

INTEGRATED DEVICE TECHNOLOGY INC
Form 10-K
May 18, 2018
Table of Contents

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 1, 2018

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)

6024 SILVER CREEK VALLEY ROAD, SAN JOSE, CALIFORNIA

(Address of Principal Executive Offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class _____ Name of each exchange on which registered _____

Common stock, \$.001 par value The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated Filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates was approximately \$2,620 million, computed by reference to the last sales price of \$26.58 as reported by The NASDAQ Stock Market LLC, as of the last business day of the registrant's most recently completed second fiscal quarter, October 1, 2017. Shares of common stock held by each executive officer and director and by each person who owns 5% or more of the outstanding common stock have been excluded in that such persons may be deemed affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's Common Stock, \$.001 par value, as of May 14, 2018 was approximately 129,264,653.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10, 11, 12, 13, and 14 of Part III incorporate information by reference from the registrant's Proxy Statement for the 2018 Annual Meeting of Stockholders.

Table of Contents

INTEGRATED DEVICE TECHNOLOGY, INC.
ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

PART I

Item 1.	<u>Business</u>	<u>3</u>
Item 1A.	<u>Risk Factors</u>	<u>7</u>
Item 1B.	<u>Unresolved Staff Comments</u>	<u>17</u>
Item 2.	<u>Properties</u>	<u>17</u>
Item 3.	<u>Legal Proceedings</u>	<u>17</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>17</u>

PART II

Item 5.	<u>Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</u>	<u>18</u>
Item 6.	<u>Selected Financial Data</u>	<u>20</u>
Item 7.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>22</u>
Item 7A.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>36</u>
Item 8.	<u>Financial Statements and Supplementary Data</u>	<u>37</u>
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>88</u>
Item 9A.	<u>Controls and Procedures</u>	<u>88</u>
Item 9B.	<u>Other Information</u>	<u>88</u>

PART III

Item 10.	<u>Directors, Executive Officers and Corporate Governance</u>	<u>89</u>
Item 11.	<u>Executive Compensation</u>	<u>90</u>
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>91</u>
Item 13.	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>91</u>
Item 14.	<u>Principal Accountant Fees and Services</u>	<u>91</u>

PART IV

Item 15.	<u>Exhibits, Financial Statement Schedules</u>	<u>92</u>
Item 16.	<u>Form 10-K Summary</u>	<u>92</u>
	<u>Signatures</u>	<u>97</u>

Table of Contents

PART I

Special Note Regarding Forward-Looking Statements

We have made statements in this Annual Report on Form 10-K in Part I, Item 1-“Business,” Item 1A-“Risk Factors,” Item 3-“Legal Proceedings,” Part II, Item 7-“Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in other sections of this Annual Report that are 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). These statements relate to future events and the future results of Integrated Device Technology, Inc., and are based on current expectations, estimates, forecasts and projections about our business and growth prospects, the industry in which we operate and general economic conditions and the beliefs and assumptions of our management. In addition, in this Annual Report on Form 10-K, the words “expects,” “anticipates,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “would,” “could,” “might,” and variations of such words and expressions, as they relate to us, our business and our management, are intended to identify such forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in this Annual Report under the section entitled “Risk Factors” under Part I, Item 1A and elsewhere in this Annual Report, and in other reports we file with the Securities and Exchange Commission (SEC), including our quarterly reports on Form 10-Q.

Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

ITEM 1. BUSINESS

We develop system-level solutions that optimize our customers’ applications in key markets. IDT’s market-leading products in radio frequency (RF), timing, real-time interconnect, wireless power transfer, serial switching, memory interfaces, automotive application-specific integrated circuits (ASICs), optical interconnect, video distribution and contribution, sensor signal conditioner integrated circuits (ICs) and environmental sensors are among our broad array of complete mixed-signal solutions for the communications, computing, consumer, automotive and industrial segments. These products are used for development in areas such as 4G/5G infrastructure, network communications, cloud datacenters, autonomous driving, connected homes, smart appliances and power management for computing and mobile devices.

Our top talent and technology, paired with an innovative product-development philosophy, allows us to solve complex customer problems when designing communications, computing, consumer, automotive and industrial applications. On a worldwide basis, we primarily market our products to original equipment manufacturers (OEMs) through a variety of channels, including direct sales, distributors, electronic manufacturing suppliers (EMSs) and independent sales representatives.

IDT was incorporated in California in 1980 and reincorporated in Delaware in 1987. The terms “the Company,” “IDT,” “our,” “us” and “we” refer to Integrated Device Technology, Inc. and its consolidated subsidiaries, where applicable.

Available Information

We electronically file our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC. The public may read or copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. You may obtain a free copy of our

Edgar Filing: INTEGRATED DEVICE TECHNOLOGY INC - Form 10-K

annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed with or furnished to the SEC on our website at <http://www.IDT.com>, by contacting the Investor Relations Department at our corporate offices by calling (408) 284-8200 or by sending an e-mail message to ir@IDT.com. The information on our website is not part of this Annual Report on Form 10-K.

3

Table of Contents

Products and Markets

We design, develop, manufacture and market a broad range of semiconductor solutions for the advanced communications, computing, consumer, automotive and industrial end-markets.

We measure our business based on two reportable segments: the Communications segment and the Computing, Consumer and Industrial segment. In fiscal 2018, the Communications segment and the Computing, Consumer and Industrial segment accounted for approximately 30% and 70%, respectively, of our revenues from continuing operations of \$842.8 million. In fiscal 2017, the Communications segment and the Computing, Consumer and Industrial segment accounted for approximately 36% and 64%, respectively, of our revenues from continuing operations of \$728.2 million. In fiscal 2016, the Communications segment and the Computing, Consumer and Industrial segment accounted for approximately 43% and 57%, respectively, of our revenues from continuing operations of \$697.4 million. For further information, see “Note 21 - Segment Information” in Part II, Item 8 of this Form 10-K.

Communications Segment

The Communications segment includes clock and timing solutions, radio frequency (RF), flow-control management such as multi-port products, telecommunication interface, high-speed static random access memory, first in and first out memory, digital logic, optical interconnect and frequency control solutions, and Serial RapidIO® switching solutions.

Communications Timing Products: We are the leading provider of silicon timing solutions, offering a complete portfolio of products for clock generation, distribution, recovery and jitter attenuation to serve performance-oriented applications. Created for networking, wireless infrastructure, wireline communications, advanced computing, and enterprise storage applications, our communications clocks include high-performance and high-reliability frequency generation and clock distribution products enabling advanced clock-tree development, clock synthesizers optimized for the latest processors and systems on a chip (SOCs), ultra-low jitter clock sources, jitter attenuation and frequency translation phase-locked loops (PLLs), RF timing products, and solutions for Synchronous Ethernet and IEEE 1588.

Serial RapidIO Solutions: Our extensive line of high-performance, low-power, low-latency RapidIO switches are ideal for peer-to-peer multiprocessor embedded systems. Our latest generation of switches target 5G mobile network development and mobile edge computing. These switches exceed the latest RapidIO 10xN specification, offering ultra-low latency approaching 100ns and a flexible, non-blocking fabric with switching performance of up to 600 Gbps. RapidIO switches are the backbone of 3G and 4G wireless base stations for chip-to-chip, board-to-board and chassis-to-chassis links including secure encryption/decryption of the Serial RapidIO protocol for out-of-the-box cabling.

RF and Optical Interconnect Products: We offer high-performance and full-featured RF signal path and optical interconnect products to complement our clocks and timing, RapidIO, and other industry-leading devices from our rich communications portfolio. Our comprehensive portfolio of performance-leading products includes RF to intermediate frequency (IF) mixers, IF variable gain amplifiers (VGA), digital step attenuators (DSA), digital pre-distortion (DPD) demodulators, IF modulators, RF switches, laser drivers, optical retimers, optical transimpedance amplifiers, and optical modulator drivers.

Computing, Consumer and Industrial Segment

The Computing, Consumer and Industrial segment includes clock generation and distribution, high-performance server memory interface, wireless power, PCI Express®, signal integrity, power management integrated circuits (PMIC), video distribution and contribution, sensor signal conditioner, optical interconnect solutions and sensing products for mobile, automotive and industrial solutions.

Consumer and Computing Timing Products: Our timing products consist of custom and off-the-shelf solutions optimized for digital consumer and computing applications. Consumer timing products include programmable timing devices that address in-system programming and test and I/O translation. By directly enhancing design flexibility, portability and reliability, these products also reduce inventory and test costs. Our other consumer clocks include fanout and zero-delay buffers and spread-spectrum clock generators.

We offer the industry's largest portfolio of computing timing products for all generations of motherboards. Our computing timing solutions offer a unique combination of features and high performance, enabling leading-edge technologies, such as PCI Express, as well as registered and load-reduced dual in-line memory modules (RDIMMs and LRDIMMs). In addition, we offer synthesizer products and provide customized clock solutions with optimized feature sets to meet the needs of specific motherboards.

Memory Interface Products: The broad range of our products for RDIMMs and LRDIMMs is a direct result of our significant experience in timing, high-speed serial interface and logic technologies. We offer register and PLL chipsets to meet the latest memory speed needs of server and workstation devices, including Double Data Rate (DDR) memory technology.

Table of Contents

PCI Express®: Our family of PCI Express® products is aimed at high-performance server, storage, embedded and communications applications. Our PCIe Gen1, Gen2, Gen3, and Gen4 devices include switches, repeaters, retimers, bridges, and advanced PCIe timing products.

Power Management Solutions: Our power management portfolio includes the industry's first true single-chip Qi-certified wireless power transmitter and Qi-compliant wireless power receiver ICs, as well as dual-mode single-chip wireless power receivers that support both the Wireless Power Consortium (WPC) Qi and AirFuel Inductive (formerly known as Power Matters Alliance or PMA) standards. We offer an expanding selection of power management integrated circuits (PMICs), including intelligent, scalable, distributed power management for portable multi-core processors.

We are a leader in wireless power transmitter and receiver solutions for battery charging applications, with proven expertise in developing solutions for both magnetic induction and magnetic resonance technologies. Addressing all major standards and technologies, our highly integrated and innovative transmitter ICs are designed for use in wireless charging stations in homes, offices, libraries, stores, public waiting areas, airports and airplane seats. Our receiver ICs are targeted for use in portable devices and accessories. We participate in all major industry associations and ecosystems, including the WPC and AirFuel Alliance.

Signal Integrity Products: Computing and storage applications face increasing signal integrity challenges as data rates continuously rise. The high-speed I/O used in today's systems make cost-effective and reliable PCB design complicated. Our signal integrity products condition signals and help alleviate constraints in computing, storage and communications applications.

Sensor Products: IDT has long developed and sold temperature sensors among its memory interface products and our sensing portfolio continues to grow. IDT also offers a wide array of sensors and sensor conditioning products that have a proven record of capability in applications in automotive, industrial and consumer end products. These sensing products, when aligned with IDT's other world-class solutions enable IDT to offer a larger platform solution to their customers especially in the automotive and consumer vertical end-market.

Sales Channels

We sell our semiconductor products through three channels: direct sales to OEMs and EMS providers, consignment sales to OEMs and EMSs, and sales through distributors. Direct sales are managed mainly through our internal sales force and independent sales representatives. Revenue is recognized on direct sales based on the relevant shipping terms. During fiscal 2018, direct sales accounted for approximately 40% of our total worldwide revenues.

Consignment sales relate to areas where we have established hubs at or near key customers to allow them quick access to our products. We retain ownership of the product at consignment locations until the product is pulled by the customer. Consignment sales are managed by our internal sales team and accounted for approximately 10% of our total worldwide revenues in fiscal 2018.

The majority of our sales are through distributors. In general, distributors who serve our customers worldwide and distributors who serve our customers in the U.S., Europe and Asia Pacific region, have rights to price protection, stock rotations and other credits/allowances. Revenue is recognized upon shipment to these distributors and credits are reliably estimated for these programs. Revenue recognized on sales through distributors represented approximately 50% of our total worldwide revenues in fiscal 2018.

Sales through three distributors in fiscal 2018 and two distributors in each of fiscal 2017 and 2016 accounted for 10% or more of our total revenues in each period. Sales through a distributor, Uniquet, represented approximately 10%, 11% and 16% of our total revenues in each of the fiscal 2018, 2017 and 2016, respectively. Sales through a distributor, Avnet and its affiliates, represented approximately 15%, 10% and 15% of our total revenues in fiscal 2018, 2017 and 2016, respectively. Macnica and its affiliates, represented approximately 10% of the Company's revenues in fiscal 2018. SK Hynix and its affiliates, which is a direct OEM customer, accounted for 12% of our revenues in fiscal 2016. No other distributor or single direct sales to OEMs and EMS providers or consignment customer represented 10% or more of our total revenues in fiscal 2018, 2017 and 2016.

Customers

We market our products on a worldwide basis, primarily to OEMs who, in turn, incorporate our products into the customers' products marketed under their brands. We work closely with our OEM customers to design and integrate

current and next generation products to meet the requirements of end users. Many of our end customer OEMs have outsourced their manufacturing to a concentrated group of global EMSs and original design manufacturers (ODMs), who then buy product directly from us or through our distributors on behalf of the OEM.

Manufacturing

We currently use third-party foundries that are primarily located in the Asia-Pacific (APAC) region and Germany who provide wafer fabrication requirements for our products. We assemble or package products at several different subcontractors in the APAC region. Utilizing several different subcontractors located in different countries enables us to negotiate lower prices and limits the risk associated with production concentration in one country or company. The criteria used to select assembly subcontractors

Table of Contents

include, but are not limited to, cost, quality, delivery, automotive certification and subcontractor financial stability. We perform the vast majority of our test operations at our test facilities located in Malaysia and Germany. A relatively small amount of test operations are also performed at third-party subcontractors in the APAC region.

Seasonality

Our revenue is generally influenced on a quarterly basis by customer demand patterns and new product introductions. Many of our products have been incorporated into consumer electronic products, which are subject to seasonality and fluctuations in demand.

Backlog

We offer custom designed products, as well as industry-standard products and application-specific standard products. Sales are made primarily pursuant to standard purchase orders, which are frequently revised by customers as their requirements change. We have also entered into master purchase agreements, which do not require minimum purchase quantities, with many of our OEM and EMS customers. We schedule product deliveries upon receipt of purchase orders under the related customer agreements. Generally, these purchase orders and customer agreements, especially those for standard products, also allow customers to change the quantities, reschedule delivery dates and cancel purchase orders without significant penalties. In general, orders, especially for industry standard products, are often made with very short lead times and may be canceled, rescheduled, re-priced or otherwise revised prior to shipment. In addition, certain distributor orders are subject to price adjustments both before and after shipment. For all these reasons, we do not believe that our order backlog is a reliable indicator of future revenues.

Research and Development

Our research and development efforts emphasize the development and design of proprietary, differentiated, high-performance, low-power analog and mixed-signal semiconductor products. We believe that a sustained level of investment in research and development is necessary to maintain our competitive position. We operate research and development centers in Irvine, San Jose and San Diego, California; Tempe, Arizona; Duluth, Georgia; Westford, Massachusetts; Smithfield, Rhode Island; Ottawa, Canada; Shanghai and Chengdu, China; Dresden, Munich and Stuttgart, Germany; and Varna and Sofia Bulgaria. Our research and development expense was \$202.7 million in fiscal 2018, compared with \$165.1 million in fiscal 2017 and \$148.5 million in fiscal 2016. Research and development expenses, as a percentage of revenues, were approximately 24%, 23% and 21% in fiscal 2018, 2017 and 2016, respectively.

Our product development activities are focused on the design of integrated circuits that provide differentiated features and enhanced performance primarily for communications, computing, consumer, automotive and industrial applications.

Competition

The semiconductor industry is characterized by rapid technological advances, cyclical market patterns, erosion of product sale prices and evolving industry standards. Many of our competitors have substantially greater technical, marketing, manufacturing or financial resources than we do. In addition, several foreign competitors receive financial assistance from their governments, which could give them a competitive advantage. We compete in different product areas to varying degrees on the basis of technical innovation and product performance, as well as product quality, availability and price.

Our competitive strategy is to use our applications expertise to develop a deep understanding of customers' systems and to use our unique combination of analog and digital technologies to develop complete product portfolios that solve our customers' whole problem. We differentiate our products through innovative configurations, proprietary features, high performance, and breadth of offerings. Our ability to compete successfully and to expand our business will depend on a number of factors, including but not limited to:

Performance, feature, quality and price of our products;

Timing and success of new product introductions by us, our customers and our competitors;

Quality of technical service and support and brand awareness;

Cost effectiveness of our design, development, manufacturing and marketing efforts; and

Global economic conditions.

We compete with product offerings from numerous companies, including Analog Devices, Inc.; ams AG; Broadcom Inc.; Cypress Semiconductor Corporation; Elmos Semiconductor AG; Inphi Corporation; Maxim Integrated Products, Inc.; Melexis Semiconductors; Montage Technology; NXP Semiconductors; On Semiconductor Corporation; pSemi Corporation; Sensirion AG; Silicon Laboratories Inc.; Skyworks Solutions Inc.; ST Microsystems; and Texas Instruments Inc.

Table of Contents

Intellectual Property and Licensing

We rely primarily on our patents, trade secrets, contractual provisions, licenses, copyrights, trademarks, and other proprietary rights mechanisms to protect our intellectual property. We believe that our intellectual property is a key corporate asset, and we continue to invest in intellectual property protection. We also intend to increase the breadth of our patent portfolio. There can be no assurance that any patents issued to us will not be challenged, invalidated or circumvented, that the rights granted thereunder will provide competitive advantages to us or that our efforts to protect our intellectual property rights will be successful.

In recent years, there has been a growing trend of companies resorting to litigation to protect their semiconductor technology from unauthorized use by others. We have been involved in patent litigation, which has impacted or could impact our operating results. Although we have obtained patent licenses from certain semiconductor manufacturers, we do not have licenses from a number of semiconductor manufacturers with broad patent portfolios. While we are not knowingly infringing on any of their patents, these semiconductor manufacturers may resort to litigation or other means in an effort to allege infringement and force us to obtain licenses to their patents. Our success will depend in part on our ability to obtain necessary intellectual property rights and protect our intellectual property rights. While we have filed patent applications, we cannot be certain that these applications will issue into patents or that we will be able to obtain the patent coverage and other intellectual property rights necessary to protect our technology. Further, we cannot be certain that once granted, the intellectual property rights covered by such patents will not be challenged by other parties.

Acquisitions and Divestitures

From time to time we consider acquisitions and divestitures. We focus on transactions that are a strategic fit and strengthen our portfolio, and that also meet our financial objectives. For further information, see “Note 3 - Acquisitions” in Part II, Item 8 of this Form 10-K.

Environmental Regulation

We are committed to protecting the environment and the health and safety of our employees, customers and the public. We endeavor to adhere to the most stringent standards across all of our facilities, to encourage pollution prevention and to strive towards continual improvement. As an integral part of our total quality management system, we strive to exceed compliance with regulatory standards in order to achieve a standard of excellence in environmental, health and safety management practices.

Our test facilities are subject to numerous environmental laws and regulations, particularly with respect to the storage, handling, use, discharge and disposal of certain chemicals, gases and other substances used or produced in the semiconductor manufacturing process. Compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings, financial condition or competitive position. Although we believe that we are fully compliant with all applicable environmental laws and regulations there can be no assurance that current or future environmental laws and regulations will not impose costly requirements upon us. Any failure by us to comply with applicable environmental laws and regulations could result in fines, suspension of production and legal liability.

Employees

As of April 1, 2018, we had approximately 1,821 employees worldwide, with approximately 711 employees located in the United States. Our future success depends in part on our ability to attract and retain qualified personnel, particularly engineers, who are often in great demand. We have implemented policies enabling our employees to share in our success, including stock option, restricted stock unit, stock purchase and incentive bonus plans. We have never had a work stoppage related to labor issues. As of April 1, 2018, we had three employees in France who are covered by a national trade union collective bargaining agreement, and 218 employees in Germany are currently represented by a works council.

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. These risk factors are intended to highlight certain factors that may affect our financial condition and results of operations and are not meant to be an exhaustive discussion of risks that we may face. Our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations.

Due to risk and uncertainties, both known and unknown, we may be unable to conduct our business as currently planned and our financial condition and operating results could be adversely impacted. In addition, the price of our securities is subject to volatility and could decline due to the occurrence of any of these risks, causing investors to lose all or part of their investment.

Our operating results can fluctuate dramatically. Our operating results have fluctuated in the past and are likely to vary in the future. Past financial results may not be a reliable indicator of future performance. Fluctuations in operating results can result from a wide variety of factors, including:

global economic conditions, including those related to the credit markets;

Table of Contents

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;

limited control over our manufacturing and product delivery as a result of our 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, economic and health conditions in various geographic areas;

trade-relations disputes and/or tariffs imposed by various countries;

imposition and/or enforcement of U.S. export control restrictions or similar regulatory trade limitations;

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 and geo-political conditions may adversely affect our business and results of operations. We have and/or rely on facilities and operations in many countries throughout the world and some of our operations are concentrated in one or more geographic regions. A significant portion of our revenue comes from shipments to locations outside the United States. As a result of the breadth of our international operations, we are subject to the potential for substantial volatility in global capital markets and the global demand for semiconductor product. Our financial results and operations, including our ability to manufacture, assemble and test, design, develop and sell products, may be adversely affected by various global economic and geo-political conditions which can include:

slow, uneven economic growth throughout the world;

uncertainty regarding macroeconomic conditions and/or an institutional or economic collapse in a geographic region;

geo-political events and security breaches throughout the world, such as armed conflict, civil or military unrest, political instability, terrorist activity, cyber attacks and data fraud or theft;

natural disasters and public health issues including pandemics and outbreaks of infectious diseases;

large scale disruptions in transportation, communications and information technology networks;

disruption from trade-relations disputes and/or tariffs imposed by various countries; and

imposition and/or enforcement of U.S. export control restrictions or similar regulatory trade limitations.

The cyclical nature of the semiconductor industry exacerbates the volatility of our operating results.

The semiconductor industry is highly cyclical and 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 may experience periods of increased demand, during which we may experience internal and external manufacturing constraints. We may also experience substantial changes in future operating results due to the cyclical nature of the semiconductor industry.

Our acquisitions and the integration of businesses, operations and employees with our own will involve risks and the failure to integrate successfully in the expected time frame may adversely affect our future results. Any failure to successfully integrate the business, operations and employees of acquired companies could harm our results of operations. Our ability to realize these benefits will depend, in part, on the timely integration and consolidation of organizations, operations, facilities, procedures, policies and technologies, and the harmonization of differences in the business cultures between the companies and their personnel. Implementation and integration of acquired businesses will be complex and time-consuming.

Table of Contents

will involve additional expense and could disrupt our business and divert management's attention from ongoing business concerns. The challenges involved in integrating acquired businesses will include:

- preserving customer, supplier and other important relationships of the acquired companies and the Company;
- coordinating and integrating operations;
- integrating financial forecasting and controls, procedures and reporting cycles;
- combining and integrating information technology systems; and
- integrating employees and related human resources systems and benefits, maintaining employee morale and retaining key employees.

The benefits we expect to realize from acquisitions are, necessarily, based on projections and assumptions about the combined businesses of the Company and the acquired businesses and assume, among other things, the successful integration of the acquired companies into our business and operations. We may not successfully integrate such acquired businesses and our operations in a timely manner, or at all. If we do not realize the anticipated benefits of such transaction, our growth strategy and future profitability could be affected. In addition, an acquisition could significantly increase the amount of our goodwill and other intangible assets, which could adversely affect our future results of operations.

We have a substantial amount of indebtedness which could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations.

On April 4, 2017, we borrowed \$200 million in a term loan facility (Initial Term B Loan) with an original maturity date of April 4, 2024. In November 2015, we issued \$373.8 million of 0.875% Convertible Senior Notes due 2022 (Convertible Notes). Our substantial indebtedness may:

- limit our ability to use our cash flow or borrow additional funds for working capital, capital expenditures, acquisitions and general corporate and other purposes;
- make it difficult for us to satisfy our financial obligations;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

Our Credit Agreement related to the Initial Term B Loan contains customary affirmative and negative covenants, including covenants that limit or restrict our and our subsidiaries' ability to, among other things, incur indebtedness, grant liens, merge or consolidate, dispose of assets, make investments, make acquisitions, enter into transactions with affiliates, pay dividends or make distributions and repurchase stock. Any of these factors could materially and adversely affect our business, financial condition and results of operations. In addition, if we incur additional indebtedness, the risks related to our business and our ability to service or repay our indebtedness would increase. The exercise of warrants issued to JPMorgan Chase Bank concurrently with our Convertible Notes would, and the conversion of our Conversion Notes could, dilute the ownership interest of our existing shareholders.

If the market price per share of our common stock, as measured under the terms of the warrant transactions, exceeds the strike price of the warrants during the measurement period at the maturity of the warrants, we will owe JPMorgan Chase Bank a number of shares of our common stock in an amount based on the excess of such market price per share of our common stock over the strike price of the warrants. Any issuance by us of additional shares to JPMorgan Chase Bank upon exercise of the warrants will dilute the ownership interest of our existing shareholders. In addition, the conversion of our Convertible Notes will dilute the ownership interests of our existing shareholders and could have a dilutive effect on our net income per share to the extent that the price of our common stock exceeds the conversion price of the Convertible Notes. Any sales in the public market by JPMorgan Chase Bank of our common stock upon exercise of the warrants or sales in the public market of our common stock issuable upon conversion of the Convertible Notes could adversely affect prevailing market prices of our common stock.

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. Mergers, acquisitions and divestitures include a

number of risks and present financial, managerial and operational challenges. Acquisitions or divestitures could divert our management's attention and other resources from other business concerns. Integrating newly acquired businesses or technologies, or in the case of a divestiture, separating businesses or technologies, could put a strain on our resources, could be costly and time consuming, and might not be successful. In addition, we might lose key employees while integrating new organizations or might incur increased expenses, including but not limited to legal, administrative and compensation expenses, related to newly hired or terminated employees. 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

Table of Contents

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. For all these reasons, our pursuit of an acquisition, investment, divestiture, merger or joint venture could cause our actual results to differ materially from those anticipated.

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

Our product portfolio consists predominantly of semiconductor solutions for the communications, computing, consumer, automotive and industrial 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, consumer electronics, and automotive and industrial solutions. 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 rely 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 reliance on subcontractors and third-party foundries for our current products presents certain risks because we will have less control over manufacturing quality and delivery schedules, maintenance of sufficient capacity to meet our orders and maintaining in place the manufacturing processes we require. 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 be affected by changes in our customers' levels of inventory and differences in the timing and pattern of orders from their end customers. Also, product recalls or delays and/or discontinuance of product development activities of our customers can impact the demand for our products. 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 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 improve our results of operations.

