

INTEGRATED DEVICE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	Sep. 28, 2003	Jun. 29, 2003	Sep. 29, 2002	Sep. 28, 2003	Sep. 29, 2002
Revenues	\$ 80,777	\$ 83,045	\$ 92,252	\$ 163,822	\$ 184,064
Cost of revenues	42,201	48,724	49,246	90,925	106,249
Gross profit	38,576	34,321	43,006	72,897	77,815
Operating expenses:					
Research and development	25,716	25,366	29,384	51,082	59,625
Selling, general and administrative	18,320	18,325	20,018	36,645	40,600
Acquired in-process research and development	264	--	--	264	--
Total operating expenses	44,300	43,691	49,402	87,991	100,225
Operating loss	(5,724)	(9,370)	(6,396)	(15,094)	(22,410)
Interest expense	(118)	(92)	(129)	(210)	(260)
Gain (Loss) on equity investments	3,151	--	(6,557)	3,151	(6,557)
Interest income and other, net	3,142	4,224	5,231	7,366	11,154
Income (loss) before income taxes	451	(5,238)	(7,851)	(4,787)	(18,073)
Benefit for income taxes	(699)	(486)	(2,969)	(1,185)	(5,601)
Net income (loss)	<u>\$ 1,150</u>	<u>\$ (4,752)</u>	<u>\$ (4,882)</u>	<u>\$ (3,602)</u>	<u>\$ (12,472)</u>
Net income (loss) per share:					
Basic	\$ 0.01	\$ (0.05)	\$ (0.05)	\$ (0.03)	\$ (0.12)
Diluted	\$ 0.01	\$ (0.05)	\$ (0.05)	\$ (0.03)	\$ (0.12)
Weighted average shares:					
Basic	104,210	103,872	103,091	104,041	103,662
Diluted	106,148	103,872	103,091	104,041	103,662

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

(In thousands)

	Three Months Ended			Six Months Ended	
	Sep. 28, 2003	Jun. 29, 2003	Sep. 29, 2002	Sep. 28, 2003	Sep. 29, 2002
Net income (loss)	\$ 1,150	\$ (4,752)	\$ (4,882)	\$ (3,602)	\$ (12,472)
Non-GAAP adjustments:					
Cost of goods sold:					
Restructuring charges (1)	--	15	--	15	--
Other (3)	280	282	619	562	4,256
Amortization of acquisition- related charges (2)	357	234	786	591	1,572
Operating expenses:					
Acquired IPR&D (2)	264	--	--	264	--
Other (3)	--	36	108	36	586
Restructuring charges (1)	752	541	--	1,293	--
Other acquisition- related costs (2)	492	444	976	936	1,952
(Gain) loss on equity investments (4)	(3,151)	--	6,557	(3,151)	6,557
Other income (5)	(180)	(722)	--	(902)	--
Taxes (5)	(1,081)	(849)	(3,208)	(1,930)	(4,971)
Total Non-GAAP adjustments	(2,267)	(19)	5,838	(2,286)	9,952
Pro forma net income (loss)	\$ (1,117)	\$ (4,771)	\$ 956	\$ (5,888)	\$ (2,520)

- (1) Represents costs, primarily severance, of restructuring actions taken in Q2 2004. Q1 2004 includes non-recurring period costs, primarily facility exit costs, related to final implementation of restructuring activities originally announced in Q4 2003.
- (2) Costs relate to our Q2 2004 TCAM3 acquisition from IBM and acquisitions of Newave and Solidum in April 2001 and October 2002, respectively. Newave-related costs include stock-based compensation, amortization of intangible assets, and (in and six months ended Q2 2003 only) contingent compensation. TCAM3 and Solidum-related costs include only amortization of intangible assets.
- (3) Consists of costs associated with the closure of our Salinas plant.
- (4) Q2 2004 consists of the net gain realized on the sale of our final equity holdings in PMC-Sierra Inc. Q2 2003 represents an other-than-temporary impairment charge related the same investment.
- (5) In Q2 and Q1 2004, we received non-recurring federal and state tax refunds for tax years prior to 1996 plus interest accrued thereon.

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

(In thousands, except per share data)

	Three Months Ended			Six Months Ended	
	Sep. 28, 2003	Jun. 29, 2003	Sep. 29, 2002	Sep. 28, 2003	Sep. 29, 2002
Revenues	\$ 80,777	\$ 83,045	\$ 92,252	\$ 163,822	\$ 184,064
Cost of revenues	41,564	48,193	47,841	89,757	100,421
Gross profit	39,213	34,852	44,411	74,065	83,643
Operating expenses:					
Research and development	25,261	24,592	28,456	49,853	57,617
Selling, general and administrative	17,531	18,078	19,862	35,609	40,070
Total operating expenses	42,792	42,670	48,318	85,462	97,687
Operating loss	(3,579)	(7,818)	(3,907)	(11,397)	(14,044)
Interest expense	(118)	(92)	(129)	(210)	(260)
Interest income and other, net	2,962	3,502	5,231	6,464	11,154
Income (loss) before income taxes	(735)	(4,408)	1,195	(5,143)	(3,150)
Provision (benefit) for income taxes	382	363	239	745	(630)
Net income (loss)	\$ (1,117)	\$ (4,771)	\$ 956	\$ (5,888)	\$ (2,520)
Net income (loss) per share:					
Diluted	\$ (0.01)	\$ (0.05)	\$ 0.01	\$ (0.06)	\$ (0.02)
Weighted average shares:					
Diluted	104,210	103,872	104,508	104,041	103,662

Our pro forma results exclude acquisition-related charges and unusual or infrequent expenses and benefits that management believes 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)

<i>(In thousands)</i>	Sep. 28, 2003	Mar. 30, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 176,519	\$ 144,400
Short-term investments	391,429	410,425
Accounts receivable, net	40,950	40,111
Inventories	33,414	41,189
Prepayments and other current assets	20,781	29,420
Total current assets	663,093	665,545
Property, plant and equipment, net	122,561	129,923
Goodwill and other intangibles	54,278	47,266
Other assets	37,344	38,578
TOTAL ASSETS	\$ 877,276	\$ 881,312
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,323	\$ 17,514
Accrued compensation and related expenses	11,885	11,020
Deferred income on shipments to distributors	16,082	17,911
Income taxes payable	33,095	32,280
Other accrued liabilities	19,406	20,120
Total current liabilities	96,791	98,845
Other liabilities	20,359	23,775
Total liabilities	117,150	122,620
Stockholders' equity	760,126	758,692
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 877,276	\$ 881,312