated foreign taxes payable of \$246 thousand and \$984 thousand, respectively.

Our pro forma results exclude acquisition-related charges and unusual or infrequent expenses and benefits that are not directly related to our ongoing operations. We believe that these pro forma results provide useful information; however, our presentation of pro forma results is not in accordance with GAAP and may not be comparable to pro forma information provided by other companies. Pro forma information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.

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

(In thousands)	Mar. 30, 2003	Mar. 31, 2002
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ASSETS		
Current assets:		
Cash and cash equivalents	\$144,400	\$256,172
Short-term investments	410,425	418,228
Accounts receivable, net	40,111	40,067
Inventories	41,189	78,247
Deferred tax assets	--	74,874
Prepayments and other current assets	29,420	19,787
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Total current assets	665,545	887,375
Property, plant and equipment, net	129,923	221,499
Goodwill and other intangibles	47,266	57,281
Other assets	38,578	59,664
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TOTAL ASSETS	\$881,312	\$1,225,819
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$17,514	\$18,342
Accrued compensation and related expenses	11,020	14,068
Deferred income on shipments to distributors	17,911	36,443
Income taxes payable	32,280	21,863
Other accrued liabilities	20,120	29,173
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Total current liabilities	98,845	119,889
Other liabilities	23,775	51,221
Total liabilities	122,620	171,110
Stockholders' equity	758,692	1,054,709
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 881,312	\$1,225,819
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