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. We may not be

successful in carrying out our business strategy. Further, some or all of our assumptions may be incorrect and our business strategy may not sustain or improve our results of operations. In particular, we may not 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.

In addition, circumstances beyond our control and changes in our business or industry may require us to change our business strategy at any given time.

Table of Contents

We face significant competition.

The semiconductor industry is highly competitive and subject to rapid market developments and changes in industry standards, trends and desirable technology. If we do not anticipate and respond to these developments, our competitive position may weaken and our products and/or technologies may become undesirable or obsolete. Further, the price and product development pressures that result from competition may lead to reduced profit margins and lost business opportunities in the event that we are unable to match the price decline or cost efficiencies or advancements of our competitors.

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 customers and their customers 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 OEMs have outsourced their manufacturing to a concentrated group of global EMSs 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. 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.

Table of Contents

We face competitive pressures and unique requirements from our automotive business customers.

Our automotive business is highly competitive and we may face significant pricing and price reduction pressures from our automotive business customers. Our automotive business results could be adversely impacted if we are unable to offset pricing reduction pressures by improving operating efficiencies and reducing expenditures. In addition to aggressive pricing and ongoing price reductions, our automotive business customers may require longer term product supply commitments and greater contractual penalties and/or liability terms than those of our non-automotive business customers. Our automotive business customers' products may also carry a risk of personal injury or property damage to end users in the event of a component failure and our participation in such business segment carries an increased risk that we will be required to respond to product liability and other similar types of claims.

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, Taiwan, Thailand, China, and Germany. In addition, we own test facilities in Malaysia and Germany. 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, armed conflicts 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.

We are exposed to risks related to cybersecurity threats and incidents.

In the conduct of our business, we collect, use, transmit and store data on information technology systems. These data include confidential information belonging to us or our customers or other business partners, as well as personally-identifiable information of individuals. Unauthorized persons or employees may gain access to our facilities or information technology systems to steal trade secrets or other proprietary information, compromise confidential information, create system disruptions or cause shutdowns. These parties may also be able to develop and deploy viruses, worms, and other malicious software programs that disrupt our operations and create security vulnerabilities. We devote significant resources to network security, data encryption and other measures to protect our systems and data from unauthorized access or misuse. However, depending on their nature and scope, cybersecurity incidents could result in: business disruption; the misappropriation, corruption or loss of confidential information; reputational damage; litigation with third parties; data privacy issues; and increased cybersecurity protection and remediation costs. Attempted or successful attacks against our products and services could damage our reputation with customers or users and reduce demand for our products and services; which could have a material adverse effect on our business, financial condition and results of operation.

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;
- defending against litigation related to such products; and
- paying penalties or damages attributable to the defect.

12

Table of Contents

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 us 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, indemnify customers against certain claims made against them, and develop non-infringing 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.

We may be unable to enforce or protect our intellectual property rights.

We rely on patents, copyrights, trade secrets, mask rights, and other intellectual property rights as well as confidentiality and licensing agreements to protect our intellectual property interests. Our ability to enforce these rights is subject to general litigation risks, as well as uncertainty as to the enforceability of these rights in various countries. Should we seek to enforce our intellectual property rights, we could be subject to claims that our intellectual property rights are invalid or otherwise not enforceable. Our assertion of our intellectual property rights may result in the other party seeking to assert claims against us, which could be disruptive to and/or harm our business. Our inability to enforce our intellectual property rights under any of these circumstances may harm our competitive position and business.

We rely on access to third-party intellectual property, which may not be available to us on commercially reasonable terms or at all.

Some of our products include third-party intellectual property and/or implement industry standards, which may require licenses from third parties. Based on past experience and industry practice, we believe such licenses generally can be obtained on commercially reasonable terms. However, there is no assurance that the necessary licenses can be obtained on acceptable terms or at all. Failure to obtain the right to use third-party intellectual property, or to use such intellectual property on commercially reasonable terms, could preclude us from selling certain products or otherwise have a material adverse impact on our financial condition and operating results.

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.

Table of Contents

We were granted a tax incentive in Malaysia during fiscal 2009. The tax incentive 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, the Company agreed with the Malaysian Industrial Development Authority (MIDA) to cancel the previously granted tax incentive and enter into a new tax incentive agreement which provides a full tax exemption on statutory income for a period of 10 years commencing April 4, 2011. We are required to meet several conditions as to financial targets, investment, headcount and activities in Malaysia to retain this status. Our inability to renew this tax incentive or other exemptions, when they expire, or to 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. On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ("TCJA"). The changes included in the TCJA are broad and complex. The final transition impacts of the TCJA may differ from the estimates provided elsewhere in our financial results, possibly materially, due to, among other things, changes in interpretations of the TCJA, any legislative action to address questions that arise because of the TCJA, any changes in accounting standards for income taxes or related interpretations in response to the TCJA, or any updates or changes to estimates we have utilized to calculate the transition impacts, including impacts from changes to post-1986 earnings and profits for our foreign entities and current year earnings estimates. Additionally, other countries where we do business have been considering changes in relevant tax laws applicable to multinational corporations such as ours. These potential changes could adversely affect our effective tax rate or result in higher cash tax liabilities.

Our effective tax rate could be adversely affected by changes in the mix of earnings between countries with differing statutory tax rates, by changes in the valuation of deferred tax assets, 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. Further, 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, and continue to be, involved in various legal proceedings from time to time, such as those described below in Part I, Item 3 "Legal Proceedings." We may face legal claims or regulatory matters involving stockholder, consumer, competition and other issues on a global basis. The costs associated with legal proceedings are typically high, relatively unpredictable, and are not completely within our control. 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 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 effect on our gross margins, research and development expense and selling, general and administrative expense. For more information, see "Critical Accounting Policies and Estimates" in Part II, Item 7 and "Note 1. Summary of Significant Accounting Policies" in Part II, Item 8 of this Form 10-K.

Table of Contents

International operations add increased volatility to our operating results.

A substantial percentage of our total revenues are derived from international sales, based on the customers' shipment locations, as summarized below:

(percentage of total revenues)	Fiscal 2018	Fiscal 2017	Fiscal 2016
Hong Kong	36 %	36 %	44 %
Korea	10 %	11 %	11 %
Rest of Asia Pacific	30 %	31 %	25 %
Europe	14 %	12 %	9 %
Americas	10 %	10 %	11 %
Total	100%	100%	100%

In addition, our test facilities in Malaysia and Germany, our design centers in Canada, China, and Germany, 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. As of April 1, 2018, we had cash, cash equivalents and investments of approximately \$201.8 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 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.

15

Table of Contents

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 \$420.1 million of goodwill and \$180.8 million of intangible assets on our consolidated balance sheet as of April 1, 2018. 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 2019, 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.

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 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.

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.

Table of Contents

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.

Our operations could be affected by the complex laws, rules and regulations to which our business is subject.

We are subject to complex laws, rules and regulations affecting our domestic and international operations relating to, for example, environmental, safety and health; exports and imports; International Traffic in Arms Regulations (ITAR), bribery and corruption; tax; data privacy; labor and employment; competition; and intellectual property ownership and infringement. Compliance with these laws, rules and regulations may be onerous and expensive, and if we fail to comply or if we become subject to enforcement activity, our ability to manufacture our products and operate our business could be restricted and we could be subject to fines, penalties or other legal liability. Furthermore, should these laws, rules and regulations be amended or expanded, or new ones enacted, we could incur materially greater compliance costs or restrictions on our ability to manufacture our products and operate our business.

In October 2015, the European Court of Justice invalidated the year 2000 “Safe Harbor” agreement between the European Union and the United States. Before this ruling, companies that complied with the Safe Harbor agreement were deemed to provide an adequate level of protection for European Union citizens’ personally identifiable information that was transferred to, and used in, the United States in the ordinary course of business. Since 2000, we have relied on the Safe Harbor agreement to ensure compliance with data privacy laws in Europe. In light of the October 2015 ruling invalidating the Safe Harbor agreement, we may incur fines, penalties, legal liability and/or additional material costs as we move forward to put in place policies, procedures and practices that ensure compliance with existing and evolving data privacy laws and requirements of the European Union and its member states.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We own and operate test facilities in Malaysia (approximately 145,000 square feet), and Germany (approximately 19,200 square feet). Our test facilities in Malaysia and Germany are subject to ground lease.

Our corporate headquarters and various administrative, engineering and support functions are located in San Jose, California. We own and occupy approximately 263,000 square feet of space at our San Jose headquarters. We also lease various facilities throughout the world for sales and marketing functions and research and development, including design centers in the United States, Canada, Europe and Asia.

We believe that the facilities that we currently own or lease are suitable and adequate for our needs for the immediate future.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of legal proceedings, please see “Note 16 – Commitments and Contingencies – Litigation” in Part II, Item 8 of this Annual Report on Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Common Stock

Our Common Stock is traded on the NASDAQ Global Select Market under the symbol IDTI. The following table shows the high and low sales prices for our Common Stock as reported by the NASDAQ Global Select Market for the fiscal periods indicated:

	High	Low
Fiscal 2018		
First Quarter	\$26.34	\$22.70
Second Quarter	\$28.08	\$23.07
Third Quarter	\$33.92	\$26.59
Fourth Quarter	\$34.13	\$26.96
Fiscal 2017		
First Quarter	\$23.99	\$18.49
Second Quarter	\$23.20	\$18.49
Third Quarter	\$25.87	\$19.38
Fourth Quarter	\$26.66	\$23.10

Stockholders

As of May 14, 2018, there were approximately 561 record holders of our Common Stock. A substantial majority of our shares are held by brokers and other institutions on behalf of individual stockholders.

Dividends

We have never paid cash dividends on our Common Stock. We currently plan to retain any future earnings for use in our business and do not currently anticipate paying cash dividends in the foreseeable future. For information on restrictions contained in the Credit Agreement, see "Note 19 - Term B Loan" in Part II, Item 8 of this Form 10-K.

Equity Incentive Programs

We primarily issue awards under our 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. Please see "Note 9 – Stock-Based Employee Compensation" in Part II, Item 8 of this Annual Report on Form 10-K.

Other equity plan information required by this Item is incorporated by reference to the information in Part III, Item 12 of this Annual Report on Form 10-K.

Issuer Purchases of Equity Securities

The following table sets forth information with respect to repurchases of our common stock for the three months ended April 1, 2018:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2018 - January 28, 2018	182,192	\$ 32.09	182,192	\$201,478,248
January 29, 2018 - February 25, 2018	1,245,232	\$ 28.77	1,245,232	\$165,629,549
February 26, 2018 - April 1, 2018	1,861,900	\$ 31.57	1,861,900	\$106,830,102
Total	3,289,324	\$ 30.54	3,289,324	

Table of Contents

In April 2015, our Board of Directors approved a new share repurchase program authorization for \$300 million. In October 2015, our Board of Directors approved an increase in the share repurchase authorization by another \$300 million. In November 2015, we entered into separate accelerated share repurchase agreements (ASR Agreements) with JPMorgan Chase Bank and Bank of America to repurchase a total of \$225 million of our common stock, which were completed during fiscal 2016. On July 28, 2017, the Company's Board of Directors approved an increase to our share repurchase authorization of \$200 million. On April 24, 2018, the Company's Board of Directors approved an increase to the share repurchase authorization of \$400 million. As of April 1, 2018, approximately \$106.8 million was available for future purchases under the share repurchase program. In fiscal 2018, we repurchased 6.5 million shares of our common stock for \$185.3 million. In fiscal 2017, we repurchased 4.3 million shares of our common stock for \$93.5 million. In fiscal 2016, we repurchased 17.9 million shares of our common stock for \$422.3 million, of which approximately \$225 million of our common stock was repurchased under the ASR Agreements.

Share repurchases were recorded as treasury stock and resulted in a reduction of stockholders' equity. The programs are intended to reduce the number of outstanding shares of our common stock to offset dilution from employee equity grants and increase shareholder value.

Stock Performance Graph

Set forth below is a line graph comparing the percentage change in the cumulative total stockholder return on our common stock against the cumulative total return of the S&P 500 Index and the S&P Electronics (Semiconductors) Index for a period of five fiscal years. Our fiscal year ends on a different day each year because our year ends at midnight on the Sunday nearest to March 31 of each calendar year. However, for convenience, the amounts shown below are based on a March 31 fiscal year end. "Total return," for the purpose of this graph, assumes reinvestment of all dividends.

The performance of our stock price shown in the following graph is not necessarily indicative of future stock price performance.

Cumulative Total Return	2013	2014	2015	2016	2017	2018
Integrated Device Technology, Inc.	\$100.00	\$159.84	\$264.93	\$277.78	\$316.87	\$409.10
S&P 500 Index	\$100.00	\$119.32	\$131.34	\$132.09	\$150.57	\$168.30
S&P Semiconductor Index	\$100.00	\$119.37	\$131.32	\$132.07	\$150.47	\$167.96

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

The data set forth below are qualified in their entirety by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and related notes thereto included in this Annual Report on Form 10-K.

Statements of Operations Data

(in thousands, except per share data)	Fiscal Year Ended				
	April 1, 2018 (2) (4)	April 2, 2017	April 3, 2016 (5)	March 29, 2015	March 30, 2014 (7)
Revenues (8)	\$842,764	\$728,243	\$697,376	\$572,905	\$484,779
Net income (loss) from continuing operations (3) (8)	\$(12,136)	\$109,184	\$195,299	\$114,581	\$111,313
Basic net income (loss) per share – continuing operations (3) (8)	\$(0.09)	\$0.82	\$1.37	\$0.77	\$0.74
Diluted net income (loss) per share – continuing operations (3) (8)	\$(0.09)	\$0.79	\$1.32	\$0.74	\$0.73
Net cash provided by operating activities	\$232,176	\$168,974	\$192,602	\$171,772	\$75,629

Balance Sheet Data

(in thousands)	Fiscal Year Ended				
	April 1, 2018	April 2, 2017	April 3, 2016	March 29, 2015	March 30, 2014
Cash, cash equivalents and investments	\$358,899	\$406,046	\$354,464	\$555,060	\$453,815
Working capital	\$435,518	\$469,866	\$390,994	\$573,797	\$508,713
Total assets (2) (5)	\$1,310,531	\$1,183,634	\$1,099,189	\$913,659	\$830,960
Convertible notes (6)	\$299,551	\$285,541	\$272,221	\$—	\$—
Long-term bank loan, net (1)	\$191,073	\$—	\$—	\$—	\$—
Other long-term obligations	\$25,684	\$18,894	\$21,264	\$17,605	\$18,683

In fiscal 2018, we entered into a credit agreement that provides for variable rate term loans in aggregate principal amount of \$200 million, with an original term of 7 years. The balance as of the end of fiscal 2018 represents the liability component, net of unamortized debt issuance costs and debt discount. Refer to Note 19 for details.

In fiscal 2018, we completed the acquisition of GigPeak. The results of operations have been included in fiscal 2018 from April 4, 2017 (the Acquisition Date) to April 1, 2018. Total assets acquired were \$267.4 million. Refer to Note 3 for details.

In fiscal 2018, we recorded an income tax charge of \$114.2 million for the estimated impacts of the Tax Cuts and Job Act. Refer to Note 20 for details.

During fiscal 2018, we recorded total asset impairment charge of \$9.8 million which was comprised of \$7.8 million related to certain assets comprised of intangibles, equipment and prepaid licenses, which were determined to be specifically used in non-strategic businesses and had no alternative use (Refer to Note 15 for details), and \$2.0 million related to certain in process research and development ("IPR&D") projects (Refer to Note 3 for details).

In fiscal 2016, we completed the acquisition of the ZMDI business. The results of operations have been included for the period from December 7, 2015 (the Acquisition Date) to April 3, 2016. Total assets acquired were \$367.5 million. Refer to Note 3 for details. In the fourth quarter of fiscal 2016, we recorded a tax benefit of \$61.7 million from the release of a valuation allowance. Based on significant positive evidence which overcame prior negative evidence, we concluded that it was appropriate to release the valuation allowance against the deferred tax assets, with the exception of deferred tax assets related to certain foreign and state jurisdictions.

In fiscal 2016, we completed the private offering and sale of \$373.8 million in aggregate principal amount of 0.875% Convertible Senior Notes due 2022. The balance as of the end of fiscal year 2018, 2017 and 2016 represents the liability component, net of unamortized debt discount and issuance cost.

Table of Contents

(7) In fiscal 2014, we recognized a gain on divestitures of \$82.3 million relating to the divestiture of our PCI Express enterprise flash controller business and a \$3.7 million loss on divestiture relating to the sale of our Audio business. In addition, associated with the decision to discontinue production and sale of products using technology attained through the acquisitions of Mobius Microsystems in fiscal 2010 and IKOR in fiscal 2011, we recorded an additional \$8.7 million in accelerated amortization of intangible assets which was charged to cost of revenues. In addition, we recorded a \$2.4 million impairment of IPR&D, charged to research and development expense, associated with the decision to discontinue further development required to complete the Mobius Microsystems acquired IPR&D.

(8) In fiscal 2014, we initiated a project to divest our High-Speed Data Converter ("HSC") Business. On April 27, 2015, we completed the sale of the remaining HSC business to eSilicon, for \$1.5 million. In fiscal 2017, we collected the receivable of \$1.5 million and recognized gain from discontinued operations of \$1.4 million, which represents the excess of sale price of \$1.5 million over the carrying value of assets sold of \$0.1 million. The results of operations for the discontinued business have been segregated and excluded from the continuing operations presented.

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with "Item 6. Selected Financial Data" and "Item 8. Financial Statements and Supplementary Data," included elsewhere in this Annual Report on Form 10-K.

The information in this Annual Report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking. Forward-looking statements are based upon current expectations that involve a number of risks and uncertainties. These risks and uncertainties include, but are not limited to: operating results; new product introductions and sales; competitive conditions; capital expenditures and resources; manufacturing capacity utilization; customer demand and inventory levels; intellectual property issues; and the risk factors set forth in the section "Risk Factors" in Part I, Item 1A, of this Annual Report on Form 10-K. As a result of these risks and uncertainties, actual results and timing of events could differ significantly from those anticipated in the forward-looking statements. We undertake no obligation to publicly release any revisions to the forward-looking statements for future events or new information after the date of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

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.

We believe that the following 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.

Accounting for Business Combinations. We use the acquisition method of accounting, which is in accordance with ASC 805, Business Combinations, for business combinations and recognizes assets acquired and liabilities assumed measured at their fair values on the date acquired. This requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While management uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we adjust the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in our Consolidated Statements of Operations.

Accounting for business combinations requires management to make significant estimates and assumptions, especially at the acquisition date, including estimates for intangible assets, contractual obligations assumed, restructuring liabilities, pre-acquisition contingencies and contingent consideration, where applicable. Although we believe the assumptions and estimates made in the past have been reasonable and appropriate, they are based, in part, on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain of the intangible assets that we have acquired include, but are not limited to future expected cash flows from product sales, customer contracts and acquired technologies, and discount rates.

Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Revenue Recognition. Our revenue results from semiconductor products sold through three channels: direct sales to original equipment manufacturers (OEMs) and electronic manufacturing service providers (EMSs), consignment sales to OEMs and EMSs, and sales through distributors. We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and our

ability to collect is reasonably assured.

Distributors have rights to price protection, ship from stock pricing credits and stock rotation. When we were unable to estimate these credits, we deferred revenue and related cost of revenues on sales to these distributors until the product was sold through by the distributor to an end-customer. We continuously reassess our ability to reliably estimate the ultimate price of these products and, as at the end of fiscal 2018, distribution revenue is recognized upon shipment, with reserves recorded for the estimated return and pricing adjustment exposures. The determination of the amount of reserves to be recorded requires that we make estimates. We utilize historical experience and market trends to estimate the reserves. Historically, differences between actual and estimated credits have not been material.

Table of Contents

Income Taxes. We account for income taxes under an asset and liability approach that requires the expected future tax consequences of temporary differences between book and tax basis of assets and liabilities be recognized as deferred tax assets and liabilities. Generally accepted accounting principles require us to evaluate the ability to realize the value of our net deferred tax assets on an ongoing basis. A valuation allowance is recorded to reduce the net deferred tax assets to an amount that will more likely than not be realized. Accordingly, we consider all available positive and negative evidence, including various tax planning strategies, forecasts of future taxable income, and recent operating results in assessing the need for a valuation allowance.

As of April 1, 2018, we continue to maintain a valuation allowance against our net deferred tax assets in certain state and foreign jurisdictions, as we are not able to conclude that it is more likely than not that these deferred tax assets will be realized. We reached this decision based on judgment, which included consideration of historical operating results and projections of future profits. We will continue to monitor the need for the valuation allowance on a quarterly basis.

We recognize tax liabilities for uncertain income tax positions taken on our income tax return based on the two-step process prescribed under U.S. GAAP. The first step is to determine whether it is more likely than not that each income tax position would be sustained upon audit. The second step is to estimate and measure the tax benefit as the amount that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. Estimating these amounts requires us to determine the probability of various possible outcomes. We evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on the consideration of several factors including changes in facts or circumstances, changes in applicable tax law, settlement of issues under audit, and new exposures. If we later determine that the exposure is lower or that the liability is not sufficient to cover our revised expectations, we adjust the liability and effect a related change in our tax provision during the period in which we make such determination.

On December 22, 2017, the TCJA was enacted into law. The TCJA provides for numerous significant tax law changes and modifications including, among other things, reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; requiring companies to pay a one-time transition tax on certain unremitted earnings of foreign subsidiaries; generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; and creating a new limitation on deductible interest expense. Certain provisions of the TCJA began to impact the Company in fiscal year 2018, while other provisions will impact the Company beginning in fiscal year 2019.

The SEC staff issued Staff Accounting Bulletin 118 which allows companies to record provisional amounts during a measurement period that is similar to the measurement period used when accounting for business combinations. As of December 31, 2017, we have made reasonable estimates of the effects on our existing deferred tax balances and the one-time repatriation tax recording provisional charges as a component of income tax expense from continuing operations.

As of April 1, 2018, we had not fully completed our accounting for the tax effects of the enactment of the TCJA. Our provision for income taxes is based in part on a reasonable estimate of the effects on our transition tax and existing deferred tax balances. We will continue to assess the impact of the recently enacted tax law and expected further guidance from federal and state tax authorities as well as further guidance for the associated income tax accounting on our business and consolidated financial statements.

Inventories. Inventories are recorded at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or market value. We record provisions for obsolete and excess inventory based on our forecasts of demand over specific future time horizons. We also record provisions to value our inventory at the lower of cost or market value, which rely on forecasts of average selling prices (ASPs) in future periods. Actual market conditions, demand and pricing levels in the volatile semiconductor markets that we serve may vary from our forecasts, potentially impacting our inventory reserves and resulting in material impacts to our gross margin.

Valuation of Long-Lived Assets and Goodwill. We operate our own test facilities in Malaysia and Germany, and have also acquired certain businesses and product portfolios in recent years. As a result, we have property, plant and equipment, goodwill and other intangible assets. We evaluate these items for impairment on an annual basis, or sooner, if events or changes in circumstances indicate that carrying values may not be recoverable. Triggering events for impairment reviews may include adverse industry or economic trends, significant restructuring actions,

significantly lowered projections of profitability, or a sustained decline in our market capitalization. Evaluations of possible impairment and if applicable, adjustments to carrying values, require us to estimate among other factors, future cash flows, useful lives and fair values of our reporting units and assets. Actual results may vary from our expectations.

We review goodwill for impairment annually and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparables. We utilize a discounted cash flow analysis to estimate the fair value of our reporting units.

Table of Contents

Actual future results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units. For the annual impairment testing in fiscal 2018, there was no evidence of any impairment.

Stock-based Compensation. In accordance with FASB guidance on stock-based payments, we measure and recognize compensation expense for all stock-based payments awards, including employee stock options, restricted stock units and rights to purchase shares under employee stock purchase plans, based on their estimated fair value and recognize the costs in the financial statements over the employees' requisite service period.

The fair value of employee restricted stock units is equal to the market value of our common stock on the date the award is granted. We estimate the fair value of employee stock options and the right to purchase shares under the employee stock purchase plan using the Black-Scholes valuation model. Option-pricing models require the input of highly subjective assumptions, including the expected term of options and the expected price volatility of the stock underlying such options. In addition, we are required to estimate the number of stock-based awards that will be forfeited due to employee turnover and true up these forfeiture rates when actual results are different from our estimates. We attribute the value of stock-based compensation to expense using an accelerated method. Finally, we capitalize into inventory a portion of the periodic stock-based compensation expense that relates to employees working in manufacturing activities. For performance-based restricted stock units, we assess the probability of achieving certain financial objectives at the end of each reporting period. Based on the assessment of this probability, which requires subjective judgment, we record stock-based compensation expense before the performance criteria are actually fully achieved, which may then be reversed in future periods if we determine that it is no longer probable that the objectives will be achieved. The expected cost of each award is reflected over the performance period and is reduced for estimated forfeitures. For market-based stock unit awards, the fair value of each award is estimated on the date of grant using a Monte Carlo simulation model that uses the assumptions such as expected price volatility, expected term, and risk-free interest rate.

We determine the expected term of stock option grants annually based on our analysis of the stock option exercise behavior over a period of time. The interest rate is based on the average U.S. Treasury interest rate over the expected term during the applicable quarter. We believe that the implied volatility of our common stock is an important consideration of overall market conditions and a good indicator of the expected volatility of our common stock. However, due to the limited volume of options freely traded over the counter, we believe that implied volatility, by itself, is not representative of the expected volatility of our common stock and therefore we use a volatility factor to estimate the fair value of our stock-based awards which reflects a blend of historical volatility of our common stock and implied volatility of call options and dealer quotes on call options, generally having a term of less than twelve months. We have not paid, nor do we have current plans to pay dividends on our common stock in the foreseeable future.

Recent Developments

Asset Acquisition

On August 10, 2017, we purchased certain assets of SpectraBeam for a total purchase consideration of \$17.0 million, of which \$12.9 million was paid in cash at closing and \$4.1 million was recorded as a liability representing the fair value of contingent cash consideration. The acquisition did not meet the criteria for a business combination in accordance with ASC 805, Business Combinations, and accordingly, was accounted for as an asset acquisition. Aside from developed technology classified as an intangible asset, there was no other asset or liability that was allocated value in the purchase price allocation. The contingent cash consideration will be paid based upon achievement of certain milestones to be completed within two years from the closing date. Given that the milestones are probable of being achieved and the related amounts are estimable, the fair value of the contingent consideration was recognized as part of the cost of asset acquired at closing date. Accordingly, the total purchase consideration of \$17.0 million was allocated to the developed technology. Refer to Note 3 for details.

Acquisition of GigPeak, Inc.

On April 4, 2017, we completed the acquisition of all of the outstanding common stock of GigPeak, a publicly held company mainly operating in the United States in an all-cash transaction for approximately \$250.1 million (the "Acquisition"). GigPeak was a global supplier of semiconductor ICs and software solutions for high-speed

connectivity and high-quality video compression over the network and the cloud. As a result of this Acquisition, we recorded amortizable intangible assets of \$97.9 million and goodwill of \$113.2 million during the first quarter of fiscal 2018. In addition, we recorded approximately \$2.2 million of acquisition related costs during the first quarter of fiscal 2018, which were included in Selling, General and Administrative Expenses in the Consolidated Statements of Operations. Refer to Note 3 for details.

Term B Loan

We funded the Acquisition from our available cash on hand and net proceeds from borrowings under our credit facility entered into on April 4, 2017 with JPMorgan Chase Bank, N.A. as administrative agent and the various lenders signatory thereto (the "Credit Agreement"). The Credit Agreement provides for a \$200 million term loan facility (the "Initial Term B Loan"). In addition, we may request incremental term loan and/or incremental revolving loan commitments in an aggregate amount not to exceed the

Table of Contents

sum of \$200 million and an unlimited amount that is subject to pro forma compliance with certain secured leverage ratio test; provided, however that incremental revolving loan commitments may not exceed \$50 million. Refer to Note 19 for details.

Divestiture of Fox's Organic Business

On October 3, 2016, we completed the sale of our wholly-owned subsidiary, Fox Enterprises, Inc.'s (Fox) organic business for approximately \$1.2 million and recorded a loss on divestiture (included in interest income and other, net in the Consolidated Statement of Operations) of approximately \$0.7 million in fiscal 2017. Refer to Note 5 for details.

Acquisition of Synkera Technologies, Inc.

On July 22, 2016, we purchased substantially all of the assets and liabilities of Synkera Technologies, Inc. (Synkera), a company engaged in developing and marketing metal oxide gas sensor technology, for total purchase consideration of approximately \$2.8 million, of which \$1.5 million was paid in cash at closing and \$1.3 million was recorded as a liability representing the fair value of contingent cash consideration of up to \$1.5 million. The contingent cash consideration will be paid based upon the achievement of certain milestones to be completed within 3.5 years from the date of acquisition. Refer to Note 3 for details.

Acquisition of Zentrum Mikroelektronik Dresden AG

On December 7, 2015, we completed the acquisition of all of the outstanding no-par-value shares of Zentrum Mikroelektronik Dresden AG (ZMDI), a privately-held company mainly operating in Germany, in an all-cash transaction for approximately \$307.0 million. ZMDI is a global supplier of sensing and digital power semiconductor solutions for automotive, industrial, mobile sensing and other consumer applications. As a result of this acquisition, we recorded amortizable intangible assets of \$126.2 million and goodwill of \$170.1 million in fiscal 2016. In addition, we recorded approximately \$2.5 million of acquisition related costs in fiscal 2016, which were included in Selling, General and Administrative Expenses in the Consolidated Statements of Operations. Refer to Note 3 for details.

Convertible Notes Offering

On November 3, 2015, we issued \$373.8 million aggregate principal amount of 0.875% Convertible Senior Notes due 2022 (the "Convertible Notes"). The net proceeds from this offering were approximately \$363.4 million, after deducting the initial purchasers' discounts and commissions and the offering expenses. The net proceeds were primarily used in the purchase of note hedges and repurchases of our common stock. We used the remainder of the net proceeds for working capital and general corporate purposes. Refer to Note 18 for details.

Convertible Note Hedge and Warrant Transactions

In connection with the convertible notes offering, we also entered into two other separate transactions which involved purchase of a note hedge for \$94.2 million and issuance of warrants for \$56.8 million. We used \$37.4 million of the net proceeds from the convertible notes offering to pay for the cost of the note hedge, after such cost was partially offset by the proceeds we received from the issuance of warrants. Refer to Note 18 for details.

Accelerated Share Repurchase

On November 2, 2015, we separately entered into an accelerated share repurchase agreement (the ASR Agreements) with each of JPMorgan Chase Bank and Bank of America (the Dealers) to repurchase a total of \$225 million of our common stock. We received approximately 7.0 million shares of our common stock at \$25.69 per share representing approximately \$180 million on November 5, 2015. Subsequently the remaining prepayment amount of \$45 million was settled in January 2016 resulting in the repurchase of 1.6 million of the Company's common stock at an average price per share of \$28.32.

Discontinued Operations

High-Speed Converter ("HSC") Business

On April 27, 2015, we completed the sale of the remaining HSC business to eSilicon Corporation ("eSilicon") for \$1.5 million which was recorded as other receivable. During the third quarter of fiscal 2017, we collected the receivable of \$1.5 million and recognized gain from discontinued operations of \$1.4 million.

The HSC business was included in the Communications reportable segment. For financial statements purposes, the results of operations for the HSC business have been segregated from those of the continuing operations and are presented in the consolidated financial statements as discontinued operations. Refer to Note 4 for details.

Subsequent Events

On April 24, 2018, our Board of Directors approved an increase to the share repurchase authorization of \$400 million.

25

Table of Contents

Overview

The following table and discussion provide an overview of our operating results from continuing operations for fiscal 2018, 2017 and 2016:

(in thousands, except for percentage)	Fiscal Year End		
	April 1, 2018	April 2, 2017	April 3, 2016
Revenues	\$842,764	\$728,243	\$697,376
Gross profit	\$482,285	\$420,638	\$421,654
As a % of revenues	57.2 %	57.8 %	60.5 %
Operating expenses	\$371,369	\$310,297	\$285,015
As a % of revenues	44.1 %	42.6 %	40.9 %
Operating income	\$110,916	\$110,341	\$136,639
As a % of revenues	13.2 %	15.2 %	19.6 %
Net income (loss) from continuing operations	\$(12,136)	\$109,184	\$195,299
As a % of revenues	(1.4)%	15.0 %	28.0 %

Our revenues in fiscal 2018 were \$842.8 million as compared to \$728.2 million in fiscal 2017. During fiscal 2018, total revenue from our Computing, Consumer and Industrial market segment increased primarily due to increased demand for our wireless power and memory interface products, higher revenue contribution from our automotive/industrial/sensing products, and revenue from the newly acquired business of GigPeak. Gross profit as a percentage of net revenues was 57.2% in fiscal 2018 as compared to 57.8% in fiscal 2017. The decrease in gross profit percentage was primarily due to product mix and certain costs related to the GigPeak acquisition such as the amortization of intangibles and amortization of fair value markup on inventory. Our operating expenses increased by \$61.1 million, or 19.7%, to \$371.4 million in fiscal 2018 as compared to \$310.3 million in fiscal 2017, primarily due to operating expenses related to GigPeak, higher restructuring-related charges, variable and stock-based compensation, amortization of newly acquired intangibles, and asset impairment charges relating to the exit of certain nonstrategic businesses during fiscal 2018. Net loss in fiscal 2018 was \$12.1 million which decreased from net income in fiscal 2017 of \$109.2 million primarily due to an income tax expense of \$114.2 million for the estimated impacts of the Tax Cuts and Job Act (Refer to Note 20 for details) and interest expense on the Initial Term B Loan of \$9.5 million. We ended fiscal 2018 with cash and cash equivalents and short-term investments of \$358.9 million. We generated \$232.2 million in cash from operations, used a net \$331.3 million for investing activities and generated a net \$18.5 million from financing activities in fiscal 2018.

Results of Operations, Continuing Operations

Revenues

Revenues by segment: (in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Communications	\$251,682	\$265,421	\$302,188
Computing, Consumer and Industrial	591,082	462,822	395,188
Total revenues	\$842,764	\$728,243	\$697,376

Table of Contents

Product groups representing greater than 10% of net revenues: As a percentage of net revenues	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Communications:			
Communications timing products	11 %	13 %	15 %
Serial RapidIO products	*	10 %	13 %
All others less than 10% individually (1)	19 %	13 %	15 %
Total Communications	30 %	36 %	43 %
Computing, Consumer and Industrial:			
Memory interface products	28 %	26 %	32 %
Wireless power products	10 %	10 %	*
Automotive, industrial and sensing products	14 %	14 %	*
All others less than 10% individually (1)	18 %	14 %	25 %
Total Computing, Consumer and Industrial	70 %	64 %	57 %
Total	100%	100%	100%

* Represents less than 10% of net revenues.

(1) Includes product group with less than 10% of net revenue in a given year.

Communications Segment

Revenues in our Communications segment decreased by \$13.7 million, or 5%, to \$251.7 million in fiscal 2018 as compared to \$265.4 million in fiscal 2017. The decrease was primarily due to a \$21.6 million decrease in shipments of our Serial RapidIO® switching solution products and a \$3.2 million decrease in our communications timing products mainly as a result of the divestiture of Fox's organic business. The decrease was partially offset by a \$5.6 million revenue increase from the newly acquired business of GigPeak and a \$5.5 million revenue increase from other communications products.

In fiscal 2017, revenues in our Communications segment decreased by \$36.8 million, or 12%, to \$265.4 million as compared to \$302.2 million in fiscal 2016. This decrease was primarily driven by an \$11.6 million decrease in communications timing product revenues partly as a result of the divestiture of Fox's organic business, an \$18.2 million decrease in shipments of our Serial RapidIO® switching solutions products and an \$18.4 million decrease in our legacy products. These decreases were partly offset by \$11.4 million higher revenue from other communications products.

Computing, Consumer and Industrial Segment

Revenues in our Computing, Consumer and Industrial segment increased by \$128.3 million, or 28% to \$591.1 million in fiscal 2018 as compared to \$462.8 million in fiscal 2017. The increase was primarily due to a \$48.9 million revenue increase from our memory interface products, a \$41.4 million revenue increase from the newly acquired business of GigPeak, a \$14.4 million increase from our automotive/industrial/sensing products, a \$12.3 million increase in shipment of wireless power products as our wireless business continues to grow, and a \$11.3 million increase from other consumer and computing products.

In fiscal 2017, revenues in our Computing, Consumer and Industrial segment increased by \$67.6 million, or 17%, to \$462.8 million as compared to \$395.2 million in fiscal 2016. The increase was primarily due to a \$78.5 million revenue increase in automotive/industrial/sensing products combined with a \$17.0 million increase in shipments of wireless power products as our wireless business continues to grow, and a \$9.2 million increase in revenue from other consumer and computing products. The increases were partly offset by a \$37.1 million decrease in memory interface product revenues due to cyclical demand.

Revenues by Region

Revenues, based on shipped to locations, in Hong Kong, Korea, rest of APAC, Europe and Americas accounted for 36%, 10%, 30%, 14%, and 10%, respectively, of consolidated revenues in fiscal 2018 compared to 36%, 11%, 31%, 12% and 10% , respectively, of our consolidated revenues in fiscal 2017. Revenues in Hong Kong, Korea, rest of APAC, Europe and Americas accounted for 44%, 11%, 25%, 9% and 11%, respectively, of our consolidated revenues

in fiscal 2016. The APAC region continues to be our largest region, as many of our customers utilize manufacturers in that region.

27

Table of Contents

Deferred Income on Shipments to Distributions

The components as of April 1, 2018 and April 2, 2017 are as follows:

(in thousands)	April 1, 2018	April 2, 2017
Gross deferred revenue	\$ —	-\$2,335
Gross deferred costs	—	(350)
Deferred income on shipments to distributors	\$ —	-\$1,985

The Company had historically recognized a significant portion of revenue through distributors at the time the distributor resold the product to its end customer. The gross deferred revenue represented 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 were 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. Based on the last four quarters, this amount is approximately 28% of the list price billed to the customers. The gross deferred costs represented 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 or products in the distribution channel have not been significant. We continuously reassess our ability to reliably estimate the ultimate price of these products and, as of the end of fiscal 2018, we were able to estimate the ultimate price (i.e., net of estimated future price adjustment and return) of these products for all distributors.

Accordingly, there was no deferred income remaining as of April 1, 2018.

Gross Profit

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Gross Profit	\$482,285	\$420,638	\$421,654
Gross Profit Percentage	57.2 %	57.8 %	60.5 %

Gross profit increased by \$61.6 million or 14.7% in fiscal 2018 as compared to fiscal 2017. Gross profit as a percentage of revenues decreased by 0.6% in fiscal 2018 as compared to fiscal 2017, primarily due to product mix and certain costs related to the GigPeak acquisition such as the amortization of intangibles and amortization of fair value markup on inventory. Product mix changes specifically pertain to a decline in Communication segment revenue, which has higher margins and an increase in the Computing, Consumer and Industrial segment which has relatively lower margins.

In fiscal 2017, gross profit slightly decreased by \$1.0 million or 0.2%, compared to fiscal 2016, primarily due to changes in product mix and certain costs related to the acquisition of ZMDI such as amortization of intangibles and amortization of the fair value markup on inventory. Product mix changes specifically pertain to a decline in Communication segment revenue, which has higher margins and an increase in the Computing, Consumer and Industrial segment, which has relatively lower margins.

Operating Expenses

The following table presents our operating expenses for fiscal years 2018, 2017 and 2016, respectively:

(in thousands, except for percentages)	April 1, 2018		April 2, 2017		April 3, 2016	
	Dollar Amount	% of Net Revenues	Dollar Amount	% of Net Revenues	Dollar Amount	% of Net Revenues
Research and development	\$202,721	24 %	\$165,104	23 %	\$148,507	21 %
Selling, general and administrative	\$168,648	20 %	\$145,193	20 %	\$136,508	20 %
Research and Development (R&D)						

R&D expense increased by \$37.6 million, or 22.8%, to \$202.7 million in fiscal 2018 compared to fiscal 2017. The increase was primarily driven by a \$32.7 million increase in variable and stock-based compensation, a \$2.4 million

increase in asset impairment charges as a result of the exit of certain nonstrategic businesses during fiscal 2018, and higher other R&D expenses primarily incurred as a result of the GigPeak acquisition. The increases were partially offset by lower severance costs in fiscal 2018.

Table of Contents

R&D expense increased by \$16.6 million, or 11.2%, to \$165.1 million in fiscal 2017 compared to fiscal 2016. The increase was primarily driven by an approximate \$15.4 million increase (excluding severance costs) as a result of the acquisition of ZMDI, which included full-year results for fiscal 2017 while fiscal 2016 included approximately four months of results, and an \$8.3 million increase in severance costs primarily for our operations in France and Germany. The increases were partially offset by lower R&D labor and benefit related costs.

Selling, General and Administrative (SG&A)

SG&A expenses increased by \$23.5 million, or 16.2%, to \$168.6 million in fiscal 2018 compared to fiscal 2017. The increase was primarily driven by an \$18.4 million increase in variable and stock-based compensation, and a \$5.1 million increase in expenses primarily as a result of the GigPeak acquisition which included certain facility-related expenses and amortization of acquired intangibles during fiscal 2018.

SG&A expenses increased by \$8.7 million, or 6.4%, to \$145.2 million in fiscal 2017 compared to fiscal 2016. The increase was primarily driven by an approximate \$15.0 million increase (excluding severance costs) as a result of the acquisition of ZMDI, which included full-year results for fiscal 2017 while fiscal 2016 included approximately four months of results, and a \$4.7 million increase in stock-based compensation. These increases were partially offset by a \$5.7 million decrease in severance costs and by lower SG&A labor and benefit related costs.

Other-Than-Temporary Impairment Loss on Investment

We account for our equity investments in privately held companies under the cost method which totaled \$27.3 million and \$13.2 million as of April 1, 2018 and April 2, 2017, respectively. These investments are subject to periodic impairment review and measured and recorded at fair value when they are deemed to be other-than-temporarily impaired. In determining whether a decline in value of our investments has occurred and is other than temporary, an assessment is made by considering available evidence, including the general market conditions, the investee's financial condition, near-term prospects, market comparables and subsequent rounds of financing. The valuation also takes into account the investee's capital structure, liquidation preferences for its capital and other economic variables. The valuation methodology for determining the decline in value of non-marketable equity securities is based on inputs that require management judgment. There were no impairments recorded during fiscal 2018, 2017 and 2016.

Restructuring Charges

As part of an effort to streamline operations with changing market conditions and to create a more efficient organization, we have undertaken restructuring actions to reduce our workforce and consolidate facilities. Our restructuring expenses consist primarily of severance and termination benefit costs related to the reduction of its workforce, asset impairment charges and lease obligation charges related to a facility that is no longer used.

Integration-related Restructuring Plans

During fiscal 2018, we implemented planned cost reduction and restructuring activities in connection with the acquisition of GigPeak. Accordingly, we reduced headcount by 46 and recorded severance costs of approximately \$2.7 million, of which \$2.1 million was paid during fiscal 2018 and the remaining \$0.6 million will be paid by the first quarter of fiscal 2019.

In connection with the GigPeak integration, we recorded \$2.8 million in fiscal 2018 for lease obligation charges related to a facility that we had determined to meet the cease-use date criteria. The fair value of this liability at the cease-use date was determined based on the remaining cash flows for lease rentals and minimum lease payments, reduced by estimated sublease rentals, discounted using a credit adjusted risk free rate in accordance with ASC 420, Exit or Disposal Cost Obligations. As of April 1, 2018, the total accrued balance for the lease obligation was \$2.3 million, of which \$1.6 million was classified as other long-term liabilities and the remaining \$0.7 million was recorded as other accrued liabilities on the Consolidated Balance Sheets.

In fiscal 2017, we prepared a workforce-reduction plan with respect to employees of our Automotive and Industrial business (formerly ZMDI) in Germany. The plan which required consultation with the German Works Council was approved by the German Works Council. Also, the details of the plan were communicated to the affected employees. Accordingly, we accrued restructuring charges in accordance with ASC 420, Exit and Disposal Cost Obligations. The restructuring charges recorded in the Consolidated Statements of Operations, in connection with the workforce-reduction plan, were approximately \$5.0 million for fiscal 2017, for a total of 49 employees. Approximately \$4.9 million of the \$5.0 million was paid in fiscal 2017 and the remaining \$0.1 million was paid

during fiscal 2018.

In fiscal 2016, we implemented cost reduction plans and restructuring activities in connection with the acquisition of ZMDI. We recorded charges of approximately \$6.9 million of employee termination cost for two former executives of ZMDI and 36 employees during fiscal 2016. Approximately \$5.7 million of the \$6.9 million of employee termination cost was paid in fiscal 2016 and the remaining \$1.2 million was paid in 2017.

29

Table of Contents

Other Restructuring Plans

During fiscal 2018, we exited certain non-strategic businesses and reduced headcount by 63. We recorded employee severance costs of approximately \$5.1 million, of which \$2.3 million was paid during fiscal 2018 and the remaining \$2.8 million will be paid by the first quarter of fiscal 2019. In addition, we recorded an impairment charge of \$7.8 million on certain assets comprised of intangibles, equipment and prepaid licenses, which were determined to be specifically used in these non-strategic businesses and had no alternative use. The impairment charge was calculated as the excess of assets' carrying value over their fair value, which was based on the anticipated cash flows discounted at a rate commensurate with the risk involved. Impairment charges of \$5.4 million and \$ 2.4 million were included in Cost of Revenues and Research and Development Expenses, respectively, in the Consolidated Statements of Operations.

In fiscal 2017, we prepared a workforce-reduction plan with respect to employees and closed our remaining business in France. We recorded in the Consolidated Statement of Operations, approximately \$7.5 million of severance benefits, for a total of 13 employees in fiscal 2017. We paid \$4.2 million and \$2.5 million in fiscal 2017 and 2018, respectively. As of April 1, 2018, the total accrued balance for employee severance costs related to this action was \$0.8 million. We expect to complete this action by the second quarter of fiscal 2019.

In addition to the above, in fiscal 2017, we recorded charges of \$4.0 million and reduced headcount by 59 employees. Approximately \$3.6 million of the \$4.0 million of employee termination cost was paid in fiscal 2017 and the remaining \$0.4 million was paid in fiscal 2018.

In fiscal 2016, we recorded charges of \$4.7 million and reduced headcount by 48 employees. Approximately \$4.6 million of the \$4.7 million of employee termination cost was paid in fiscal 2016 and the remaining \$0.1 million was paid during fiscal 2017.

In fiscal 2015, we prepared a workforce-reduction plan with respect to employees of our HSC business in France and the Netherlands. The restructuring charges recorded to discontinued operations in the Consolidated Statement of Operations were approximately \$18.3 million for the fiscal year ended March 29, 2015, for a total of 53 employees in France and the Netherlands combined. We have substantially completed payments of these termination benefits and the total accrued balance related to this action was \$0.5 million as April 1, 2018. We expect to complete this action by the second quarter of fiscal 2019.

Interest Expense

The components of interest expense are summarized as follows:

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Contractual interest expense	\$12,015	\$3,307	\$1,363
Amortization of debt discount	12,929	12,239	4,904
Amortization of issuance costs	1,902	1,081	450
Other	506	251	326
Total interest expense	\$27,352	\$16,878	\$7,043

Interest expense is primarily related to the Convertible Notes and Initial Term B Loan we issued in November 2015 and April 2017, respectively.

Interest Income and Other, Net

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

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Interest income	\$3,808	\$2,916	\$3,616
Other income, net	4,800	2,906	652
Interest income and other, net	\$8,608	\$5,822	\$4,268

Table of Contents

Interest income is derived from earnings on our cash and short-term investments. Other income, 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 increase in interest income was primarily attributable to higher average investment balance and average interest rates for the period. The yearly variation in other income, net was primarily due to changes in value of the underlying investments of the deferred compensation plan and the impact of foreign currency fluctuations.

Income Tax Expense (Benefit)

We recorded an income tax expense of \$104.3 million in fiscal 2018 and an income tax benefit of \$9.9 million and \$61.4 million in fiscal 2017 and 2016, respectively. The income tax expense recorded in fiscal 2018 was primarily due to a \$114.2 million charge for the estimated impacts of the Tax Cuts and Jobs Act (“TCJA”). Additionally, we recorded a \$5.8 million tax expense for potential withholding taxes on our historical unremitted earnings as they are no longer permanently reinvested and \$6.2 million of taxes on foreign earnings. The tax expense was partially offset by \$19.4 million of tax benefits from the loss in jurisdictions where no valuation allowance was in place as well as a \$2.1 million tax benefit from excess tax benefits on stock-based compensation. The income tax benefit recorded in fiscal 2017 was primarily due to a \$7.5 million tax benefit recorded on the loss in jurisdictions where no valuation allowance was in place. Additionally, \$2.5 million of excess tax benefits from stock-based compensation were reflected in the income tax benefit as a result of the early adoption of ASU 2016-09. The income tax benefit in fiscal 2016 was primarily due to a \$61.7 million tax benefit from the release of a valuation allowance that otherwise was offsetting deferred tax assets as of April 3, 2016 and a \$6.8 million tax benefit related to the amortization of acquired intangible assets and severance costs incurred in connection to the acquisition of ZMDI, partially offset by \$5.7 million of U.S. taxes resulting from distributions of foreign earnings.

Excluding the impacts of the TCJA, our effective tax rate was significantly less than the U.S. federal statutory rate of 35% in all periods primarily due to the benefits of lower-taxed earnings in foreign jurisdictions, including Malaysia, where a tax holiday is in effect through fiscal 2021.

On December 22, 2017, the TCJA was enacted into law. The TCJA provides for numerous significant tax law changes and modifications including, among other things, reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; requiring companies to pay a one-time transition tax on certain unremitted earnings of foreign subsidiaries; generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; and creating a new limitation on deductible interest expense. Certain provisions of the TCJA began to impact the Company in the third quarter of fiscal year 2018, while other provisions will impact the Company beginning in fiscal year 2019.

The corporate tax rate reduction is effective as of January 1, 2018. Since we have a fiscal year rather than a calendar year, we are subject to rules relating to transitional tax rates. As a result, our fiscal year 2018 federal statutory rate will be a blended rate of 31.5%.

The SEC staff issued Staff Accounting Bulletin 118 which allows companies to record provisional amounts during a measurement period that is similar to the measurement period used when accounting for business combinations. As of April 1, 2018, we have made reasonable estimates of the effects on our existing deferred tax balances and the one-time repatriation tax recording provisional charges of \$10.3 million and \$103.9 million, respectively, as a component of income tax expense from continuing operations.

The \$10.3 million charge for the effect on our deferred tax balances resulted from the reduction of the corporate income tax rate to 21%. U.S. GAAP requires companies to remeasure their deferred tax assets and liabilities as of the date of enactment, with resulting tax effects accounted for in the reporting period of enactment. The Company remeasured deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future. The \$103.9 million charge for the one-time repatriation tax increased other accrued liabilities by \$1.5 million, increased long-term income taxes payable by \$24.1 million, and reduced deferred tax assets, for the utilization of tax attributes, by \$78.3 million. The liabilities resulting from the repatriation tax are payable over a period of up to eight years. The provisional amount was based on our total post-1986 earnings and profits (“E&P”) of our foreign subsidiaries. The majority of these earnings were historically permanently reinvested outside the United States. Thus, no taxes had previously been provided for these earnings. In addition, the one-time repatriation tax is based in part on

the amount of those earnings held in cash and other specified assets either as of the end of fiscal year 2018 or the average of the year-end balances for fiscal years 2016 and 2017.

31

Table of Contents

The TCJA creates a new Global Intangible Low-Taxed Income (“GILTI”) requirement under which certain income earned by controlled foreign corporations (“CFC”)s must be included currently in the gross income of the CFCs’ U.S. shareholder, applicable to us beginning in fiscal year 2019. GILTI is the excess of the shareholder’s “net CFC tested income” over the net deemed tangible income return, which is currently defined as the excess of (1) 10 percent of the aggregate of the U.S. shareholder’s pro rata share of the qualified business asset investment of each CFC with respect to which it is a U.S. shareholder over (2) the amount of certain interest expense taken into account in the determination of net CFC-tested income.

Because of the complexity of the new GILTI tax rules, we are continuing to evaluate this provision of the TCJA and the application of ASC 740. Under U.S. GAAP, we are allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the “period cost method”) or (2) factoring such amounts into a company’s measurement of its deferred taxes (the “deferred method”). Our selection of an accounting policy with respect to the new GILTI tax rules will depend, in part, on analyzing our global income to determine what the impact is expected to be. We are not yet able to reasonably estimate the effect of this provision of the TCJA. Therefore, we have not made any adjustments related to potential GILTI tax in our financial statements and have not made a policy decision regarding whether to record deferred taxes on GILTI.

As of April 1, 2018, we had not fully completed our accounting for the tax effects of the enactment of the TCJA. Our provision for income taxes for fiscal year 2018 is based in part on a reasonable estimate of the effects on our transition tax and existing deferred tax balances. We will continue to assess the impact of the recently enacted tax law and expected further guidance from federal and state tax authorities as well as further guidance for the associated income tax accounting on its business and consolidated financial statements.

In connection with the TCJA and review of our projected offshore cash flows, and global cash requirements, we determined that historical foreign earnings would no longer be permanently reinvested. Accordingly, a tax expense of \$5.8 million was accrued during fiscal year 2018, for withholding taxes on potential distributions from the Company’s foreign subsidiaries.

During fiscal year 2018, we recorded a deferred tax charge of \$9.5 million in prepayments and other current assets and other assets, which represents the tax expense that was deferred, in accordance with ASC 740-10-25-3(e), on the intercompany transfer of intangible assets in connection with a change to our corporate structure. The deferred tax charge is being amortized over the tax life of the intangible assets.

As of April 1, 2018, we continue to maintain a valuation allowance against our net deferred tax assets in certain state and foreign jurisdictions, as we are not able to conclude that it is more likely than not that these deferred tax assets will be realized. We reached this decision based on judgment, which included consideration of historical operating results and projections of future profits. We will continue to monitor the need for the valuation allowance on a quarterly basis.

We benefit from tax incentives granted by local tax authorities in certain foreign jurisdictions. In the fourth quarter of fiscal 2011, we agreed with the Malaysian Industrial Development Authority to enter into a new tax incentive agreement which is a full tax exemption on statutory income for a period of 10 years commencing April 4, 2011. This tax incentive agreement is subject to the Company meeting certain financial targets, investments, headcounts and activities in Malaysia.

During the 2018 fiscal year, we closed out all positions as part of the examination of our India, Italy, and New York state income tax returns. The outcome did not have a material effect on our financial position, cash flows or results of operations.

As of April 1, 2018, we are under examination in Malaysia for fiscal years 2012 through 2015 and in Canada for fiscal years 2016 and 2017. Although the final outcome of each examination is uncertain, based on currently available information, we believe that the ultimate outcome will not have a material adverse effect on our financial position, cash flows or results of operations.

On July 27, 2015, in *Altera Corp. v. Commissioner*, the U.S. Tax Court issued an opinion, in favor of Altera Corp., related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. The Internal Revenue Service filed a notice of appeal on February 19, 2016 in this case. Due to the uncertainty

surrounding the status of the current regulations, questions related to the scope of potential benefits, and the risk of the Tax Court's decision being overturned upon appeal, we have not recorded any benefit as of April 1, 2018. We will continue to monitor ongoing developments and potential impacts to our financial statements.

Liquidity and Capital Resources

Our cash and cash equivalents and short-term investments were \$358.9 million as of April 1, 2018, a decrease of \$47.1 million compared to April 2, 2017.

We had an outstanding debt in the form of convertible notes amounting to \$373.8 million as of April 1, 2018 and April 2, 2017, respectively, and Initial Term B Loan with outstanding principal balance of \$198.0 million as of April 1, 2018.

Table of Contents**Cash Flows from Operating Activities**

Net cash provided by operating activities totaled \$232.2 million in fiscal 2018 compared to \$169.0 million in fiscal 2017 and \$192.6 million in fiscal 2016. Cash provided by operating activities in fiscal 2018 consisted of our net loss of \$12.1 million, as adjusted to add back deferred tax benefit, depreciation, amortization, asset impairment, stock-based compensation, non-cash interest expense and other non-cash items totaling \$211.7 million and \$32.6 million in cash generated from our working capital primarily related to changes in assets and liabilities. In fiscal 2018, significant changes in working capital requirements included an increase of \$28.9 million income taxes payable and receivable, \$14.2 million in accrued compensation and related expenses, \$4.7 million in prepayments and other assets, and \$2.1 million in inventories. Net use of cash for changes in working capital requirements included a decrease of \$4.7 million in accounts receivable, \$6.2 million in accounts payable, \$4.4 million in other accrued liabilities and long-term liabilities and \$2.0 million in deferred income on shipments to distributors.

In fiscal 2017, net cash provided by operating activities in fiscal 2017 consisted of our net income of \$110.5 million, as adjusted to add back deferred tax benefit, depreciation, amortization, asset impairment, stock-based compensation, non-cash interest expense and other non-cash items totaling \$88.6 million and less \$30.1 million in cash used as a result of changes in our working capital requirements primarily related to changes in assets and liabilities. In fiscal 2017, significant proceeds from changes in working capital requirements included an increase of \$3.9 million in accounts payable and an increase of \$4.9 million in other accrued liabilities. Net use of cash for changes in working capital requirements included a decrease of \$18.9 million in accrued compensation and related expenses, a decrease of \$5.0 million in deferred income on shipments to distributors, and an increase of \$16.6 million in accounts receivable. In fiscal 2016, net cash provided by operating activities in fiscal 2016 consisted of our net income of \$192.6 million, as adjusted to add back deferred tax benefit, tax benefit from stock-based based payment arrangements, depreciation, amortization, stock compensation, non-cash interest expense and other non-cash items totaling \$1.1 million and less \$3.2 million in cash used by changes in working capital requirements primarily related to changes in assets and liabilities. In fiscal 2016, significant proceeds from changes in working capital requirements included a decrease of \$11.7 million in inventories, a decrease of \$2.7 million of prepayments and other assets and an increase of \$6.5 million in accounts payable. Net use of cash for changes in working capital requirements included a decrease of \$13.3 million in accrued compensation and related expenses, a decrease of \$8.7 million in deferred income, a decrease of \$5.0 million in other accrued liabilities and long-term liabilities and an increase of \$1.6 million in accounts receivable.

Cash Flows from Investing Activities

Net cash used for investing activities in fiscal 2018 was \$331.3 million compared to net cash used for investing activities of \$78.5 million in fiscal 2017 and net cash used for investing activities of \$25.5 million in fiscal 2016. Net cash used for investing activities in fiscal 2018 was primarily due to \$250.7 million used for business and asset acquisitions, \$36.2 million of expenditures to purchase capital equipment and intangible assets, \$31.6 million for the net purchases of short-term investments and \$12.8 million for purchases of a non-marketable securities.

In fiscal 2017, net cash used for investing activities was primarily due to \$3.2 million used for the purchase of non-marketable equity securities and convertible notes, \$1.5 million of payments to purchase Synkera, net of cash acquired, \$27.0 million in expenditures to purchase fixed assets, \$4.8 million used for the purchase of intangible assets and \$42.0 million of net purchases of short-term investments.

In fiscal 2016, net cash used for investing activities was primarily due to \$279.1 million of payments to purchase ZMDI, net of cash acquired, \$16.3 million in expenditures to purchase fixed assets, \$10.8 million used for the purchase of intangible assets and \$6.0 million used for the purchase of non-marketable equity securities, which were offset in part by \$284.0 million of net proceeds from sale of short-term investments and receipt of \$2.7 million in escrow related to a prior acquisition.

Cash Flows from Financing Activities

Net cash generated from financing activities was \$18.5 million in fiscal 2018 as compared to net cash used for financing activities of \$77.5 million in fiscal 2017 and net cash used by financing activities of \$81.6 million in fiscal 2016. Cash used for financing activities in fiscal 2018 was primarily due to \$194.3 million of net proceeds from the Initial Term B Loan and \$12.8 million from the exercise of employee stock options and the issuance of stock under our employee stock purchase plan. Those were partly offset by \$185.3 million used in the repurchase of our common

stock, \$2.0 million of principal payment of the Initial Term B Loan and payment of capital leases of \$1.3 million. In fiscal 2017, cash used for financing activities was primarily due to repurchases of \$93.5 million of our common stock and payment of capital leases of \$1.5 million, partially offset by proceeds of \$17.5 million from the exercise of employee stock options and the issuance of stock under our employee stock purchase plan.

Table of Contents

In fiscal 2016, cash used for financing activities was primarily due to repurchases of \$422.3 million of IDT common stock, purchase of Convertible Note hedges of \$94.2 million and payment of ZMDI bank loans and capital leases of \$9.7 million, partially offset by net proceeds from our Convertible Notes offering of \$363.4 million, proceeds from the sale of warrants of \$56.8 million, proceeds of \$19.7 million from the exercise of employee stock options and the issuance of stock under our employee stock purchase plan and \$4.5 million of excess tax benefit from stock-based payment arrangements.

We anticipate capital expenditures of approximately \$30 million to \$40 million during fiscal 2018 to be financed through cash generated from operations and existing cash and investments.

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. As of April 1, 2018, we had cash, cash equivalents and investments of approximately \$201.8 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 fiscal 2018, as a result of the TCJA, we recorded additional tax expense of \$103.9 million from the tax on deemed repatriation of historical foreign earnings. This increased other accrued liabilities by \$1.5 million, increased long-term income taxes payable by \$24.1 million (payable over eight years beginning with the current fiscal year's estimated taxes, which are due in fiscal year 2019), and reduced deferred tax assets, for the utilization of tax attributes, by \$78.3 million. Correspondingly, future repatriation of cash held by our foreign subsidiaries will generally not be subject to U.S. federal tax if repatriated. In connection with the changes of the TCJA and review of the Company's projected offshore cash flows, and global cash requirements, the Company determined that historical foreign earnings would no longer be permanently reinvested.

Cash equivalents are highly liquid investments with original maturities of three months or less at the time of purchase. We maintain our cash and cash equivalents with reputable major financial institutions. Deposits with these banks may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits or similar limits in foreign jurisdictions. These deposits typically may be redeemed upon demand and, therefore, bear minimal risk. In addition, a significant portion of cash equivalents is concentrated in money market funds which are invested primarily in U.S. government treasuries. While we monitor daily the cash balances in our operating accounts and adjust the balances as appropriate, these balances could be affected if one or more of the financial institutions with which we deposit fails or is subject to other adverse conditions in the financial markets. As of April 1, 2018, we had not experienced any loss or lack of access to our invested cash or cash equivalents in our operating accounts. However, we can provide no assurances that access to our invested cash and cash equivalents will not be affected by adverse conditions in the financial markets. See Part I, Item 1A - "Risk Factors: Global economic and geo-political conditions may adversely affect our business and results of operations."

All of our short-term investments which are classified as 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. This determination requires significant judgment. For publicly traded investments, impairment is determined based upon the specific facts and circumstances present at the time, including a review of the closing price over the length of time, general market conditions and our intent and ability to hold the investment for a period of time sufficient to allow for recovery. Although we believe the portfolio continues to be comprised of sound investments due to high credit ratings and government guarantees of the underlying investments, a further decline in the capital and financial markets would adversely impact the market values of its investments and their liquidity. We continually monitor the credit risk in our portfolio and future developments in the credit markets and make appropriate changes to our investment policy as deemed necessary. We did not record any other-than-temporary impairment charges related to our short-term investments in fiscal 2018, 2017 and 2016.

Table of Contents

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual arrangements as of April 1, 2018 and the expected timing and effects of these commitments on our liquidity and cash flow in future periods:

Contractual Obligations (in thousands)	Payments Due by Fiscal Year				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
0.875% Convertible Senior Notes due 2022 (1)	\$389,838	\$3,270	\$6,541	\$380,027	\$—
Initial Term B Loan due 2024 (2)	255,157	11,727	23,157	22,763	197,510
Operating lease obligations	18,497	7,092	8,202	2,571	632
Capital lease obligations (3)	619	619	—	—	—
Other supplier obligations (4)	4,997	3,962	1,035	—	—
Tax obligations (5)	19,188	1,535	3,070	3,070	11,513
Total	\$688,296	\$28,205	\$42,005	\$408,431	\$209,655

(1) Represents the aggregate outstanding principal amount of \$373.8 million and anticipated future interest payments of \$16.0 million of the Convertible Notes. Refer to Note 18 for details.

(2) Represents the aggregate outstanding principal amount of \$198.0 million and anticipated future interest payments of \$57.2 million of the Initial Term B Loan. Refer to Note 19 for details.

(3) Represents the remaining liabilities of machinery and equipment that we account for as capital leases.

(4) Represents payments due under various software design tool and technology license agreements.

(5) Represents the future cash payments related to the transition tax that resulted from the enactment of the TCJA as described in “Note 20. Income Taxes” to our consolidated financial statements.

As of April 1, 2018, our net unrecognized tax benefits and related interest and penalties were \$43.6 million, of which \$9.4 million are classified as long-term liabilities and \$36.2 million are netted against deferred tax assets. In addition, we have \$16.3 million of amounts payable related to obligations under our deferred compensation plan, which are classified as long-term liabilities. At this time, we are unable to make a reasonably reliable estimate of the timing of payments, if any, in individual years due to uncertainties in the timing or outcomes of either actual or anticipated tax audits and the timing of employee departures. As a result, these amounts are not included in the table above.

Purchase orders or contracts for the purchase of raw materials and other goods and services are not included in the table above. We are not able to determine the aggregate amount of such purchase orders that represent binding contractual obligations, as purchase orders often represent authorizations to purchase rather than binding agreements. Our purchase orders are based on our current manufacturing needs and are fulfilled by our vendors within short time horizons. We also enter into contracts for outsourced services, which generally contain clauses allowing for cancellation prior to services being performed without significant penalty. In addition, the table above excludes leases in which amounts have been accrued for impairment charges.

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 fiscal 2019. We may choose to investigate other financing alternatives; however, we cannot be certain that additional financing will be available on satisfactory terms.

Off-Balance Sheet Arrangements

We assumed an agreement with a financial institution to sell certain of our trade receivables from customers with limited, non-credit-related recourse provisions as part of an acquisition during the quarter ended January 3, 2016. The agreement was subsequently terminated on September 30, 2016. Total receivables sold under the factoring facility during fiscal 2017 and 2016 were \$26.2 million and \$21.8 million, respectively. Total collections from the sale of receivables and from deferred purchase payments during fiscal 2017 were \$33.3 million and \$3.4 million, respectively. Total collections from the sale of receivables and from deferred purchase payment during fiscal 2016 were \$21.8 million and \$2.1 million, respectively. The total available amount of the factoring facility as of April 3, 2016 was \$1.9 million. The sales of accounts receivable in accordance with the factoring agreement are reflected as a reduction of Accounts Receivable, net in the Consolidated Balance Sheets as they meet the applicable criteria of ASC

860, Transfers and Servicing. Collections of deferred purchase payments are included in the change in accounts receivable under the operating activities section of the Consolidated Statements of Cash Flows. As the result of terminating the agreement, the total available amount of the factoring facility and the amount due from the factoring institution were zero as of

35

Table of Contents

April 2, 2017. We paid factoring fees associated with the sale of receivables based on the dollar value of the receivables sold. Such fees were not material in fiscal 2017 and 2016.

As of April 1, 2018, we did not have any off-balance sheet arrangement, as defined under SEC Regulation S-K Item 303(a) (4) (ii), other than the items discussed above and in "Note 16 - Commitments and Contingencies - Commitments" in Part II, Item 8 of this Annual Report on Form 10-K.

Recent Accounting Pronouncements

For further information, please see "Note 1 – Summary of Significant Accounting Policies" in Part II, Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our interest rate risk relates primarily to our short-term investments of \$222.0 million and \$191.5 million as of April 1, 2018 and April 2, 2017, 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 April 1, 2018 and April 2, 2017, our cash and cash equivalents were concentrated in securities with same day liquidity and at the end of fiscal 2018, a substantial majority of securities in our investment portfolio had maturities of less than two years. A hypothetical 10% change in interest rates will not have a material effect on the value of our investment portfolio as of April 1, 2018. We do not currently use derivative financial instruments in our investment portfolio.

As of April 1, 2018, we had an outstanding principal balance in our Initial Term B Loan of \$198.0 million. The interest rate of the Initial Term B Loan is based on adjusted LIBO rate which is equal to the LIBO rate for such interest period multiplied by statutory reserve rate, plus an applicable margin of 3%. As the applicable interest rate is based on a floating rate index, we are exposed to interest rate risk. A one hundred basis point change in the contractual interest rate would increase the interest expense for the next 12 months on our outstanding Initial Term B Loan by \$2.0 million.

As of April 1, 2018 and April 2, 2017, we had outstanding debt of \$373.8 million in the form of convertible notes. The fair value of our Convertible Notes is subject to interest rate risk, market risk and other factors due to the convertible feature. The fair value of the Convertible Notes will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the Convertible Notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines in value. The interest and market value changes affect the fair value of our Convertible Notes but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligation.

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 us to enter into foreign exchange contracts totaling approximately \$32 million, all of which was available at April 1, 2018. As of April 1, 2018 and April 2, 2017, we had no material outstanding foreign exchange contracts.

A substantial majority of our sales is denominated in U.S. dollars. We therefore do not have material foreign currency risk associated with sale of products. We performed a sensitivity analysis for the fiscal year ended April 1, 2018 and April 2, 2017 and determined that, without hedging the exposure, a 10% change in foreign currency exchange rates would result in an approximate 0.6% and 0.8% impact on our revenues (as a percentage of revenue). For the fiscal year ended April 1, 2018 and April 2, 2017, a 10% change in foreign currency exchange rates would result in an approximate 0.9% impact on gross profit margin percentage, as we operate manufacturing testing facilities in Malaysia and Germany. For the fiscal year ended April 1, 2018 and April 2, 2017, a 10% change in foreign currency exchange rates would result in an approximate 0.7% and 0.5% impact to operating expenses (as a percentage of revenue), respectively, as we operate sales offices in Japan, Taiwan and South Korea and throughout Europe and design centers in China and Canada.

Additionally, a relatively small amount of our monetary assets and liabilities are denominated in foreign currencies. Fluctuations in these currencies relative to the United States dollar will result in transaction gains or losses included in net earnings. To date, foreign currency transaction gains or losses due to fluctuations in foreign currency exchange

rates were not material.

We did not have any material currency exposure related to any outstanding capital purchases as of April 1, 2018 and April 2, 2017.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

Consolidated Financial Statements:

<u>Report of Independent Registered Public Accounting Firm</u>	<u>38</u>
<u>Consolidated Balance Sheets at April 1, 2018 and April 2, 2017</u>	<u>40</u>
<u>Consolidated Statements of Operations for each of the three fiscal years in the period ended April 1, 2018</u>	<u>41</u>
<u>Consolidated Statements of Comprehensive Income (Loss) for each of the three fiscal years in the period ended April 1, 2018</u>	<u>42</u>
<u>Consolidated Statements of Cash Flows for each of the three fiscal years in the period ended April 1, 2018</u>	<u>43</u>
<u>Consolidated Statements of Stockholders' Equity for each of the three fiscal years in the period ended April 1, 2018</u>	<u>45</u>
<u>Notes to Consolidated Financial Statements</u>	<u>46</u>

Financial Statement Schedule:

Schedule II – Valuation and Qualifying Accounts for each of the three fiscal years in the period ended April 1, 2018

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Integrated Device Technology, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Integrated Device Technology, Inc. and its subsidiaries as of April 1, 2018 and April 2, 2017 and the related consolidated statements of operations, comprehensive income (loss), cash flow, and stockholders' equity for each of the three years in the period ended April 1, 2018, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of April 1, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of April 1, 2018 and April 2, 2017, and the results of their operations and their cash flows for each of the three years in the period ended April 1, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 1, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Table of Contents

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
San Jose, California
May 18, 2018

We have served as the Company's auditor since 1992.

Table of ContentsINTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands)	April 1, 2018	April 2, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 136,873	\$ 214,554
Short-term investments	222,026	191,492
Accounts receivable, net	108,779	89,312
Inventories	68,702	52,288
Prepayments and other current assets	12,734	13,054
Total current assets	549,114	560,700
Property, plant and equipment, net	86,845	80,961
Goodwill	420,117	306,925
Intangible assets, net	180,781	108,818
Deferred tax assets	11,764	85,831
Other assets	61,910	40,399
Total assets	\$ 1,310,531	\$ 1,183,634
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 41,070	\$ 42,020
Accrued compensation and related expenses	44,002	26,624
Deferred income on shipments to distributors	—	1,985
Current portion of bank loan	2,000	—
Other accrued liabilities	26,524	20,205
Total current liabilities	113,596	90,834
Deferred tax liabilities	10,221	13,835
Long-term income tax payable	25,034	867
Convertible notes	299,551	285,541
Long-term bank loan, net	191,073	—
Other long-term liabilities	25,684	18,894
Total liabilities	665,159	409,971
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Preferred stock: \$.001 par value: 10,000 shares authorized; no shares issued	—	—
Common stock: \$.001 par value: 350,000 shares authorized; 129,531 and 133,175 outstanding as of April 1, 2018 and April 2, 2017, respectively	130	133
Additional paid-in capital	2,752,784	2,685,649
Treasury stock at cost: 128,518 and 121,982 shares as of April 1, 2018 and April 2, 2017, respectively	(1,801,624)	(1,616,315)
Accumulated deficit	(301,155)	(289,019)
Accumulated other comprehensive loss	(4,763)	(6,785)
Total stockholders' equity	645,372	773,663
Total liabilities and stockholders' equity	\$ 1,310,531	\$ 1,183,634

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

Table of ContentsINTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Revenues	\$842,764	\$728,243	\$697,376
Cost of revenues	360,479	307,605	275,722
Gross profit	482,285	420,638	421,654
Operating expenses:			
Research and development	202,721	165,104	148,507
Selling, general and administrative	168,648	145,193	136,508
Total operating expenses	371,369	310,297	285,015
Operating income	110,916	110,341	136,639
Interest expense	(27,352)	(16,878)	(7,043)
Interest income and other, net	8,608	5,822	4,268
Income before income taxes from continuing operations	92,172	99,285	133,864
Benefit from (provision for) income taxes	(104,308)	9,899	61,435
Net income (loss) from continuing operations	(12,136)	109,184	195,299
Discontinued operations:			
Gain from divestiture before income taxes	—	1,385	—
Loss from discontinued operations before income taxes	—	—	(547)
Income tax expense	—	87	15
Net income (loss) from discontinued operations	—	1,298	(562)
Net income (loss)	\$(12,136)	\$110,482	\$194,737
Basic net income (loss) per share – continuing operations	\$(0.09)	\$0.82	\$1.37
Basic net income per share – discontinued operations	—	0.01	—
Basic net income (loss) per share	\$(0.09)	\$0.83	\$1.37
Diluted net income (loss) per share – continuing operations	\$(0.09)	\$0.79	\$1.32
Diluted net income per share – discontinued operations	—	0.01	—
Diluted net income (loss) per share	\$(0.09)	\$0.80	\$1.32
Weighted average shares:			
Basic	132,651	133,817	142,783
Diluted	132,651	137,440	147,652

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

Table of ContentsINTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Net income (loss)	\$(12,136)	\$110,482	\$194,737
Other comprehensive income (loss), net of tax:			
Currency translation adjustments, net of tax	3,892	(2,042)	(280)
Change in net unrealized loss on investments, net of tax	(1,870)	(1,029)	(638)
Change in unrealized loss on post-employment and post-retirement benefit plans, net of tax	—	—	(615)
Total other comprehensive income (loss)	2,022	(3,071)	(1,533)
Comprehensive income (loss)	\$(10,114)	\$107,411	\$193,204

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

Table of ContentsINTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Cash flows from operating activities:			
Net income (loss)	\$(12,136)	\$110,482	\$194,737
Adjustments:			
Depreciation	28,461	20,830	18,346
Amortization of intangible assets	46,726	23,653	15,354
Amortization of debt issuance cost and debt discount	14,831	13,320	5,354
Asset impairments	2,016	2,180	—
Gain on sale of property, plant and equipment	—	—	(325)
Net gain from divestitures	—	(675)	—
Stock-based compensation expense, net of amounts capitalized in inventory	50,783	39,869	34,125
Deferred income tax	68,907	(10,587)	(67,277)
Excess tax benefit from stock-based payment arrangements	—	—	(4,475)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable, net	(4,660)	(16,647)	(1,640)
Inventories	2,103	861	11,719
Prepayments and other assets	4,665	500	2,705
Accounts payable	(6,229)	3,934	6,527
Accrued compensation and related expenses	14,224	(18,895)	(13,312)
Deferred income on shipments to distributors	(1,985)	(5,021)	(8,688)
Income taxes payable and receivable	28,856	231	4,463
Other accrued liabilities and long-term liabilities	(4,386)	4,939	(5,011)
Net cash provided by operating activities	232,176	168,974	192,602
Cash flows from investing activities:			
Business acquisitions, net of cash acquired	(237,716)	(1,528)	(279,138)
Asset acquisition	(12,956)	—	—
Cash in escrow related to acquisitions	—	—	2,700
Proceeds from divestitures	—	231	—
Purchases of property, plant and equipment, net	(32,600)	(27,055)	(16,286)
Purchases of intangible assets	(3,581)	(4,896)	(10,800)
Investment in convertible note	—	(1,955)	—
Purchases of non-marketable equity securities	(12,841)	(1,245)	(6,020)
Purchases of short-term investments	(244,977)	(303,722)	(364,029)
Proceeds from sales of short-term investments	149,878	224,028	551,289
Proceeds from maturities of short-term investments	63,472	37,679	96,771
Net cash used in investing activities	(331,321)	(78,463)	(25,513)
Cash flows from financing activities:			
Proceeds from issuance of common stock	12,800	17,508	19,722
Repurchases of common stock	(185,309)	(93,507)	(422,262)
Proceeds from issuance of senior convertible notes, net of issuance costs	—	—	363,445
Purchase of convertible note hedge	—	—	(94,185)
Proceeds from issuance of warrants	—	—	56,847
Payment of capital lease obligations	(1,269)	(1,507)	(221)
Proceeds of Initial Term B Loan, net of discount and issuance costs	194,252	—	—

Table of Contents

Payment of Initial Term B Loan principal	(2,000)	—	—
Repayment of loans	—	—	(9,437)
Excess tax benefit from stock-based payment arrangements	—	—	4,475
Net cash provided by (used in) financing activities	18,474	(77,506)	(81,616)
Effect of exchange rates on cash and cash equivalents	2,990	(1,682)	813
Net increase (decrease) in cash and cash equivalents	(77,681)	11,323	86,286
Cash and cash equivalents at beginning of period	214,554	203,231	116,945
Cash and cash equivalents at end of period	\$ 136,873	\$ 214,554	\$ 203,231
Supplemental disclosure of cash flow information			
Cash paid for:			
Interest	\$ 11,871	\$ 3,370	\$ 67
Fees on prepayment of loans	\$—	\$—	\$ 259
Income taxes, net of refunds	\$ 2,856	\$ 1,098	\$ 996
Non-cash investing and financing activities:			
Additions to property, plant and equipment included in accounts payable	\$ 2,007	\$ 2,616	\$ 1,389
Additions to intangible assets included in accounts payable, other accrued liabilities and other long-term liabilities	\$ 1,961	\$—	\$ 600
Conversion of investment in convertible notes to ordinary shares of stock	\$—	\$(1,955)	\$(2,020)
Contingent consideration in connection with the asset acquisition included in other accrued liabilities and other long-term liabilities	\$ 4,080	\$—	\$—
Fair value of partially vested employee equity awards related to pre-combination services that were assumed as part of the business acquisition	\$ 3,400	\$—	\$—

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

Table of ContentsINTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock and Additional Paid-In Capital		Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
(in thousands)	Shares	Dollars				
Balance as of March 29, 2015	148,414	\$2,511,016	\$(1,100,546)	\$(620,035)	\$(2,181)	\$788,254
Net income	—	—	—	194,737	—	194,737
Other comprehensive loss	—	—	—	—	(1,533)	(1,533)
Issuance of common stock	3,342	19,722	—	—	—	19,722
Repurchase of common stock	(17,871)	—	(422,262)	—	—	(422,262)
Equity component of senior convertible notes, net of issuance costs	—	96,578	—	—	—	96,578
Purchases of convertible note hedge	—	(94,185)	—	—	—	(94,185)
Proceeds from issuance of warrants	—	56,847	—	—	—	56,847
Excess tax benefit from stock option	—	4,475	—	—	—	4,475
Stock-based compensation expense	—	34,062	—	—	—	34,062
Balance as of April 3, 2016	133,885	2,628,515	(1,522,808)	(425,298)	(3,714)	676,695
Net income	—	—	—	110,482	—	110,482
Other comprehensive loss	—	—	—	—	(3,071)	(3,071)
Issuance of common stock	3,552	17,508	—	—	—	17,508
Repurchase of common stock	(4,262)	—	(93,507)	—	—	(93,507)
Stock-based compensation expense	—	39,759	—	—	—	39,759
Cumulative-effect adjustment from adoption of ASU No. 2016-09	—	—	—	25,797	—	25,797
Balance as of April 2, 2017	133,175	2,685,782	(1,616,315)	(289,019)	(6,785)	773,663
Net loss	—	—	—	(12,136)	—	(12,136)
Other comprehensive income	—	—	—	—	2,022	2,022
Issuance of common stock	2,892	12,800	—	—	—	12,800
Repurchase of common stock	(6,536)	—	(185,309)	—	—	(185,309)
Fair value of unvested equity awards of GigPeak related to pre-combination services	—	3,400	—	—	—	3,400
Stock-based compensation expense	—	50,932	—	—	—	50,932
Balance as of April 1, 2018	129,531	\$2,752,914	\$(1,801,624)	\$(301,155)	\$(4,763)	\$645,372

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

Table of Contents

INTEGRATED DEVICE TECHNOLOGY, INC.

Notes to 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, consumer and automotive industries.

Basis of Presentation. The Company's fiscal year is the 52 or 53 week period ending on the Sunday nearest to March 31. Fiscal 2018 included 52 weeks and ended on April 1, 2018. Fiscal 2017 included 52 weeks and ended on April 2, 2017 and fiscal 2016 included 53 weeks and ended on April 3, 2016.

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.

Accounting for Business Combinations. The Company uses the acquisition method of accounting, which is in accordance with ASC 805, Business Combinations, for business combinations and recognizes assets acquired and liabilities assumed measured at their fair values on the date acquired. This requires the Company to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While management uses its best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, the estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company adjusts the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in the Company's Consolidated Statements of Operations.

Accounting for business combinations requires management to make significant estimates and assumptions, especially at the acquisition date, including estimates for intangible assets, contractual obligations assumed, restructuring liabilities, pre-acquisition contingencies and contingent consideration, where applicable. Although the Company believes the assumptions and estimates made in the past have been reasonable and appropriate, they are based, in part, on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Critical estimates in valuing certain of the intangible assets that the Company has acquired include, but are not limited to future expected cash flows from product sales, customer contracts and acquired technologies, and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Cash and Cash Equivalents. Cash equivalents are highly liquid investments with remaining maturities of three months or less at the time of purchase.

Investments

Available-for-Sale Investments. Investments designated as available-for-sale include marketable debt and equity securities. Available-for-sale investments are classified as short-term, as these investments generally consist of highly marketable securities that are intended to be available to meet near-term cash requirements. Marketable securities classified as available-for-sale are reported at fair value, with net unrealized gains or losses recorded in accumulated other comprehensive income (loss), a separate component of stockholders' equity, until realized. Realized gains and losses on investments are computed based upon specific identification, are included in interest income and other, net and have not been significant for all periods presented.

Non-Marketable Equity Securities. Non-marketable equity securities are accounted for at historical cost or, if the Company has significant influence over the investee, using the equity method of accounting.

Table of Contents

Other-Than-Temporary Impairment. All of the Company's available-for-sale investments and non-marketable equity securities 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. This determination requires significant judgment. For publicly traded investments, impairment is determined based upon the specific facts and circumstances present at the time, including a review of the closing price over the previous six months, general market conditions and the Company's intent and ability to hold the investment for a period of time sufficient to allow for recovery. For non-marketable equity securities, the impairment analysis requires the identification of events or circumstances that would likely have a significant adverse effect on the fair value of the investment, including revenue and earnings trends, overall business prospects and general market conditions in the investees' industry or geographic area. Investments identified as having an indicator of impairment are subject to further analysis to determine if the investment is other-than-temporarily impaired, in which case the investment is written down to its impaired value.

Inventories. Inventories are recorded at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or net realizable value. Inventory held at consignment locations is included in finished goods inventory as the Company retains full title and rights to the product. Inventory valuation includes provisions for excess and obsolete inventory based on management's forecasts of demand over specific future time horizons and reserves to value the Company's inventory at the lower of cost or net realizable value which rely on forecasts of average selling prices (ASPs) in future periods.

Property, Plant and Equipment. Property, plant and equipment are stated at cost. Property, plant and equipment acquired in conjunction with mergers or acquisitions are stated at estimated fair value at the time of acquisition. For financial reporting purposes, depreciation is computed using the straight-line method over estimated useful lives of the assets. Estimated useful lives for major asset categories are as follows: machinery and equipment, 3 to 5 years; and buildings and improvements, 10 to 30 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining term of the lease.

Long-Lived Assets and Goodwill. The carrying values of long-lived assets, including purchased intangibles are evaluated whenever events or circumstances indicate that the carrying values may not be recoverable. If estimated undiscounted cash flows are not sufficient to recover the carrying values, the affected assets are considered impaired and are written down to their estimated fair value, which is generally determined on the basis of discounted cash flows or outside appraisals.

The Company tests for impairment of goodwill and other indefinite-lived assets on an annual basis, or more frequently if indicators of impairment are present. These tests are performed at the reporting unit level using a two-step, fair-value based approach. The first step, used to determine if impairment possibly exists, is to compare the carrying amount of a reporting unit, including goodwill, to its fair value. If the carrying amount of the reporting unit exceeds the fair value, the second step is to measure the amount of impairment loss by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill.

Income Taxes. The Company accounts for income taxes under an asset and liability approach that requires the expected future tax consequences of temporary differences between book and tax bases of assets and liabilities be recognized as deferred tax assets and liabilities. Generally accepted accounting principles require the Company to evaluate the ability to realize the value of its net deferred tax assets on an ongoing basis. A valuation allowance is recorded to reduce the net deferred tax assets to an amount that will more likely than not be realized. Accordingly, the Company considers all available positive and negative evidence, including various tax planning strategies, forecasts of future taxable income, and recent operating results in assessing the need for a valuation allowance.

As of April 1, 2018, the Company continues to maintain a valuation allowance against the Company's net deferred tax assets in certain foreign and state jurisdictions, as the Company is not able to conclude that it is more likely than not that these deferred tax assets will be realized. The Company reached this decision based on judgment, which included consideration of historical operating results and projections of future profits. The Company will continue to monitor the need for the valuation allowance on a quarterly basis.

The Company recognizes the tax liabilities for uncertain income tax positions taken on the income tax return based on the two-step process prescribed under U.S. GAAP. The first step is to determine whether it is more likely than not that each income tax position would be sustained upon audit. The second step is to estimate and measure the tax benefit as

the amount that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. Estimating these amounts requires the Company to determine the probability of various possible outcomes. The Company evaluates these uncertain tax positions on a quarterly basis. This evaluation is based on the consideration of several factors including changes in facts or circumstances, changes in applicable tax law, settlement of issues under audit, and new exposures. If the Company later determines that the exposure is lower or that the liability is not sufficient to cover its revised expectations, the Company adjusts the liability and effect a related change in its tax provision during the period in which the Company makes such determination.

Table of Contents

On December 22, 2017, the TCJA was enacted into law. The TCJA provides for numerous significant tax law changes and modifications including, among other things, reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; requiring companies to pay a one-time transition tax on certain unremitted earnings of foreign subsidiaries; generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; and creating a new limitation on deductible interest expense. Certain provisions of the TCJA began to impact the Company in fiscal year 2018, while other provisions will impact the Company beginning in fiscal year 2019.

The SEC staff issued Staff Accounting Bulletin 118 which allows companies to record provisional amounts during a measurement period that is similar to the measurement period used when accounting for business combinations. As of December 31, 2017, the Company has made reasonable estimates of the effects on its existing deferred tax balances and the one-time repatriation tax recording provisional charges as a component of income tax expense from continuing operations.

As of April 1, 2018, the Company had not fully completed its accounting for the tax effects of the enactment of the TCJA. The Company's provision for income taxes is based in part on a reasonable estimate of the effects on its transition tax and existing deferred tax balances. The Company will continue to assess the impact of the recently enacted tax law and expected further guidance from federal and state tax authorities as well as further guidance for the associated income tax accounting on its business and consolidated financial statements.

Revenue Recognition.

The Company's revenue results from semiconductor products sold through three channels: direct sales to original equipment manufacturers (OEMs) and electronic manufacturing service providers (EMSs), consignment sales to OEMs and EMSs, and sales through distributors. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and its ability to collect is reasonably assured.

Distributors have rights to price protection, ship from stock pricing credits and stock rotation. When the Company was unable to estimate these credits, the Company deferred revenue and related cost of revenues on sales to these distributors until the product was sold through by the distributor to an end-customer. The Company continuously reassesses its ability to reliably estimate the ultimate price of these products and, as of the end of fiscal 2018, distribution revenue is recognized upon shipment, with reserves recorded for the estimated return and pricing adjustment exposures. The determination of the amount of reserves to be recorded requires that the Company makes estimates. The Company utilizes historical experience and market trends to estimate the reserves. Historically, differences between actual and estimated credits have not been material.

The Company recognizes software royalty revenue based on reports received from customers during the quarter, assuming that all other revenue recognition criteria are met.

Shipping and Handling Costs. The Company includes shipping and handling costs billed to customers in revenues. The Company's shipping and handling costs are included in cost of revenues.

Stock-based Compensation. The fair value of employee restricted stock units is equal to the market value of the Company's common stock on the date the award is granted. For performance-based restricted stock units, the Company is required to assess the probability of achieving certain financial objectives at the end of each reporting period. Based on the assessment of this probability, which requires subjective judgment, the Company records stock-based compensation expense before the performance criteria are actually fully achieved, which may then be reversed in future periods if the Company determines that it is no longer probable that the objectives will be achieved. The expected cost of each award is reflected over the performance period and is reduced for estimated forfeitures. For restricted stock units which are subject to a market condition, compensation cost is recognized regardless of whether the market condition is satisfied, provided that the requisite service period has been provided. The market condition is considered in the estimate of fair value using a method that incorporates the possibility that the market condition may not be satisfied.

The Company estimates the fair value of employee stock options and the right to purchase shares under the employee stock purchase plan using the Black-Scholes valuation model, consistent with the FASB's authoritative guidance for stock-based payments. Option-pricing models require the input of highly subjective assumptions, including the

expected term of options and the expected price volatility of the stock underlying such options. In addition, the Company is required to estimate the number of stock-based awards that will be forfeited due to employee turnover and true up these forfeiture rates when actual results are different from the Company's estimates. The Company attributes the value of stock-based compensation to expense on an accelerated method. Finally, the Company capitalizes into inventory a portion of the periodic stock-based compensation expense that relates to employees working in manufacturing activities. For market-based stock unit awards, the fair value of each award is estimated on the date of grant using a Monte Carlo simulation model that uses the assumptions such as expected price volatility, expected term, and risk-free interest rate.

Table of Contents

The Company updates the expected term of stock option grants annually based on its analysis of the stock option exercise behavior over a period of time. The interest rate used in the Black-Scholes valuation model to value the stock option is based on the average U.S. Treasury interest rate over the expected term during the applicable quarter. The Company believes that the implied volatility of its common stock is an important consideration of overall market conditions and a good indicator of the expected volatility of its common stock. However, due to the limited volume of options freely traded over the counter, the Company believes that implied volatility, by itself, is not representative of the expected volatility of its common stock. Therefore, the Company's volatility factor used to estimate the fair value of its stock-based awards reflects a blend of historical volatility of its common stock and implied volatility of call options and dealer quotes on call options, generally having a term of less than twelve months. The Company has not paid, nor does it have current plans to pay dividends on its common stock in the foreseeable future.

Comprehensive Income (Loss). Comprehensive income (loss) is comprised of net income (loss) and unrealized gains and losses on available-for-sale securities and foreign exchange contracts and changes in pension assets and liabilities. Accumulated other comprehensive income (loss), as presented on the Consolidated Balance Sheets, consists of net unrealized gains and losses on available-for-sale securities and foreign currency translation adjustments, and changes in post-employment and post-retirement benefit plan assets and liabilities, net of tax.

Translation of Foreign Currencies. For subsidiaries in which the functional currency is the local currency, gains and losses resulting from translation of foreign currency financial statements into U.S. dollars are recorded as a component of accumulated other comprehensive income (loss). For subsidiaries where the functional currency is the U.S. dollar, gains and losses resulting from the process of remeasuring foreign currency financial statements into U.S. dollars are included in interest income and other, net. The net foreign currency remeasurement gains were approximately \$4.5 million, \$0.5 million and \$0.3 million for fiscal 2018, 2017 and 2016, respectively.

Certain Risk and Concentrations. The Company's most significant potential exposure to credit concentration risk includes debt-security investments, foreign exchange contracts and trade accounts receivable. The Company's investment policy addresses sector and industry concentrations, credit ratings and maturity dates. The Company invests its excess cash primarily in highly-rated money market and short-term debt instruments, diversifies its investments and, by policy, invests only in highly-rated securities to minimize credit risk.

The Company sells to OEMs, distributors and EMSs primarily in the U.S., Europe and APAC. The Company monitors the financial condition of its major customers, including performing credit evaluations of those accounts which management considers to be high risk, and generally does not require collateral from its customers. When deemed necessary, the Company may limit the credit extended to certain customers. The Company's relationship with the customer, and the customer's past and current payment experience, are also factored into the evaluation in instances in which limited financial information is available. The Company maintains an allowance for doubtful accounts for probable credit losses, including reserves based upon a percentage of total receivables. When the Company becomes aware that a specific customer may default on its financial obligation, a specific amount, which takes into account the level of risk and the customer's outstanding accounts receivable balance, is reserved. These reserved amounts are classified within selling, general and administrative expenses. Write-offs of accounts receivable balances were not material in each of the three fiscal years presented.

Sales through a distributor, Uniquist, represented approximately 10%, 11%, and 16% of the Company's revenues in fiscal 2018, 2017 and 2016, respectively. Sales through a distributor, Avnet and its affiliates, represented approximately 15%, 10% and 15% of the Company's revenues in fiscal 2018, 2017 and 2016, respectively. Macnica and its affiliates represented approximately 10% of the Company's revenues in fiscal 2018. As of April 1, 2018, one distributor represented approximately 15% of the Company's accounts receivable. As of April 2, 2017, two distributors represented approximately 11% and 10%, respectively, of the Company's accounts receivable. SK Hynix and its affiliates, which is a direct OEM customer, accounted for 12% of our revenues in fiscal 2016. No other distributor or single direct or consignment customer represented 10% or more of our total revenues in fiscal 2018, 2017 and 2016.

The semiconductor industry is characterized by rapid technological change, competitive pricing pressures, and cyclical market patterns. The Company's results of operations are affected by a wide variety of factors, including general economic conditions, both at home and abroad; economic conditions specific to the semiconductor industry;

demand for the Company's products; the timely introduction of new products; implementation of new manufacturing technologies; manufacturing capacity; the availability and cost of materials and supplies; competition; the ability to safeguard patents and intellectual property in a rapidly evolving market; and reliance on assembly and manufacturing foundries, independent distributors and sales representatives. As a result, the Company may experience substantial period-to-period fluctuations in future operating results due to the factors mentioned above or other factors.

Product Warranty. The Company maintains a reserve for obligations it incurs under its product warranty program. The standard warranty period offered is one year, though in certain instances the warranty period may be extended to as long as two years. Management estimates the fair value of its 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 program.

Table of Contents

Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments, which clarifies the classification of certain cash receipts and cash payments in the statement of cash flows, including debt prepayment or extinguishment costs, settlement of contingent consideration arising from a business combination, insurance settlement proceeds, and distributions from certain equity method investees. The adoption of ASU No. 2016-15 is required to be applied retrospectively. The Company adopted the new guidance in the first quarter of fiscal 2018. There was no material impact upon adoption.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory, which provides the guidance applying to inventory measured using any other method other than last-in, last-out method. Under this guidance, inventory is measured at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The Company adopted the new guidance prospectively in the first quarter of fiscal 2018. There was no material impact in the period of adoption.

Accounting Pronouncements Not Yet Effective for Fiscal 2018

In February 2018, the FASB issued ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows an entity to elect to reclassify the stranded tax effects resulting from the change in income tax rate from the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings. The amendments in this update are effective for periods beginning after December 15, 2018. Early adoption is permitted. The Company does not believe that the adoption of this new accounting guidance will have any material impact on its consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting, which amends the requirements in GAAP related to accounting in changes to stock compensation awards. The guidance in ASU 2017-09 is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. The Company does not believe that the adoption of this new accounting guidance will have any material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, Intangibles-Goodwill and Other (Topic 350), which simplifies the measurement of goodwill by eliminating the Step 2 impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The new guidance requires an entity to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The new guidance becomes effective for goodwill impairment tests in fiscal years beginning after December 15, 2019, though early adoption is permitted. The Company does not believe that the adoption of this new accounting guidance will have any material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805), which clarifies the definition of business. The update provides a more robust framework to use in determining when a set of assets and activities is a business. The new guidance provides a screen to determine when a set of assets and activities is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or a group of similar identifiable assets, the set is not a business. The new guidance becomes effective in fiscal years beginning after December 15, 2017, though early adoption is permitted. The new guidance should be applied prospectively on or after the effective date. No disclosures are required at transition. The Company does not believe that the adoption of this new accounting guidance will have any material impact on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, Intra-Entity Transfers of Assets Other Than Inventory, which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This amends current GAAP which prohibits recognition of current and deferred income taxes for all types of intra-entity asset transfers until the asset has been sold to a third party or otherwise recovered

through use. The new standard will be effective for the Company starting in the first quarter of fiscal 2019. Early adoption is permitted. Upon adoption, companies must apply a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings or accumulated deficit as of the beginning of the period of adoption. As of April 1, 2018, the Company has a deferred tax charge of \$13.7 million recorded in prepayments and other current assets and other assets, which represents the tax expense that was deferred in accordance with current GAAP. At adoption, the Company will recognize the unamortized portion of the deferred tax charge through a cumulative-effect adjustment to accumulated deficit. Additionally, a deferred tax asset will be recognized, through a cumulative-effect adjustment to accumulated deficit, for the unamortized tax basis in the assets, which as of April 1, 2018 would have been \$0.5 million.

Table of Contents

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses, which changes the accounting for recognizing impairments of financial assets. Under the new guidance, credit losses for certain types of financial instruments will be estimated based on expected losses. The new guidance also modifies the impairment models for available-for-sale debt securities and for purchased financial assets with credit deterioration since their origination. The new guidance will be effective for the Company starting in the first quarter of fiscal 2021. Early adoption is permitted starting in the first quarter of fiscal 2020. The Company is in the process of determining the effects the adoption will have on its consolidated financial statements.

In February 2016, the FASB issued an ASU 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. All leases create a right-of-use asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and, therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. This ASU is effective for annual and interim periods beginning after December 15, 2018. Early adoption is permitted. As currently issued, entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. There are additional optional practical expedients that an entity may elect to apply. The Company currently plans to adopt the new standard effective the first quarter of fiscal 2020 and expects to elect certain available transitional practical expedients. The Company is currently assessing the impact that the new standard will have on its consolidated financial statements, which will consist primarily of a balance sheet gross up of right-of-use assets and lease liabilities on the Consolidated Balance Sheets upon adoption, which will increase the Company's total assets and liabilities.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which changes the current accounting related to (i) the classification and measurement of certain equity investments, (ii) the presentation of changes in the fair value of financial liabilities measured under the fair value option that are due to instrument-specific credit risk, and (iii) certain disclosures associated with the fair value of financial instruments. Most notably, ASU 2016-01 requires that equity investments, with certain exemptions, be measured at fair value with changes in fair value recognized in net income as opposed to other comprehensive income. The guidance further clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. The guidance is applied by means of cumulative-effect adjustment to the balance sheet as of the beginning of fiscal year of adoption and is effective for the Company in its first quarter of fiscal 2019. Early adoption is permitted only if certain criteria are met. The Company does not believe that the adoption of this new accounting guidance will have any material impact on its consolidated financial statements.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method. The FASB also decided to allow early adoption of the standard, but not before the original effective date of December 15, 2016. In March, April and May 2016, the FASB issued additional updates to the new revenue standard relating to reporting revenue on a gross versus net basis, identifying performance obligations and licensing arrangements, and narrow-scope improvements and practical expedients, respectively. The new standard will be effective for the Company beginning April 2, 2018. The Company has elected to use the modified retrospective method as its transition method in adoption of the new revenue standard. Under this transition method, the Company elects to apply this new guidance only to contracts that are not completed at the adoption date. As of end of fiscal 2018, the Company's revenues on sales to all distributors are recognized upon shipment, with reserves recorded for the estimated return and pricing adjustment exposures. Because of this, the Company expects the new standard to have an insignificant impact on the timing of recognition of revenue from distributors. Additionally, the Company currently recognizes revenue from per-unit royalty-based IP licenses in the period the licensee reports its sales, which for the most customers is shortly after the period in which the sales occurred. Hence, the Company is reliably able to estimate the royalty revenues for any given period and does not expect any significant impact due to adoption of the new revenue

recognition standard. The Company expects other revenue streams to remain substantially unchanged and along with IP royalty revenues, insignificant in the aggregate. The Company also elects to exclude amounts collected from customers for all sales taxes from the transaction price, which is consistent with its current process. As part of the Company's assessment and implementation plan, the Company is implementing changes to its policies and procedures, enhancing controls and disclosures to support the new standard.

Table of Contents

Note 2. Net Income (Loss) Per Share From Continuing Operations

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. Diluted net loss per common share is computed using the weighted-average common shares outstanding. This computation excludes all dilutive potential common shares when the Company is in a net loss position as their inclusion would be anti-dilutive.

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

(in thousands, except per share amounts)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Numerator (basic and diluted):			
Net income (loss) from continuing operations	\$(12,136)	\$109,184	\$195,299
Denominator:			
Weighted average common shares outstanding, basic	132,651	133,817	142,783
Dilutive effect of employee stock options, restricted stock units and performance stock units	—	3,623	4,869
Weighted average common shares outstanding, diluted	132,651	137,440	147,652
Basic net income (loss) per share from continuing operations	\$(0.09)	\$0.82	\$1.37
Diluted net income (loss) per share from continuing operations	\$(0.09)	\$0.79	\$1.32

Potential dilutive common shares of 3.5 million, 0.5 million and 0.4 million pertaining to employee stock options, restricted stock and performance stock units were excluded from the calculation of diluted earnings (loss) per share for the fiscal years ended April 1, 2018, April 2, 2017 and April 3, 2016, respectively, because the effect would have been anti-dilutive.

The denominator for diluted net income (loss) per share for the fiscal 2018, 2017 and 2016 does not include any effect from the 0.875% Convertible Senior Notes due 2022, or the Convertible Notes. In accordance with ASC 260, Earnings per Share, the Convertible Notes will not impact the denominator for diluted net income (loss) per share unless the average price of our common stock, as calculated under the terms of the Notes, exceeds the conversion price of \$33.45 per share. Likewise, the denominator for diluted net income (loss) per share will not include any effect from the warrants unless the average price of our common stock, as calculated under the terms of the warrants, exceeds \$48.66 per share.

The denominator for diluted net income (loss) per share for fiscal 2018, 2017 and 2016 also does not include any effect from the convertible note hedge transaction, or the Note Hedges. In future periods, the denominator for diluted net income (loss) per share will exclude any effect of the Note Hedges, as their effect would be anti-dilutive. In the event an actual conversion of any or all of the Convertible Notes occurs, the shares that will be delivered to us under the Note Hedges are designed to neutralize the dilutive effect of the shares that the Company will issue under the Convertible Notes. Refer to Note 18 for further discussion regarding the Convertible Notes.

Note 3. Acquisitions

Asset Acquisition

On August 10, 2017, the Company purchased certain assets of SpectraBeam, LLC ("SpectraBeam") for a total purchase consideration of \$17.0 million, of which \$12.9 million was paid in cash at closing and \$4.1 million was recorded as a liability representing the contingent cash consideration. The acquisition did not meet the criteria for a business combination in accordance with ASC 805, Business Combinations, and accordingly, was accounted for as an asset acquisition. Aside from developed technology classified as an intangible asset, there was no other asset or liability that was allocated value in the purchase price allocation. The contingent cash consideration will be paid based

upon achievement of certain milestones to be completed within two years from the closing date. Given that the milestones are probable of being achieved and the related amounts are estimable, the fair value of the contingent consideration was recognized as part of the cost of asset acquired at closing date. Accordingly, the total purchase consideration of \$17.0 million was allocated to the developed technology. The economic useful life of the developed technology is 7 years, which was determined based on the technology cycle related to the products and its expected contribution to forecasted revenue.

Table of Contents

Business Combination

GigPeak, Inc.

On April 4, 2017, the Company completed its purchase all of the outstanding shares of GigPeak, Inc, a publicly held company mainly operating in the United States, for approximately \$250.1 million (the "Acquisition"). GigPeak was a global supplier of semiconductor integrated circuits and software solutions for high-speed connectivity and high-quality video compression over the network and the cloud. The Company funded the Acquisition from its available cash on hand and net proceeds from borrowings under its credit facility entered into on April 4, 2017 with JP Morgan Chase Bank, N.A., as administrative agent, and the various lenders signatory thereto (the "Credit Agreement"). The Credit Agreement provides for a \$200 million term loan facility (the "Initial Term B Loan"). Refer to Note 19 for details.

Total consideration consisted of the following:

(in thousands)

Cash paid to GigPeak shareholders	\$246,717
Fair value of partially vested employee equity awards related to pre-combination services	3,400
Total purchase price	250,117
Less: cash acquired	(9,001)
Total purchase price, net of cash acquired	\$241,116

In connection with the Acquisition, the Company assumed unvested restricted stock units ("RSUs") originally granted by GigPeak and converted them into IDT RSUs. IDT included \$3.4 million, representing the portion of the fair value of the assumed GigPeak unvested equity awards associated with service rendered through the date of the Acquisition, as a component of the total estimated acquisition consideration. As of April 4, 2017, the total unrecognized stock-based compensation expense, net of estimated forfeitures, was also \$3.4 million, which is expected to be recognized over the remaining weighted average service period of 2.6 years. See Note 9 for details.

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. Because the Acquisition was structured as a stock acquisition for income tax purposes, none of the asset step-up or asset recognition required by purchase accounting, including the goodwill described below, is deductible for tax purposes. The fair value of accounts receivable, other current assets, accounts payable, and other accrued liabilities were generally determined using historical carrying values given the short-term nature of these assets and liabilities. The fair values for acquired inventory, property, plant and equipment and intangible assets were determined with the assistance of a third-party valuation using discounted cash flow analysis, and estimate made by management. The fair values of certain other assets and liabilities were determined internally using historical carrying values and estimates made by management. In fiscal 2018, the Company obtained additional information in regards to inventory, deferred tax assets, accounts receivable and assumed liabilities and recorded purchase accounting adjustments which were not considered to be material.

The financial results of the GigPeak business have been included in the Company's Consolidated Statements of Operations from April 4, 2017, the closing date of the acquisition. The Company's results of operations include \$47.0 million of net revenues attributable to GigPeak for fiscal year 2018. The Company incurred approximately \$2.2 million of acquisition related costs for the first quarter of fiscal 2018 which were included in Selling, General and Administrative Expenses in the Consolidated Statements of Operations. Goodwill is primarily attributable to the assembled workforce of GigPeak, anticipated synergies and economies of scale expected from the operations of the combined company.

Table of Contents

The Company's purchase price allocation with immaterial adjustments made through April 1, 2018 is as follows:

(in thousands)	Estimated Fair Value
Cash and cash equivalents	\$9,001
Accounts receivable	14,806
Inventories	18,399
Prepayments and other current assets	2,641
Property, plant and equipment	2,434
Goodwill	113,192
Intangible assets	97,860
Deferred tax assets	7,610
Other assets	1,501
Accounts payable	(5,753)
Accrued compensation and related expenses	(3,279)
Other accrued liabilities	(3,538)
Long-term income tax payable	(1,253)
Other long-term liabilities	(3,504)
Total purchase price	\$250,117

A summary of the estimated fair value of the intangible assets, net acquired and their estimated useful lives is as follows:

(in thousands)	Estimated Fair Value	Estimated Useful Life (in years)
Developed technology	\$ 56,000	5 years
Customer contracts and related relationships	28,900	5 years
Order backlog	200	1 year
Software licenses	2,560	less than a year
In-process research and development ("IPR&D")	10,200	
Total	\$ 97,860	

Identifiable Tangible Assets and Liabilities:

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

Inventory:

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.

Property, Plant and Equipment:

The value allocated to plant, property and equipment, which will be used by the Company, represents the estimated price that would be realized upon sale to a market participant.

Intangible Assets:

The allocation of the purchase price to tangible and identified intangible assets acquired was based on the Company's best estimate of the fair value of such assets as of the acquisition date. The fair value of acquired tangible and identified intangible assets was determined based on inputs that are unobservable and significant to the overall fair value measurement.

Table of Contents

Developed technology consists of GigPeak's products that have reached technological feasibility. The Company valued the developed technology utilizing a multi-period excess earnings ("MPEE") method, which uses the discounted future earnings specifically attributed to this intangible asset that is in excess of returns for other assets that contributed to those earnings. The economic useful life was determined based on the technology cycle related to the products and its expected contribution to forecasted revenue. The Company utilized a discount rate of 16% in estimating the fair value of the developed technology.

Customer relationships represent the fair value of future projected revenue that is expected to be derived from sales of products to existing customers of the acquired company. Customer contracts and related relationships value has been estimated utilizing a 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 economic useful life was determined based on the life of the developed technology, assuming that the existing customers will remain with the Company until the developed technology becomes obsolete. The Company utilized a discount rate of 17% in estimating the fair value of the customer relationships.

Order backlog represents business under existing contractual obligations as of the acquisition date. The fair value of backlog was determined using the MPEE method under the income approach based on expected operating cash flows from future contractual revenue. The economic useful life was determined based on the expected life of the backlog and the cash flows over the forecast period. The Company utilized a discount rate of 4.6% in estimating the fair value of the order backlog.

IPR&D represents the fair value of incomplete research and development projects that had not reached technological feasibility as of the date of acquisition. IPR&D consisted of various projects. As of the acquisition date, the estimated remaining costs to complete and the estimated fair value of the IPR&D projects were approximately \$7.5 million and \$10.2 million, respectively. The IPR&D projects will either be amortized or impaired depending upon whether the project is completed or abandoned. The fair value of IPR&D was determined using the MPEE method under the income approach. This method reflects the present value of the projected cash flows that are expected to be generated by the IPR&D less charges representing the contribution of other assets to those cash flows. A discount rate of 17% was used to discount the cash flows to the present value. The acquired IPR&D will not be amortized until completion of the related products which is determined by when the underlying projects reach technological feasibility and commence commercial production. Upon completion, each IPR&D project will be amortized over its estimated useful life. During fiscal 2018, \$1.2 million of purchased IPR&D projects from GigPeak acquisition reached technological feasibility and was reclassified as core and developed technology and began being amortized over its estimated useful life. In addition, during fiscal 2018, the Company recognized a total of \$2.0 million impairment charge related to certain IPR&D projects, which was recorded in Research and Development Expense in the Consolidated Statements of Operations. The Company expects to complete the remaining projects during fiscal 2019. Refer to Note 14 for additional information.

Pro Forma Financial Information (unaudited):

The following unaudited pro forma financial information present combined results of operations for each of the periods presented, as if GigPeak had been acquired as of the beginning of fiscal year 2017. The pro forma financial information primarily includes the business combination effect of the amortization charges from acquired intangible assets, the amortization of the fair value inventory, interest expenses and the acquisition-related expenses. The pro forma data are for informational purposes only and are not necessarily indicative of the consolidated results of operations of the combined business had the acquisition actually occurred at the beginning of fiscal year 2017 or of the results of future operations of the combined business. Consequently, actual results will differ from the unaudited pro forma information presented below:

	Fiscal Year Ended	
	April 1, 2018	April 2, 2017
(Unaudited in thousands, except per share data)		
Revenues	\$842,764	\$790,319
Net income (loss)	\$(961)	\$83,873
Basic net income (loss) per share - continuing operations	\$(0.01)	\$0.63

Diluted net income (loss) per share - continuing operations \$(0.01) \$0.61

Synkera Technologies, Inc.

On July 22, 2016, IDT purchased substantially all of the assets and liabilities of Synkera Technologies, Inc. (Synkera), a company engaged in developing and marketing metal oxide gas sensor technology, for total purchase consideration of approximately \$2.8 million, of which \$1.5 million was paid in cash at closing and \$1.3 million was recorded as a liability representing the fair value of contingent cash consideration of up to \$1.5 million. The contingent cash consideration will be paid based upon the achievement of certain milestones to be completed within 3.5 years from the date of acquisition.

Pro forma and historical results of operations for this acquisition have not been presented because the effect of the acquisition was not material to the Company's financial results.

55

Table of Contents

Acquisition of Zentrum Mikroelektronik Dresden AG

On December 7, 2015, the Company completed its purchase all of the outstanding no-par-value shares of Zentrum Mikroelektronik Dresden AG (ZMDI), a privately-held company mainly operating in Germany, in an all-cash transaction for approximately \$307.0 million. ZMDI is a global supplier of sensing products for mobile, automotive and industrial solutions.

Total consideration consisted of the following:

(in thousands)

Cash paid to ZMDI shareholders	\$ 307,030
Less: cash acquired	(27,892)
Total purchase price, net of cash acquired	\$ 279,138

The total cash consideration paid includes a Euro-equivalent of \$20.0 million which was maintained in an escrow account and was subsequently released to the selling shareholders in December 2017 upon meeting of certain conditions in accordance with the escrow agreement.

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. Because the Acquisition was structured as a stock acquisition for income tax purposes, none of the asset step-up or asset recognition required by purchase accounting, including the goodwill described below, is deductible for tax purposes. The fair value of cash, accounts receivable, other current assets, accounts payable, and other accrued liabilities were generally determined using historical carrying values given the short-term nature of these assets and liabilities. The fair values for acquired inventory, property, plant and equipment and intangible assets were determined with the assistance of a third-party valuation using discounted cash flow analysis, and estimate made by management. The fair values of certain other liabilities were determined internally using historical carrying values and estimates made by management.

The financial results of the ZMDI business have been included in the Company's Consolidated Statements of Operations from December 7, 2015, the closing date of the acquisition. The Company's results of continuing operations for fiscal 2016 include \$24.4 million of net revenues attributable to ZMDI. The Company incurred approximately \$2.5 million of acquisition related costs for fiscal 2016 which were included in Selling, General and Administrative Expenses in the Consolidated Statements of Operations. Goodwill is primarily attributable to the assembled workforce of ZMDI, anticipated synergies and economies of scale expected from the operations of the combined company.

The Company's allocation of the purchase price is as follows:

(in thousands)	Estimated Fair Value
Cash	\$27,892
Accounts receivable	10,618
Inventories	19,892
Other current assets	1,551
Property, plant and equipment	9,287
Other non-current assets	2,003
Intangible assets	126,200
Goodwill	170,089
Accounts payable	(5,633)
Accrued and other current liabilities	(19,141)
Loans payable	(9,437)
Deferred tax liability	(23,467)
Other long term liabilities	(2,824)
Total purchase price	\$307,030

Table of Contents

A summary of the allocation of intangible assets is as follows:

(in thousands)	Estimated Fair Value	Estimated Useful Life (in years)
Developed technology	\$75,600	7
Customer relationships	44,000	7
Order backlog	5,800	1
Trademark	800	1
Total	\$126,200	

Pro Forma Financial Information (unaudited):

The following unaudited pro forma financial information present combined results of operations for fiscal 2016 as if ZMDI had been acquired as of the beginning of fiscal year 2015. 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-related costs. The pro forma data are for informational purposes only and are not necessarily indicative of the consolidated results of operations of the combined business had the acquisition actually occurred at the beginning of fiscal year 2015 or of the results of future operations of the combined business. Consequently, actual results will differ from the unaudited pro forma information presented below:

(Unaudited in thousands, except per share data)	Fiscal Year Ended	
	April 3, 2016	March 29, 2015
Revenues	\$760,232	\$650,815
Net income	\$202,213	\$67,690
Basic net income per share - continuing operations	\$1.42	\$0.46
Diluted net income per share - continuing operations	\$1.37	\$0.44

Note 4. Discontinued Operations

High-Speed Converter (“HSC”) Business

On April 27, 2015, the Company completed the sale of the remaining HSC business to eSilicon for \$1.5 million. In the third quarter of fiscal 2017, the Company collected the receivable of \$1.5 million and recognized gain from discontinued operations of \$1.4 million, which represents the excess of the sale price of \$1.5 million over the carrying value of assets sold of \$0.1 million.

The HSC business was included in the Company’s Communications reportable segment. For financial statements purposes, the results of operations for the HSC business have been segregated from those of the continuing operations and are presented in the Company’s consolidated financial statements as discontinued operations.

Note 5. Other Divestitures (not accounted for as discontinued operations)

Fox Enterprises, Inc.

In the first quarter of fiscal 2017, the Company reclassified certain assets and liabilities of its wholly-owned subsidiary Fox Enterprises, Inc. (the Disposal Group) as held for sale. As a result, the long-lived assets (comprised of goodwill, intangible assets and fixed assets) included in the Disposal Group were fully impaired and the Company recorded total impairment charge of \$0.8 million in fiscal 2017.

On October 3, 2016, the Company completed the sale of the Disposal Group for approximately \$1.2 million and recorded a loss on divestiture (included in interest income and other, net in the Consolidated Statement of Operations) of approximately \$0.7 million in fiscal 2017.

Table of Contents

Note 6. Fair Value Measurements

Fair value measurement is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing assets or liabilities. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact.

Fair Value Hierarchy

The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted market prices for identical assets or liabilities in active markets at the measure date.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The following table summarizes the Company's financial assets measured at fair value on a recurring basis as of April 1, 2018:

(in thousands)	Fair Value at Reporting Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Inputs Total
Assets:			
Cash equivalents and short-term investments:			
U.S. government treasuries and agencies securities	\$60,272	\$ —	\$60,272
Money market funds	48,847	—	48,847
Asset-backed securities	—	16,687	16,687
Corporate bonds	—	109,605	109,605
International government bonds	—	2,638	2,638
Corporate commercial paper	—	9,034	9,034
Bank deposits	—	45,080	45,080
Repurchase agreements	—	142	142
Total assets measured at fair value	\$109,119	\$ 183,186	\$292,305

Table of Contents

The following table summarizes the Company's financial assets measured at fair value on a recurring basis as of April 2, 2017:

(in thousands)	Fair Value at Reporting Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Assets:			
Cash equivalents and short-term investments:			
U.S. government treasuries and agencies securities	\$61,556	\$ —	\$61,556
Money market funds	140,425	—	140,425
Asset-backed securities	—	13,847	13,847
Corporate bonds	—	96,376	96,376
International government bonds	—	5,410	5,410
Corporate commercial paper	—	4,898	4,898
Bank deposits	—	12,305	12,305
Repurchase agreements	—	173	173
Total assets measured at fair value	\$201,981	\$ 133,009	\$334,990

The deferred compensation plan assets of \$16.9 million and \$16.0 million as of April 1, 2018 and April 2, 2017, respectively, are carried on the Consolidated Balance Sheets at their fair value which were determined on the basis of market prices observable for similar instruments and are considered Level 2 in the fair value hierarchy. See Note 17 for additional information on the Employee Benefit Plans.

The Convertible Notes are carried on the Consolidated Balance Sheets at their original issuance value including accreted interest, net of unamortized debt discount and issuance costs. The Convertible Notes are not marked to fair value at the end of each reporting period. The fair value of Convertible Notes was \$422.0 million and \$376.9 million as of April 1, 2018 and April 2, 2017, respectively, which was determined on the basis of market prices observable for similar instruments and is considered Level 2 in the fair value hierarchy. See Note 18 for additional information on the Convertible Notes.

As of April 1, 2018, the fair value of the Initial Term B Loan was \$199.6 million. The Company classified the Initial Term B Loan as Level 2 fair value measurement hierarchy as the debt is not actively traded and has variable interest structure based upon market rates currently available to the Company for debt with similar terms and maturities. Refer to Note 19 for additional information on Term B loan.

U.S. government treasuries and U.S. government agency securities as of April 1, 2018 and April 2, 2017 do not include any U.S. government guaranteed bank issued paper.

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. There were no transfers into or out of Level 1 or Level 2 financial assets during fiscal 2018 and 2017.

In connection with the acquisition of Synkera in fiscal 2017, a liability was recognized for the Company's estimate of the fair value of contingent consideration on the acquisition date based on probability-based attainment of certain milestones. This fair value measurement is based on significant inputs not observed in the market and thus represents a Level 3 measurement, which reflects the Company's own assumptions concerning the milestones related to the acquired business in measuring fair value. The fair value of the liability measured using significant unobservable inputs (Level 3) was approximately \$1.3 million as of both April 1, 2018 and April 2, 2017.

As a result of the acquisition of SpectraBeam in fiscal 2018, a liability was recognized for the Company's estimate of the fair value of contingent consideration on the acquisition date based on probability-based attainment of certain milestones. The fair value measurement is based on significant inputs not observed in the market and thus represents a Level 3 measurement, which reflects the Company's own assumptions concerning the milestones related to the asset acquisition in measuring fair value. The fair value of the liability measured using significant unobservable inputs

(Level 3) was approximately \$4.1 million as of April 1, 2018.

Table of Contents

Cash equivalents are highly liquid investments with original maturities of three months or less at the time of purchase. The Company maintains its cash and cash equivalents with reputable major financial institutions. Deposits with these banks may exceed the FDIC insurance limits or similar limits in foreign jurisdictions. These deposits typically may be redeemed upon demand and, therefore, bear minimal risk. While the Company monitors daily the cash balances in its operating accounts and adjusts the balances as appropriate, these balances could be affected if one or more of the financial institutions with which the Company deposits fails or is subject to other adverse conditions in the financial markets. As of April 1, 2018, the Company has not experienced any losses in its operating accounts.

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. This determination requires significant judgment. For publicly traded investments, impairment is determined based upon the specific facts and circumstances present at the time, including a review of the closing price over the length of time, general market conditions and the Company's intent and ability to hold the investment for a period of time sufficient to allow for recovery. Although the Company believes its portfolio continues to be comprised of sound investments due to high credit ratings and government guarantees of the underlying investments, a further decline in the capital and financial markets would adversely impact the market values of its investments and their liquidity. The Company continually monitors the credit risk in its portfolio and future developments in the credit markets and makes appropriate changes to its investment policy as deemed necessary. The Company did not record any impairment charges related to its available-for-sale investments in fiscal 2018, 2017 and 2016.

Note 7. Investments

Available-for-Sale Securities

The amortized cost and fair value of available-for-sale investments as of April 1, 2018 were as follows:

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies securities	\$61,166	\$ —	\$ (894)	\$60,272
Money market funds	48,847	—	—	48,847
Asset-backed securities	16,797	—	(110)	16,687
Corporate bonds	111,266	43	(1,704)	109,605
International government bonds	2,650	—	(12)	2,638
Corporate commercial paper	9,034	—	—	9,034
Bank deposits	45,080	—	—	45,080
Repurchase agreements	142	—	—	142
Total available-for-sale investments	294,982	43	(2,720)	292,305
Less amounts classified as cash equivalents	(70,279)	—	—	(70,279)
Short-term investments	\$224,703	\$ 43	\$ (2,720)	\$222,026

Table of Contents

The amortized cost and fair value of available-for-sale investments as of April 2, 2017 were as follows:

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies securities	\$62,048	\$ 16	\$ (508)	\$61,556
Money market funds	140,425	—	—	140,425
Asset-backed securities	13,865	5	(23)	13,847
Corporate bonds	96,660	42	(326)	96,376
International government bonds	5,423	2	(15)	5,410
Corporate commercial paper	4,898	—	—	4,898
Bank deposits	12,305	—	—	12,305
Repurchase agreements	173	—	—	173
Total available-for-sale investments	335,797	65	(872)	334,990
Less amounts classified as cash equivalents	(143,498)	—	—	(143,498)
Short-term investments	\$192,299	\$ 65	\$ (872)	\$191,492

The cost and estimated fair value of available-for-sale debt securities as of April 1, 2018, by contractual maturity, were as follows:

(in thousands)	Amortized Cost	Estimated Fair Value
Due in 1 year or less	\$ 119,172	\$119,056
Due in 1-2 years	111,814	110,226
Due in 2-5 years	63,996	63,023
Total investments in available-for-sale debt securities	\$ 294,982	\$292,305

The cost and estimated fair value of available-for-sale debt securities as of April 2, 2017, by contractual maturity, were as follows:

(in thousands)	Amortized Cost	Estimated Fair Value
Due in 1 year or less	\$ 188,008	\$187,984
Due in 1-2 years	46,089	45,995
Due in 2-5 years	101,700	101,011
Total investments in available-for-sale debt securities	\$ 335,797	\$334,990

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses as of April 1, 2018, aggregated by investment category and length of time that individual securities have been in a continuous loss position.

(in thousands)	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$78,726	\$ (1,324)	\$23,286	\$ (380)	\$102,012	\$ (1,704)
U.S. government treasuries and agencies securities	25,352	(221)	34,920	(673)	60,272	(894)
Asset-backed securities	14,147	(90)	2,540	(20)	16,687	(110)
International government bonds	—	—	2,638	(12)	2,638	(12)
Total	\$118,225	\$ (1,635)	\$63,384	\$ (1,085)	\$181,609	\$ (2,720)

Table of Contents

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses, as of April 2, 2017, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

(in thousands)	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	\$71,308	\$ (326)	\$ —	\$ —	—\$71,308	\$ (326)
Asset-backed securities	11,294	(23)	—	—	11,294	(23)
U.S. government treasuries and agencies securities	55,497	(508)	—	—	55,497	(508)
International government bonds	2,634	(15)	—	—	2,634	(15)
Total	\$140,733	\$ (872)	\$ —	\$ —	—\$140,733	\$ (872)

Currently, a significant portion of the Company's available-for-sale investments that it holds are high grade instruments. As of April 1, 2018, 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 can be attributed to fair value fluctuations in an unstable credit environment that resulted in 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 as of April 1, 2018 or April 2, 2017.

Non-marketable Equity Securities

As of April 1, 2018 and April 2, 2017, the Company holds capital stock of privately-held companies with total amount of \$27.3 million and \$13.2 million, respectively. During fiscal 2018, the Company purchased common stock of privately-held companies for \$14.1 million. These investments in stocks (included in Other Assets on the Consolidated Balance Sheet) are accounted for as cost-method investments, as the Company owns less than 20% of the voting securities and does not have the ability to exercise significant influence over operating and financial policies of each entity.

The Company did not record any impairment charge for these investments in fiscal 2018, 2017 and 2016.

Note 8. Accounts Receivable

The Company assumed an agreement with a financial institution to sell certain of its trade receivables from customers with limited, non-credit-related recourse provisions as part of an acquisition during the quarter ended January 3, 2016. The agreement was subsequently terminated on September 30, 2016. Total receivables sold under the factoring facility during fiscal 2017 and 2016 were \$26.2 million and \$21.8 million, respectively. Total collections from the sale of receivables and from deferred purchase payment during fiscal 2017 were \$33.3 million and \$3.4 million, respectively. Total collections from the sale of receivables and from deferred purchase payment during fiscal 2016 were \$21.8 million and \$2.1 million, respectively. The total available amount of the factoring facility as of April 3, 2016 was \$1.9 million. The sales of accounts receivable in accordance with the factoring agreement are reflected as a reduction of Accounts Receivable, net in the Consolidated Balance Sheets as they meet the applicable criteria of ASC 860, Transfers and Servicing. Collections of deferred purchase payment are included in the change in accounts receivable under the operating activities section of the Consolidated Statements of Cash Flows. The amount due from the factoring institution was \$0.8 million as of April 3, 2016, and was shown in Prepayments and Other Current Assets on the Consolidated Balance Sheets. As the result of terminating the agreement, the total available amount of the factoring facility and the amount due from the factoring institution were zero as of April 2, 2017. The Company paid factoring fees associated with the sale of receivables based on the dollar value of the receivables sold. Such fees were not material for fiscal 2017 and 2016.

Note 9. Stock-Based Employee Compensation**Equity Incentive Programs**

The Company currently issues awards under two 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.

Table of Contents

2008 GigPeak Equity Incentive Plan (2008 Plan)

On April 4, 2017, as a result of the acquisition of GigPeak, the Company assumed the 2008 Plan, including outstanding and unvested RSUs of GigPeak that converted into the Company's RSUs covering 0.3 million shares of IDT's common stock and GigPeak shares reserved for future issuance under the 2008 Plan which converted into 0.5 million shares of IDT's common stock reserved for issuance under the 2008 Plan. On September 26, 2017, the Company's stockholders approved the amended and restated 2004 Plan, which determined that no shares will be available for future grant under the 2008 Plan.

2004 Equity Plan (2004 Plan)

In September 2004, the Company's stockholders approved the 2004 Plan. On July 21, 2010, the Board of Directors of the Company approved an amendment to the Company's 2004 Plan to increase the number of shares of common stock reserved for issuance thereunder from 28.5 million shares to 36.8 million shares (an increase of 8.3 million shares), provided, however, that the aggregate number of common shares available for issuance under the 2004 Plan is reduced by 1.74 shares for each common share delivered in settlement of any full value award, which are awards other than stock options and stock appreciation rights, that are granted under the 2004 Plan on or after September 23, 2010. On September 23, 2010, the stockholders of the Company approved the proposed amendment described above, which also includes certain other changes to the 2004 Plan, including an extension of the term of the 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 1 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 3 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 April 1, 2018, there were 6.0 million shares available for future grant under the 2004 Plan.

Compensation Expense

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

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Cost of revenue	\$3,016	\$2,929	\$2,707
Research and development	24,262	16,068	15,268
Selling, general and administrative	23,505	20,872	16,182
Discontinued operations	—	—	(32)
Total stock-based compensation expense	\$50,783	\$39,869	\$34,125

The amount of stock-based compensation expense that was capitalized during the periods presented above was immaterial. Stock-based compensation expense recognized in the Consolidated Statements of Operations is based on awards ultimately expected to vest. The authoritative guidance for stock-based compensation requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company attributes the value of stock-based compensation to expense on an accelerated method.

Table of Contents

Valuation Assumptions

The Company uses the Black-Scholes option-pricing model as its method of valuation for stock-based awards. The Company's determination of the fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price, as well as assumptions regarding a number of subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards, as well as the expected term of the awards.

	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Stock options:			
Expected term (in years)	*	4.00	4.00
Risk-free interest rate	*	1.35 %	1.20 %
Volatility	*	40.5 %	42.6 %
Weighted-average grant-date fair value	*	\$8.39	\$7.55
ESPP:			
Expected term (in years)	0.25	0.25	0.25
Risk-free interest rate	1.05 %	0.32 %	0.06 %
Volatility	34.0 %	36.9 %	42.1 %
Weighted-average grant-date fair value	\$5.76	\$4.87	\$5.05

* No stock options issued in fiscal 2018.

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

(shares in thousands)	Fiscal 2018	
	Shares	Weighted-Average Exercise Price
Beginning stock options outstanding	1,374	\$ 13.01
Granted	—	—
Exercised (1)	(437)	9.77
Canceled	(17)	23.58
Ending stock options outstanding	920	\$ 14.35
Ending stock options exercisable	806	\$ 13.36

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

Table of Contents

The following is a summary of information about stock options outstanding as of April 1, 2018:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding (in thousands)	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Number Exercisable (in thousands)	Weighted-Average Exercise Price
5.31 - 7.13	95	1.10	\$5.83	95	\$5.83
7.67 - 7.67	50	2.12	7.67	50	7.67
8.49 - 8.49	20	0.12	8.49	20	8.49
11.13 - 11.13	10	3.04	11.13	10	11.13
11.79 - 11.79	320	2.88	11.79	320	11.79
12.16 - 12.16	113	3.12	12.16	105	12.16
18.55 - 18.55	7	4.08	18.55	5	18.55
20.56 - 20.56	3	3.88	20.56	3	20.56
21.95 - 21.95	290	4.06	21.95	194	21.95
25.16 - 25.16	12	5.79	25.16	4	25.16
	920	3.04	\$14.35	806	\$13.36

As of April 1, 2018, the weighted-average remaining contractual life of stock options outstanding was 3.0 years and the aggregate intrinsic value was \$14.9 million. The weighted-average remaining contractual life of stock options exercisable was 2.9 years and the aggregate intrinsic value was \$13.9 million. Unrecognized compensation cost related to non-vested stock options, net of estimated forfeitures, was \$0.2 million and will be recognized over a weighted-average period of 0.6 years.

As of April 1, 2018, stock options vested and expected to vest totaled approximately 0.9 million with a weighted-average exercise price of \$14.28 and a weighted-average remaining contractual life of 3.0 years. The aggregate intrinsic value as of April 1, 2018 was approximately \$14.8 million.

Restricted Stock Units (RSUs)

RSUs granted by the Company under the 2004 Plan generally vest over a four-year period from the grant date with one-fourth of RSUs vesting on each one-year anniversary. As of April 1, 2018, 4.0 million and 0.5 million RSU awards were outstanding under the 2004 Plan and the 2008 Plan, respectively.

The following table summarizes the Company's RSU activity and related weighted-average exercise prices for each category:

(shares in thousands)	Fiscal 2018	
	Shares	Weighted-Average Grant Date Fair Value Per Share
Beginning RSUs outstanding	3,840	\$ 18.88
Granted	2,765	24.47
Released	(1,533)	17.53
Forfeited	(593)	21.71
Ending RSUs outstanding	4,479	\$ 22.42

As of April 1, 2018, RSUs expected to vest totaled approximately 3.9 million with a weighted-average remaining contract life of 1.17 years. The aggregate intrinsic value was approximately \$119.6 million.

Table of Contents

As of April 1, 2018, the unrecognized compensation cost related to RSUs granted under the Company's equity incentive plan was approximately \$36.0 million, net of estimated forfeitures, and is expected to be recognized over a weighted-average period of 1.29 years.

Performance-Based Stock Units

In fiscal 2013, the Compensation Committee of the Board of Directors of IDT approved the Company's Key Talent Incentive Plan (Incentive Plan). The Incentive Plan provides for the grant of performance-based stock units under the 2004 Plan which vest and convert into one share of the Company's common stock based on the level of achievement of pre-established performance goals during a specified performance period. The initial performance period under the Incentive Plan is the Company's fourth quarter of fiscal 2013 through the fourth quarter of fiscal 2016 for which performance goals relate to cumulative revenue targets for a specific product group. The performance-based stock units that were granted under the Incentive Plan have vested in the first quarter of fiscal 2017 based on actual achievement of the performance goals, and the expense associated with that had been fully recognized as of July 3, 2016.

Market-Based Stock Units

In May 2017, under the 2004 Plan, the Company granted approximately 0.3 million shares of RSUs with both market-based and performance-based conditions to a group of executive-level employees. These equity awards vest and convert into shares of the Company's common stock based on the achievement of the Company's relative total shareholder return, with a revenue growth multiplier, over the performance period of 3 years. The earned stock units will vest in three equal installments, with the first installment vested to occur on May 15, 2018, the second to occur on May 15, 2019, and the third to occur on May 15, 2020.

In June 2016, under the 2004 Plan, the Company granted approximately 0.3 million shares of RSUs with a market-based condition to a group of executive-level employees. These equity awards vest and convert into shares of the Company's common stock based on the achievement of the Company's relative total shareholder return over the performance period of 2 years. The earned market-based stock units will vest in two equal installments, with the first installment of vesting to occur on June 15, 2018, and the second to occur on June 15, 2019.

In June 2015, under the 2004 Plan, the Company granted approximately 0.2 million shares of RSUs with a market-based condition to a group of executive-level employees. These equity awards vest and convert into shares of the Company's common stock based on the achievement of the Company's relative total shareholder return over the performance period of 2 years. The earned market-based stock units will vest in two equal installments: the first installment vested on June 15, 2017, and the second will vest on June 15, 2018.

In June 2014, under the 2004 Plan, the Company granted approximately 0.5 million shares of RSUs with a market-based condition to a group of executive-level employees. These equity awards vest and convert into shares of the Company's common stock based on the achievement of the Company's relative total shareholder return over the performance period of 2 years. The earned market-based stock units vested in two equal installments: the first installment vested on June 15, 2016, and the second vested on June 15, 2017.

The fair value of each market-based stock unit award was estimated on the date of grant using a Monte Carlo simulation model that uses the assumptions noted in the table below. The Company uses historical data to estimate employee termination within the valuation model. The expected term in years was derived from the output of the valuation model and represents the period of time that RSUs granted are expected to be outstanding.

The following weighted average assumptions were used to calculate the fair value of the market-based equity award using a Monte Carlo simulation model:

	May 15, 2017	June 15, 2016	June 15, 2015	June 15, 2014
Estimated fair value	\$27.65	\$28.01	\$33.08	\$21.00
Expected volatility	43.36 %	46.90 %	41.22 %	34.60 %
Expected term (in years)	2.88	1.80	1.80	1.80
Risk-free interest rate	1.47 %	0.70 %	0.65 %	0.38 %

As of April 1, 2018, the total market-based stock units outstanding were approximately 0.7 million.

As of April 1, 2018, market-based stock units vested and expected to vest totaled approximately 0.4 million with a weighted-average remaining contract life of 0.91 years. The aggregate intrinsic value was approximately \$10.7 million.

Table of Contents

As of April 1, 2018, the unrecognized compensation cost related to market-based stock units granted under the Company's equity incentive plans was approximately \$7.0 million, net of estimated forfeitures, and is expected to be recognized over a weighted-average period of 0.83 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 9.0 million 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. At the 2012 annual meeting of stockholders on September 13, 2012, the Company's stockholders approved an additional 5.0 million. The number of shares of common stock reserved for issuance thereunder increased from 9.0 million shares to 14.0 million shares.

Activity under the Company's ESPP is summarized in the following table:

(in thousands, except per share amounts)	Fiscal 2018	Fiscal 2017	Fiscal 2016
Number of shares issued	395	508	606
Average issuance price	\$22.28	\$18.24	\$17.05
Number of shares available at year-end	2,869	3,264	3,772

Note 10. Stockholders' Equity

Stock Repurchase Program. In April 2015, the Company's Board of Directors approved a new share repurchase program authorization for \$300 million. In October 2015, the Company's Board of Directors approved an increase in the share repurchase authorization by another \$300 million. On July 28, 2017, the Company's Board of Directors approved an increase to the share repurchase authorization of \$200 million. On April 24, 2018, the Company's Board of Directors approved an increase to the share repurchase authorization of \$400 million. In fiscal 2016, the Company repurchased 17.9 million shares for \$422.3 million. In fiscal 2017, the Company repurchased 4.3 million shares for \$93.5 million. In fiscal 2018, the Company repurchased 6.5 million shares for \$185.3 million.

As of April 1, 2018, approximately \$106.8 million was available for future purchase under the Company's share repurchase program. Share repurchases were recorded as treasury stock and resulted in a reduction of stockholders' equity. The program is intended to reduce the number of outstanding shares of common stock to offset dilution from employee equity grants and increase stockholder value.

Accelerated Share Repurchase. On November 2, 2015, the Company entered into separate accelerated share repurchase agreements (the ASR Agreements) with JPMorgan Chase Bank and Bank of America to repurchase a total of \$225 million of its common stock. Pursuant to the terms of the ASR Agreements, approximately 7.0 million shares of its common stock at \$25.69 per share were received by the Company on November 5, 2015. Of the total initial amount paid to the Dealers, \$45 million represents prepayment for subsequent settlement of the ASR Agreements. In January 2016, the ASR Agreements settled resulting in the repurchase of 1.6 million of the Company's common stock at an average price per share of \$28.32. The shares delivered resulted in a reduction, on the delivery date, of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted earnings per share. The ASR Agreements were entered into pursuant to the Company's increase in share repurchase authorization effective October 2015.

Table of Contents

Note 11. Balance Sheet Detail

(in thousands)	April 1, 2018	April 2, 2017
Inventories, net		
Raw materials	\$4,345	\$2,017
Work-in-process	45,713	35,192
Finished goods	18,644	15,079
Total inventories, net	\$68,702	\$52,288
Accounts receivable, net		
Accounts receivable, gross	\$120,953	\$94,396
Allowances for returns, price credits and doubtful accounts	(12,174)	(5,084)
Total accounts receivable, net	\$108,779	\$89,312
Property, plant and equipment, net		
Land	\$11,535	\$11,535
Machinery and equipment	285,784	268,683
Building and leasehold improvements	50,722	49,022
Total property, plant and equipment, gross	348,041	329,240
Less: accumulated depreciation (1)	(261,196)	(248,279)
Total property, plant and equipment, net	\$86,845	\$80,961
Other current liabilities		
Accrued restructuring costs (2)	\$4,637	\$4,841
Current income tax payable	6,281	1,035
Other (3)	15,606	14,329
Total other current liabilities	\$26,524	\$20,205
Other long-term obligations		
Deferred compensation related liabilities	\$16,310	\$15,024
Other (4)	9,374	3,870
Total other long-term liabilities	\$25,684	\$18,894

(1) Depreciation expense was \$28.5 million, \$20.8 million, and \$18.3 million for fiscal years 2018, 2017 and 2016, respectively.

(2) Includes accrued severance costs related to integration of acquired business, the disposed HSC business, and other restructuring actions. Refer to Note 15 for additional information.

(3) Other current liabilities consist primarily of accrued royalties and outside commissions, current portion of deferred revenue, current portion of lease payable, current portion of liability for contingent consideration, and other accrued unbilled expenses.

(4) Other long-term obligations consist primarily of non-current portion of liability for contingent consideration, non-current portion of deferred revenue, non-current portion of lease payable, and other long-term accrued liabilities.

Note 12. Deferred Income on Shipments to Distributors

The components of deferred income on shipments to distributors as of April 1, 2018 and April 2, 2017 were as follows:

(in thousands)	April 1, 2018	April 2, 2017
Gross deferred revenue	\$	—\$2,335
Gross deferred costs	—	(350)
Deferred income on shipments to distributors	\$	—\$1,985

Table of Contents

The Company had historically recognized a significant portion of revenue through distributors at the time the distributor resold the product to its end customer. The gross deferred revenue represented 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 were 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. Based on the last four quarters, this amount is approximately 28% of the list price billed to the customers. The gross deferred costs represented 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 or products in the distribution channel have not been significant. The Company continuously reassesses its ability to reliably estimate the ultimate price of these products and, as of the end of fiscal 2018, the Company was able to estimate the ultimate price (i.e., net of estimated future price adjustment and return) of these products for all distributors. Accordingly, there was no deferred income remaining as of April 1, 2018.

Note 13. Accumulated Other Comprehensive Income (Loss)

Changes in the balance of accumulated other comprehensive income (loss), net of taxes, by component consisted of the following:

(in thousands)	Cumulative translation adjustments	Unrealized gain or loss on available-for-sale investments	Pension adjustments	Total
Balance as of April 3, 2016	\$ (4,001)	\$ 222	\$ 65	\$(3,714)
Other comprehensive loss before reclassifications	(2,042)	(1,392)	—	(3,434)
Amounts reclassified out of accumulated other comprehensive income	—	363	—	363
Net current-period other comprehensive loss	(2,042)	(1,029)	—	(3,071)
Balance as of April 2, 2017	(6,043)	(807)	65	(6,785)
Other comprehensive income (loss) before reclassifications	3,892	(1,770)	—	2,122
Amounts reclassified out of accumulated other comprehensive loss	—	(100)	—	(100)
Net current-period other comprehensive income (loss)	3,892	(1,870)	—	2,022
Balance as of April 1, 2018	\$ (2,151)	\$ (2,677)	\$ 65	\$(4,763)

Amounts reclassified out of comprehensive income (loss) components consisted of the following:

(in thousands)	April 1, 2018	April 2, 2017	April 3, 2016	Location
Unrealized holding gain or loss on available-for-sale investments	\$(100)	\$ 363	\$ 345	interest and other, net
Change in unrealized losses on post-employment and post-retirement benefit plans	—	—	(615)	operating expense
Total amounts reclassified out of accumulated other comprehensive loss	\$(100)	\$ 363	\$(270)	

Table of Contents

Note 14. Goodwill and Intangible Assets, Net

Goodwill activity for fiscal 2018 and 2017 is summarized as follows:

(in thousands)	Reportable Segments			Total
	Communications	Computing, Consumer and Industrial		
Balance as of April 3, 2016	\$122,848	\$182,885		\$305,733
Impairment - the Disposal Group (see Note 5)	(161)	—		(161)
Additions - Synkera acquisition (see Note 3)	—	1,353		1,353
Balance as of April 2, 2017	\$122,687	\$184,238		\$306,925
Additions - GigPeak acquisition (see Note 3)	18,613	94,579		113,192
Balance as of April 1, 2018	\$141,300	\$278,817		\$420,117

Goodwill balance as of April 1, 2018 and April 2, 2017 was net of \$920.3 million in accumulated impairment losses.

Intangible asset balances as of April 1, 2018 and April 2, 2017 are summarized as follows:

(in thousands)	April 1, 2018			Accumulated Net Amortization Assets
	Gross Assets	Impairment		
Purchased intangible assets:				
Developed technology	\$336,402	\$ —		\$(223,882) \$112,520
Trademark	5,391	—		(5,391) —
Customer relationships	201,997	—		(149,416) 52,581
Intellectual property licenses	7,500	—		(3,901) 3,599
Software licenses	6,023	—		(943) 5,080
Total amortizable purchased intangible assets	557,313	—		(383,533) 173,780
In-process research and development (IPR&D)	9,017	(2,016)		— 7,001
Total purchased intangible assets	\$566,330	\$(2,016)		\$(383,533) \$180,781

(in thousands)	April 2, 2017			Accumulated Net Amortization Assets
	Gross Assets	Impairment		
Purchased intangible assets:				
Developed technology	\$262,184	\$ —		\$(199,851) \$62,333
Trademark	5,391	—		(5,347) 44
Customer relationships	173,097	—		(137,239) 35,858
Intellectual property licenses	16,196	(1,310)		(4,303) 10,583
Total purchased intangible assets	\$456,868	\$(1,310)		\$(346,740) \$108,818

During fiscal 2018, certain research and development efforts were completed and, as a result, \$1.2 million of purchased IPR&D projects from the GigPeak acquisition reached technological feasibility and was reclassified as core and developed technology and the Company began amortizing the intangible asset over its estimated useful life.

During fiscal 2018, the Company recognized a total of \$2.0 million of impairment charges related to certain IPR&D projects, which was recorded in Research and Development Expense in the Consolidated Statements of Operations. As of April 1, 2018, the Company had \$7.0 million of IPR&D assets remaining on the Consolidated Balance Sheet.

During fiscal 2018, the Company purchased \$5.8 million software licenses that met the criteria for capitalization as intangible assets. The Company also recognized developed technology with fair value of \$17.0 million as a result of an asset acquisition on August 10, 2017. Refer to Note 3 for details.

Table of Contents

As a result of the acquisition of GigPeak, the Company recognized additional intangible assets with total original value of \$97.9 million during fiscal 2018 (see Note 3).

As a result of the acquisition of Synkera, the Company recognized additional intangible assets with total original value of \$1.5 million during fiscal 2017 (see Note 3).

During fiscal 2017, the Company purchased an intangible asset with a cost of \$4.6 million and an estimated useful life of 7 years.

Amortization expense for identified intangibles is summarized below:

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Existing technology	\$24,031	\$12,625	\$6,052
Trademarks	44	775	726
Customer relationships	12,177	6,486	2,253
Backlog	200	1,286	4,504
Software licenses	3,290	—	—
Intellectual property licenses	6,984	2,481	1,819
Total	\$46,726	\$23,653	\$15,354

The intangible assets are being amortized over estimated useful lives of 1 to 7 years.

During fiscal 2018, the Company recorded an accelerated amortization charge of \$6.2 million (included in the table above) related to certain software licenses and intellectual property licenses as the estimated future cash flows resulting from the use of the assets were less than the carrying amount.

During fiscal 2017, the Company recorded an impairment charge of \$1.3 million in the carrying value of an intangible asset as a result of change in future estimated cash flows related to the intangible asset. The Company also recorded an impairment charge of \$0.2 million and \$0.3 million in the carrying value of goodwill and intangible assets, respectively, as a result of reclassifying the Disposal Group as held for sale. Refer to Note 5 for additional information.

Based on the intangible assets recorded as of April 1, 2018, 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
2019	\$40,923
2020	41,447
2021	40,498
2022	38,316
2023 and thereafter	19,597
Total	\$180,781

Table of Contents

Note 15. Restructuring and Related Costs

The following table shows the provision of the restructuring charges and the remaining liabilities as of April 1, 2018:

(in thousands)	HSC (Discontinued Operations)	Others (Continuing Operations)	Cost of Operating RevenuesExpenses	Total
Severance and related charges:				
Balance as of March 29, 2015	\$ 10,217	\$—	\$ 295	\$10,512
Provision	—	435	11,197	11,632
Cash payments	(8,877)	(128)	(10,533)	(19,538)
Foreign exchange impact	194	—	16	210
Balance as of April 3, 2016	1,534	307	975	2,816
Provision	—	2,605	13,804	16,409
Cash payments	(83)	(2,709)	(11,092)	(13,884)
Foreign exchange impact	(24)	(2)	(474)	(500)
Balance as of April 2, 2017	1,427	201	3,213	4,841
Provision	—	416	7,431	7,847
Cash payments	(867)	(370)	(6,960)	(8,197)
Foreign exchange impact	66	—	82	148
Balance as of April 1, 2018	\$ 626	\$247	\$ 3,766	\$4,639
Facility and related charges:				
Balance as of April 2, 2017	\$ —	\$—	\$—	\$—
Provision and adjustments	—	—	2,818	2,818
Payments	—	—	(537)	(537)
Balance as of April 1, 2018	\$ —	\$—	\$ 2,281	\$2,281
Asset impairment charges:				
Asset impairment	\$ —	\$5,460	\$ 2,386	\$7,846

As part of an effort to streamline operations with changing market conditions and to create a more efficient organization, the Company has undertaken restructuring actions to reduce its workforce and consolidate facilities. The Company's restructuring expenses consist primarily of severance and termination benefit costs related to the reduction of its workforce, asset impairment charges and lease obligation charges related to a facility that is no longer used.

Integration-related Restructuring Plans

During fiscal 2018, the Company implemented planned cost reduction and restructuring activities in connection with the acquisition of GigPeak. Accordingly, the Company reduced headcount by 46 and recorded severance costs of approximately \$2.7 million, of which \$2.1 million was paid during fiscal 2018 and the remaining \$0.6 million will be paid by the first quarter of fiscal 2019.

In connection with the GigPeak integration, the Company recorded \$2.8 million in fiscal 2018 for lease obligation charges related to a facility that the Company had determined to meet the cease-use date criteria. The fair value of this liability at the cease-use date was determined based on the remaining cash flows for lease rentals, and minimum lease payments, reduced by estimated sublease rentals, discounted using a credit adjusted risk free rate in accordance with ASC 420, Exit or Disposal Cost Obligations. As of April 1, 2018, the total accrued balance for the lease obligation was \$2.3 million, of which \$1.6 million was classified as other long-term liabilities and the remaining \$0.7 million was recorded as other accrued liabilities on the Consolidated Balance Sheets.

Table of Contents

In fiscal 2017, the Company prepared a workforce-reduction plan with respect to employees of its Automotive and Industrial business (formerly ZMDI) in Germany. The plan which required consultation with the German Works Council, was approved by the German Works Council. Also, the details of the plan were communicated to the affected employees. The plan identified the number of employees to be terminated, their job classification or function, their location and the date that the plan is expected to be completed. The plan also established the terms of the benefit arrangement in sufficient detail to enable the employees to determine the type and amount of benefits that they would receive if terminated. In addition, the actions required to complete the plan indicated that it was unlikely that substantial changes to the plan would be made after communication of the employees. Accordingly, the Company accrued restructuring charges in accordance with ASC 420, Exit and Disposal Cost Obligations. The restructuring charges recorded in the Consolidated Statements of Operations, in connection with the workforce-reduction plan, were approximately \$5.0 million for fiscal 2017, for a total 49 employees. Approximately \$4.9 million of the \$5.0 million was paid in fiscal 2017 and the remaining \$0.1 million was paid during fiscal 2018.

In fiscal 2016, the Company implemented cost reduction plans and restructuring activities in connection with the acquisition of ZMDI. The Company recorded charges of approximately \$6.9 million of employee termination cost for two former executives of ZMDI and 36 employees during fiscal 2016. Approximately \$5.7 million of the \$6.9 million of employee termination cost was paid in fiscal 2016 and the remaining \$1.2 million was paid in fiscal 2017.

Other Restructuring Plans

During fiscal 2018, the Company exited certain non-strategic businesses and reduced headcount by 63. The Company recorded employee severance costs of approximately \$5.1 million, of which \$2.3 million was paid during fiscal 2018 and the remaining \$2.8 million will be paid by the first quarter of fiscal 2019. In addition, the Company recorded impairment charge of \$7.8 million on certain assets comprised of intangibles, equipment and prepaid licenses, which were determined to be specifically used in these non-strategic businesses and had no alternative use. The impairment charge was calculated as the excess of assets' carrying value over their fair value which was based on the anticipated cash flows discounted at a rate commensurate with the risk involved. Impairment charges of \$5.4 million and \$2.4 million, were included in Cost of Revenues and Research and Development Expenses, respectively in the Consolidated Statements of Operations.

In fiscal 2017, the Company prepared a workforce-reduction plan with respect to employees and closed our remaining business in France. The Company recorded in the Consolidated Statement of Operations approximately \$7.5 million of severance benefits, for a total of 13 employees in fiscal 2017. The Company paid \$4.2 million and \$2.5 million in fiscal 2017 and 2018, respectively. As of April 1, 2018, the total accrued balance for employee severance costs related to this action was \$0.8 million. The Company expects to complete this action by the second quarter of fiscal 2019.

In addition to the above, in fiscal 2017, the Company recorded charges of \$4.0 million and reduced headcount by 59 employees. Approximately \$3.6 million of the \$4.0 million of employee termination cost was paid in fiscal 2017 and the remaining \$0.4 million was paid during fiscal 2018.

In fiscal 2016, the Company recorded charges of \$4.7 million and reduced headcount by 48 employees. Approximately \$4.6 million of the \$4.7 million of employee termination cost was paid in fiscal 2016 and the remaining \$0.1 million was paid in fiscal 2017.

In fiscal 2015, the Company prepared a workforce-reduction plan with respect to employees of its HSC business in France and the Netherlands. The restructuring charges recorded to discontinued operations in the Consolidated Statement of Operations were approximately \$18.3 million for the fiscal year ended March 29, 2015, for a total of 53 employees in France and the Netherlands combined. The Company has substantially completed payments of these termination benefits and the total accrued balance related to this action was \$0.5 million as of April 1, 2018. The Company expects to complete this action by the second quarter of fiscal 2019.

Table of Contents

Note 16. Commitments and Contingencies

Guarantees

As of April 1, 2018, the Company's financial guarantees consisted of guarantees and standby letters of credit, which are primarily related to the Company's electrical utilities in Malaysia, consumption tax in Japan, office rental in Italy and a workers' compensation plan in the United States. The maximum amount of potential future payments under these arrangements is approximately \$1.8 million.

Commitments

Although the Company owns its corporate headquarters in San Jose, California, the Company leases various administrative facilities under operating leases which expire at various dates through fiscal 2025.

As of April 1, 2018, aggregate future minimum commitments for the next five fiscal years and thereafter under all operating leases were as follows (in thousands):

Fiscal Year	Amount
2019	\$7,092
2020	5,634
2021	2,568
2022	1,970
2023 and thereafter	1,234
Total	\$18,498

Rent expense for the fiscal years ended April 1, 2018, April 2, 2017 and April 3, 2016 totaled approximately \$8.2 million, \$5.9 million and \$3.2 million, respectively. Other supplier obligations including payments due under various software design tool and technology license agreements totaled \$5.0 million, \$7.1 million, and \$11.6 million as of April 1, 2018, April 2, 2017 and April 3, 2016, respectively.

The Company has machinery and equipment that are accounted for as capital leases. The related liabilities are included in current other liabilities on the Consolidated Balance Sheets. As of April 1, 2018, aggregate future commitments for fiscal 2019 were \$0.6 million.

Indemnification

During the normal course of business, the Company makes certain indemnifications and commitments under which it may be required to make payments in relation to certain transactions. In addition to indemnifications related to non-infringement of patents and intellectual property, other indemnifications include indemnification of the Company's directors and officers in connection with legal proceedings, indemnification of various lessors in connection with facility leases for certain claims arising from such facility or lease, and indemnification of other parties to certain acquisition agreements. The duration of these indemnifications and commitments varies, and in certain cases, is indefinite. The Company believes that substantially all of its indemnities and commitments provide for limitations on the maximum potential future payments the Company could be obligated to make. However, the Company is unable to estimate the maximum amount of liability related to its indemnities and commitments because such liabilities are contingent upon the occurrence of events which are not reasonably determinable. The Company believes that any liability for these indemnities and commitments would not be material to its consolidated financial statements.

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 \$0.3 million as of both April 1, 2018 and April 2, 2017.

Table of Contents

Litigation

On March 23, 2018, a complaint for patent infringement was served on the Company by DIFF Scale Operations Research, LLC (“DSOR”) in the Federal Court for the District of Delaware. DSOR alleged to be the owner of a certain collection of patents previously owned by ADC Communications, some of which are the subject of the litigation against the Company. During the same approximate period, DSOR filed complaints alleging infringement of certain of the same collection of patents against several other technology companies in various U.S. federal courts. DSOR seeks an award of damages in an amount to be established at trial. As alleged in the complaint, the patents purport to cover technology in digital phase locked loop (D-PLL) and service clock recovery integrated circuits (“ICs”). The Company had no prior notice of the allegations, the patents at issue, nor the existence of DSOR prior to being served the complaint. Although this matter is in its early stages, the Company intends to continue to assess the merits of the case and appropriately defend itself against DSOR’s claims.

On February 13, 2017, the Company and GigPeak announced that they had entered into an Agreement and Plan of Merger, dated as of February 13, 2017. On February 17, 2017, a purported class action was filed in Santa Clara County Superior Court, (Carbajal v. GigPeak, Inc., et al, Case No. 17-cv-306571). On March 8, 2017, a purported class action was filed in the United States District Court of Delaware (Vladimir Gusinsky Rev. Trust v. GigPeak, Case No. 1:17-cv-00241-VAC SRF). On March 13, 2017, a purported class action was filed in the United States District Court for the Northern District of California (Mendoza v. GigPeak, Inc. et al, Case No. 3:17-cv-01351-WHO). On March 16, a second purported class action was filed in the United States District Court for the Northern District of California (Travis v. GigPeak, Inc. et al, Case No. 5:17-cv-01441-LKH). The Company was named as a defendant in the Carbajal and Gusinsky complaints. The Carbajal complaint asserted claims for breach of fiduciary duty and aiding and abetting breach of fiduciary duty, including that defendants have failed to secure adequate deal consideration as well as various other breaches of duty. The Gusinsky, Travis and Mendoza complaints asserted claims under Sections 14(d)(4), 14(e) and 20(a) of the Exchange Act. The Gusinsky, Mendoza and Travis complaint alleged that the Schedule 14D-9 filed by GigPeak contained material omissions and misstatements, and sought to enjoin and/or rescind the Offer as well as certain other equitable relief, unspecified damages and attorneys’ fees and costs. The Carbajal complaint was voluntarily dismissed on March 7, 2016. Each of the remaining complaints was voluntarily dismissed by Plaintiffs on or around April 7, 2017, and the actions were closed by the Court on or around May 15, 2017 after Plaintiffs’ fees were agreed to by the parties.

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 (“Defendants”), 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), and other common law claims (the Complaint). The Complaint alleged that Defendants including the Company “...generated, transported, and/or arranged for the transport and/or disposal of hazardous waste to the Property.” On August 15, 2012, Maxim I Properties voluntarily dismissed its Complaint without prejudice. However, another defendant, Moyer Products, Inc., counter-claimed against the plaintiff, Maxim, and cross-claimed against the remaining co-Defendants, including the Company. Thus, the Company remains a cross-defendant in this action.

In a related, but independent action, the California Department of Toxic Substances Control (DTSC) notified the Company in September 2012 that the Company, and more than 50 other entities, were being named as respondents to DTSC’s Enforcement Order, as “a generator of hazardous waste.” In April 2013, the Company, along with the other “respondent” parties, entered into a Corrective Action Consent Agreement (CACA) with the DTSC, agreeing to conduct the Property investigation and corrective action selection. The CACA supersedes the DTSC’s Enforcement Order. The District Court for the Northern District of California stayed the Maxim/Moyer litigation pending the Property investigation under the CACA and DTSC’s corrective action selection.

Property investigation activity took place between April 2013 and June 2015. On June 23, 2015, the DTSC deemed the Property investigation complete. The DTSC continues to evaluate corrective action alternatives. The Company will continue to vigorously defend itself against the allegations in the Complaint and evaluate settlement options with Moyer upon notification from DTSC of its corrective action selection. No specific corrective action has been selected

yet, and thus no specific monetary demands have been made.

The Company may also be a party to various other legal proceedings and claims arising in the normal course of business from time to time. With regard to the matters listed above, along with various other legal proceedings and claims and future matters that may arise, potential liability and probable losses or ranges of possible losses due to an unfavorable litigation outcome 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 or claim. Pending lawsuits, claims as well as potential future litigation, 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.

Table of Contents

Note 17. 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 \$2.5 million, \$2.6 million and \$2.6 million in matching contributions under the plan in fiscal 2018, 2017, and 2016, 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 April 1, 2018 and April 2, 2017, obligations under the plan totaled approximately \$16.3 million and \$15.0 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 April 1, 2018 and April 2, 2017, the deferred compensation plan assets were approximately \$16.9 million and \$16.0 million, respectively. The costs incurred by the Company for this plan for insurance, administration and other support were not material for fiscal 2018, 2017 and 2016.

During the first quarter of fiscal 2013, the Company assumed a deferred compensation plan associated with the acquisition of Fox Enterprises, Inc. 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 April 1, 2018 and April 2, 2017, the deferred compensation plan assets were approximately \$0.4 million, respectively. As of April 1, 2018 and April 2, 2017, the liabilities under this plan were approximately \$0.8 million and \$0.9 million, respectively.

Note 18. Convertible Senior Notes, Warrants and Hedges

Convertible Notes Offering

On October 29, 2015, the Company priced its private offering of \$325 million in aggregate principal amount of 0.875% Convertible Senior Notes due 2022 ("Initial Convertible Notes"). On November 3, 2015, the initial purchasers in such offering exercised in full the over-allotment option to purchase an additional \$48.8 million in aggregate principal amount of Convertible Notes ("Additional Convertible Notes", and together "Convertible Notes"). The aggregate principal amount of Convertible Notes is \$373.8 million. The net proceeds from this offering were approximately \$363.4 million, after deducting the initial purchasers' discounts and commissions and the offering expenses.

The Convertible Notes are governed by the terms of an indenture, dated November 4, 2015 ("Indenture"), between the Company and a trustee. The Convertible Notes are the senior unsecured obligations of the Company and bear interest at a rate of 0.875% per annum, payable semi-annually in arrears on May 15 and November 15 of each year, commencing May 15, 2016. The Convertible Notes will mature on November 15, 2022, unless earlier repurchased or converted. At any time prior to the close of business on the business day immediately preceding August 15, 2022, holders may convert their Convertible Notes at their option only under the certain circumstances as defined in the Indenture. On or after August 15, 2022 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes at any time, regardless of such circumstances.

The conversion rate for the Convertible Notes will initially be 29.8920 shares of common stock per \$1,000 principal amount of Convertible Notes, which corresponds to an initial conversion price of approximately \$33.45 per share of common stock. The conversion rate is subject to adjustment from time to time upon the occurrence of certain events, including, but not limited to, the issuance of certain stock dividends on common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness, or assets, the payment of cash dividends and certain issuer tender or exchange offers.

As of April 1, 2018, none of the conditions allowing holders of the Notes to convert had been met.

Table of Contents

At the debt issuance date, the Convertible Notes, net of issuance costs, consisted of the following:

(in thousands)	November 3, 2015
Liability component	
Principal	\$274,435
Less: Issuance cost	(7,568)
Net carrying amount	266,867
Equity component *	
Allocated amount	99,316
Less: Issuance cost	(2,738)
Net carrying amount	96,578
Convertible Notes, net	\$363,445

* Recorded in the consolidated balance sheet within additional paid-in capital.

The following table includes total interest expense recognized related to the Convertible Notes for fiscal years ended April 1, 2018, April 2, 2017 and April 3, 2016:

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Contractual interest expense	\$3,307	\$3,307	\$1,363
Amortization of debt issuance costs	1,081	1,081	450
Amortization of debt discount	12,929	12,239	4,904
	\$17,317	\$16,627	\$6,717

The net liability component of Convertible Notes is comprised of the following as of April 1, 2018 and April 2, 2017:

(in thousands)	Fiscal Year Ended	
	April 1, 2018	April 2, 2017
Net carrying amount at beginning of the period	\$285,541	\$272,221
Amortization of debt issuance costs during the year	1,081	1,081
Amortization of debt discount during the year	12,929	12,239
	\$299,551	\$285,541

In fiscal 2018 and 2017, the Company paid contractual interest on the Convertible Note of approximately \$3.3 million and \$3.4 million, respectively. See Note 6 for fair value disclosures related to the Company's Convertible Notes.

Convertible Note Hedge and Warrant Transactions

In connection with the pricing of the Convertible Notes, on October 29, 2015, the Company entered into convertible note hedge transaction (the "Initial Bond Hedge"), with JPMorgan Chase Bank, National Association (the "Option Counterparty") and paid \$81.9 million.

On October 29, 2015, the Company also entered into separate warrant transaction (the "Initial Warrant Transaction") with the Option Counterparty and received \$49.4 million.

In connection with the exercise of the Over-Allotment Option, on November 3, 2015, the Company entered into a convertible note hedge transaction (the "Additional Bond Hedge", and together with the Initial Bond Hedges, the "Bond Hedge") with the Option Counterparty and paid \$12.3 million. On November 3, 2015, the Company also entered into a separate additional warrant transaction (the "Additional Warrant Transaction", and together with the Initial Warrant Transaction, the "Warrant Transactions") with the Option Counterparty and received \$7.4 million. Total amount paid for the purchase of bond hedge and total amount received for the sale of warrants was \$94.2 million and \$56.8 million, respectively.

Table of Contents

The Bond Hedges are generally expected to reduce the potential dilution upon conversion of the Convertible Notes and/or offset any payments in cash, shares of common stock or a combination of cash and shares of common stock, at the Company's election, that the Company is required to make in excess of the principal amount of the Convertible Notes upon conversion of any Convertible Notes, as the case may be, in the event that the market price per share of common stock, as measured under the terms of the Bond Hedges, is greater than the strike price of \$33.45 of the Bond Hedges, which initially corresponds to the conversion price of the Convertible Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the Convertible Notes. The Warrant Transactions will separately have a dilutive effect to the extent that the market value per share of common stock, as measured under the terms of the Warrant Transactions, exceeds the applicable strike price of the warrants issued pursuant to the Warrant Transactions (the "Warrants"). The initial strike price of the Warrants is \$48.66 per share. The Bond Hedges and Warrants are not marked to market. The value of the Bond Hedges and Warrants were initially recorded in stockholders' equity and continue to be classified as stockholders' equity in accordance with ASC 815-40, Derivatives and Hedging - Contracts in Entity's Own Equity. As of April 1, 2018 and April 2, 2017, no warrants have been exercised.

Note 19. Term B Loan

On April 4, 2017, the Company, JP Morgan Chase bank, N.A. ("JP Morgan"), as administrative agent, and a group of lenders entered into a credit agreement that provides for variable rate term loans in aggregate principal amount of \$200 million, with an original term of 7 years (the "Initial Term B Loan"). After payment of transaction costs associated with the Credit Agreement, the Company received net proceeds from the Initial Term B Loan of approximately \$194.3 million, which was used to partially finance the acquisition of GigPeak and other payments related to such transaction. Debt issuance costs and debt discount were recorded as a reduction of the carrying value of the loan and are being amortized as a component of interest expense over the term of the Credit Agreement.

The Company will repay the principal amount of the Initial Term B Loan on the last day of each March 31, June 30, September 30 and December 31, commencing on June 30, 2017, in an amount equal to 0.25% of the original principal amount of the Initial Term B Loan; and on the maturity date, as described below, in an amount equal to the remainder of the outstanding principal amount of the Initial Term B Loan.

The maturity date of the Initial Term B Loan is April 4, 2024; provided that if any of the Company's Convertible Notes are outstanding on August 16, 2022, the maturity date of which had not otherwise been extended to a date that is no earlier than 91 days after April 4, 2024, the Initial Term B Loan maturity date shall instead be August 16, 2022, unless the Company and its guarantors shall have cash, permitted investments and/or unwithdrawn revolving credit commitments in an aggregate amount not less than the aggregate principal amount of then outstanding Convertible Notes. The Company may prepay the Initial Term B Loan, in whole or in part, at any time without premium or penalty, subject to certain conditions, and amounts repaid or prepaid may not be reborrowed. The interest rate of the Initial Term B Loan is based on adjusted LIBO rate which is equal to the LIBO rate for such interest period multiplied by statutory reserve rate, plus an applicable margin of 3%. The interest rate on the Initial Term B Loan for each of the quarters in fiscal 2018 ranged from 4.15% to 4.61%.

The following table summarizes the outstanding borrowings from the Initial Term B Loan as of April 1, 2018:

	Fiscal Year Ended April 1, 2018
(in thousands)	
Outstanding principal balance	\$ 198,000
Unamortized debt issuance costs and debt discount	(4,927)
Outstanding principal, net of unamortized debt issuance costs and debt discount	\$ 193,073
Classified as follows:	
Current portion of bank loan	\$ 2,000
Long-term bank loan	\$ 191,073

As of April 1, 2018, the Company made payments totaling \$2.0 million towards the outstanding principal balance of the Initial Term B Loan. The following table includes the total interest expense related to the Term B Loan recognized during fiscal 2018:

78

Table of Contents

	Fiscal Year Ended April 1, 2018
(in thousands)	
Contractual interest expense	\$8,708
Amortization of debt issuance costs and debt discount	821
Total	\$9,529

The Credit Agreement contains customary affirmative and negative covenants, including covenants that limit or restrict the Company and its subsidiaries' ability to, among other things, incur indebtedness, grant liens, merge or consolidate, dispose of assets, make investments, make acquisitions, enter into transactions with affiliates, pay dividends or make distributions and repurchase stock. The Credit Agreement includes customary events of default, including among others, nonpayment of principal or interest, material inaccuracy of representations and failure to comply with covenants. Under certain circumstances, a default interest rate will apply on all overdue obligations under the Credit Agreement at a per annum rate equal to 2.00% above the applicable interest rate for any overdue principal and 2.00% above the rate applicable for base rate loans for any other overdue amounts. The occurrence of an event of default could result in the acceleration of obligations under the Credit Agreement. As of April 1, 2018, the Company is in compliance with the covenants specified in the Credit Agreement. See Note 6 to the Company's consolidated financial statements for fair value determination related to the Company's Initial Term B Loan.

Note 20. Income Taxes

The components of income (loss) before income taxes and the income tax expense (benefit) were as follows:

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Income before income taxes from continuing operations:			
United States	\$(37,479)	\$(16,736)	\$5,431
Foreign	129,651	116,021	128,433
Income before income taxes	\$92,172	\$99,285	\$133,864
Income tax expense (benefit) from continuing operations:			
Current:			
United States	\$24,721	\$(146)	\$5,694
State	996	103	154
Foreign	5,999	1,611	38
	31,716	1,568	5,886
Deferred:			
United States	67,895	(6,363)	(59,944)
State	(970)	7	26
Foreign	5,667	(5,111)	(7,403)
	72,592	(11,467)	(67,321)
Income tax expense (benefit) from continuing operations	\$104,308	\$(9,899)	\$(61,435)

For fiscal years 2018 and 2017 stock-based compensation excess tax benefits of \$2.1 million and \$2.5 million, respectively, were reflected in the income tax benefit as a result of the adoption of ASU 2016-09. For fiscal year 2016 the excess tax benefits of \$4.5 million, associated with stock-based compensation that decreased income taxes payable, were recorded in additional paid-in capital. For fiscal year 2015, there was no income tax benefit associated with stock-based compensation that decreased income taxes payable and was recorded in additional paid-in capital.

Table of Contents

Reconciliation between the statutory U.S. income tax rate and the effective rate is as follows:

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Provision from continuing operations at U.S. statutory rate	\$29,034	\$34,750	\$46,852
State tax, net of federal benefit	431	(389)	198
Effect of foreign operations	(38,714)	(48,018)	(55,331)
Repatriation of foreign earnings	6,341	10,121	32,957
Valuation allowance	2,622	1,424	(81,553)
Research tax credits	(8,666)	(7,801)	(6,150)
Stock-based compensation	(1,005)	(1,785)	1,028
Transition Tax	103,907	—	—
Impact of the Tax Cuts and Jobs Act on deferred taxes	10,308	—	—
Other	50	1,799	564
Income tax expense (benefit) from continuing operations	\$104,308	\$(9,899)	\$(61,435)

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (“TCJA”). The TCJA provides for numerous significant tax law changes and modifications including, among other things, reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; requiring companies to pay a one-time transition tax on certain unremitted earnings of foreign subsidiaries; generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; and creating a new limitation on deductible interest expense.

Certain provisions of the TCJA began to impact the Company fiscal year 2018, while other provisions will impact the Company beginning in fiscal year 2019.

The corporate tax rate reduction is effective as of January 1, 2018. Since the Company has a fiscal year rather than a calendar year, it is subject to rules relating to transitional tax rates. As a result, the Company’s fiscal year 2018 federal statutory rate will be a blended rate of 31.5%. The Company’s fiscal year 2017 and 2016 statutory rate was 35%.

The SEC staff issued Staff Accounting Bulletin 118 which allows companies to record provisional amounts during a measurement period that is similar to the measurement period used when accounting for business combinations. As of April 1, 2018, the Company has made reasonable estimates of the effects on its existing deferred tax balances and the one-time repatriation tax recording provisional charges of \$10.3 million and \$103.9 million, respectively, as a component of income tax expense from continuing operations.

The \$10.3 million charge for the effect on the Companies deferred tax balances resulted from the reduction of the corporate income tax rate to 21%. U.S. GAAP requires companies to remeasure their deferred tax assets and liabilities as of the date of enactment, with resulting tax effects accounted for in the reporting period of enactment. The Company remeasured deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future.

The \$103.9 million charge for the one-time repatriation tax increased other accrued liabilities by \$1.5 million, increased long-term income taxes payable by \$24.1 million, and reduced deferred tax assets, for the utilization of tax attributes, by \$78.3 million. The liabilities resulting from the repatriation tax are payable over a period of up to eight years. The provisional amount was based on the Company’s total post-1986 earnings and profits (“E&P”) of its foreign subsidiaries. The majority of these earnings were historically permanently reinvested outside the United States, thus no taxes had previously been provided for these earnings. In addition, the one-time repatriation tax is based in part on the amount of those earnings held in cash and other specified assets either as of the end of fiscal year 2018 or the average of the year-end balances for fiscal years 2016 and 2017.

The TCJA creates a new Global Intangible Low-Taxed Income (“GILTI”) requirement under which certain income earned by controlled foreign corporations (“CFC”s) must be included currently in the gross income of the CFCs’ U.S. shareholder. GILTI is the excess of the shareholder’s “net CFC tested income” over the net deemed tangible income return, which is currently defined as the excess of (1) 10 percent of the aggregate of the U.S. shareholder’s pro rata share of the qualified business asset investment of each CFC with respect to which it is a U.S. shareholder over (2) the

amount of certain interest expense taken into account in the determination of net CFC-tested income.

80

Table of Contents

Because of the complexity of the new GILTI tax rules, the Company is continuing to evaluate this provision of the TCJA and the application of ASC 740. Under U.S. GAAP, the Company is allowed to make an accounting policy choice of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the “period cost method”) or (2) factoring such amounts into a company’s measurement of its deferred taxes (the “deferred method”). The Company’s selection of an accounting policy with respect to the new GILTI tax rules will depend, in part, on analyzing the Company’s global income to determine what the impact is expected to be. The Company is not yet able to reasonably estimate the effect of this provision of the TCJA. Therefore, the Company has not made any adjustments related to potential GILTI tax in its financial statements and has not made a policy decision regarding whether to record deferred taxes on GILTI.

As of April 1, 2018, the Company had not fully completed its accounting for the tax effects of the enactment of the TCJA. The Company’s provision for fiscal year 2018 is based in part on a reasonable estimate of the effects on its transition tax and existing deferred tax balances. The Company will continue to assess the impact of the recently enacted tax law and expected further guidance from federal and state tax authorities as well as further guidance for the associated income tax accounting on its business and consolidated financial statements.

In connection with the TCJA and review of the Company’s projected offshore cash flows, and global cash requirements, the Company determined that historical foreign earnings would no longer be permanently reinvested. Accordingly, a tax expense of \$5.8 million was accrued during fiscal 2018, for withholding taxes on potential distributions from the Company’s foreign subsidiaries.

As a result of the Company’s international manufacturing operations, a significant portion of the Company’s 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 the Company to record a relatively low tax expense on a worldwide basis. The Company was granted a tax incentive in Malaysia during fiscal 2009. The tax incentive was contingent upon the Company continuing to meet specified investment criteria in fixed assets, and to operate an APAC regional headquarters center. In the fourth quarter of fiscal 2012, the Company agreed with the Malaysian Industrial Development Authority to cancel the previously granted tax incentive and enter into a new tax incentive agreement which provides a full tax exemption on statutory income for a period of 10 years commencing April 4, 2011. The Company is required to meet several conditions as to financial targets, investment, headcount and activities in Malaysia to retain this status. The impact of these tax incentives decreased foreign taxes by \$33.7 million, \$31.6 million, and \$25.0 million for fiscal years 2018, 2017, and 2016, respectively. The benefit of the tax incentives on net income per share (diluted) was approximately \$0.25, \$0.24, and \$0.17, for fiscal years 2018, 2017, and 2016, respectively.

The Company maintained a full valuation allowance against its deferred tax assets through the third quarter of fiscal 2016 as there was insufficient positive evidence to overcome the significant negative evidence and to conclude that it was more likely than not that the deferred tax assets would be realized. In the fourth quarter of fiscal 2016, the Company generated a substantial amount of U.S. profits, especially as a result of the repatriation of foreign earnings during the fourth quarter of fiscal 2016, utilizing its remaining U.S. federal net operating loss carryovers available as well as a significant amount of U.S. tax credit carryforwards. In addition, in the fourth quarter of fiscal 2016 the Company validated its mid-term business plan. The Company also considered forecasts of future taxable income and evaluated the utilization of its remaining tax credit carryforwards prior to their date of expiration. All of these were significant positive factors that overcame prior negative evidence and the Company concluded that it was appropriate to release the valuation allowance of \$61.7 million against its deferred tax assets as of April 3, 2016, with the exception of deferred tax assets related to certain foreign and state jurisdictions.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax assets and liabilities were as follows:

Table of Contents

(in thousands)	April 1, 2018	April 2, 2017
Deferred tax assets:		
Non-deductible accruals and reserves	14,720	17,598
Net operating losses and credit carryforwards	108,868	148,941
Depreciation and amortization	1,879	14,005
Stock options	2,791	4,087
Other	1,548	2,046
Total deferred tax assets	129,806	186,677
Deferred tax liabilities:		
Purchased intangibles	(26,127)	(31,421)
Unremitted foreign earnings	(8,163)	(2,318)
Other	(2,920)	(7,679)
Total deferred tax liabilities	(37,210)	(41,418)
Valuation allowance	(91,054)	(73,263)
Net deferred tax assets	\$1,542	\$71,996

As of April 1, 2018, the Company continued to maintain a valuation allowance against its net deferred tax assets in certain foreign and state jurisdictions, as management is not able to conclude that it is more likely than not that these deferred tax assets will be realized. The Company reached this decision based on judgment, which included consideration of historical operating results and projections of future profits. The valuation allowance for deferred tax assets increase by \$17.8 million and \$10.5 million in fiscal years 2018 and 2017, respectively.

As of April 1, 2018, the Company had federal, state and foreign net operating loss (NOL) carryforwards of approximately \$31.6 million, \$110.2 million and \$83.1 million, respectively. The foreign net operating loss carryforwards were obtained as part of the acquisition of ZMDI in fiscal 2016 (see Note 3, "Business Combinations" for additional information on the acquisition). The federal NOL carryforwards will expire in various years from fiscal 2019 through 2035, if not utilized. The state NOL carryforwards will expire in various years from fiscal 2024 through 2038, if not utilized. The foreign NOL carryforwards do not expire. The utilization of US federal and state NOLs created by acquired companies is subject to annual limitations under Section 382 of the Internal Revenue Code.

However, the Company does not expect that such annual limitation will impair the realization of these NOLs.

As of April 1, 2018, the Company had approximately \$19.9 million of federal research and development tax credit carryforwards. The federal research and development tax credit carryforwards will expire in fiscal years 2034 through 2038, if not utilized. The Company also had, as of April 1, 2018, approximately \$99.0 million of state income tax credit carryforwards, of which \$12.9 million will expire in fiscal years 2019 through 2037, if not utilized. The Company also had, as of April 1, 2018, approximately \$10.4 million of tax credit carryforwards in foreign jurisdictions, which will expire in fiscal years 2019 through 2038.

The federal, state, and foreign NOL and tax credit carryforwards in the income tax returns filed include unrecognized tax benefits. The deferred tax assets recognized for those NOLs and tax credits are presented net of these unrecognized tax benefits.

The following tables summarize the activities of gross unrecognized tax benefits:

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Beginning balance	\$36,993	\$33,075	\$33,190
Increases related to prior year tax positions	2,022	1,374	1,474
Decreases related to prior year tax positions	(279)	(87)	(719)
Increases related to current year tax positions	8,095	2,864	938
Decrease related to settlement	—	—	(1,758)
Decreases related to the lapsing of statute of limitations	(165)	(233)	(50)
Ending balance	\$46,666	\$36,993	\$33,075

Table of Contents

The amount of unrecognized tax benefits that would favorably impact the effective tax rate were approximately \$27.6 million and \$19.1 million as of April 1, 2018 and April 2, 2017, respectively. As of April 1, 2018, approximately \$15.8 million of unrecognized tax benefits would be offset by a change in valuation allowance. The Company recognizes potential interest and penalties related to the income tax on the unrecognized tax benefits as a component of income tax expense and accrued approximately \$0.2 million and \$0.1 million for these items in fiscal years 2018 and 2017, respectively.

During the 2018 fiscal year, the Company closed out all positions as part of the examination of its India, Italy and New York state income tax returns. The outcome did not have a material effect on the Company's financial position, cash flows or results of operations.

As of April 1, 2018, the Company is under examination in Malaysia for fiscal years 2012 through 2015 and in Canada for fiscal years 2016 and 2017. Although the final outcome of each examination 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.

On July 27, 2015, in *Altera Corp. v. Commissioner*, the U.S. Tax Court issued an opinion, in favor of Altera Corp., related to the treatment of stock-based compensation expense in an intercompany cost-sharing arrangement. The Internal Revenue Service filed a notice of appeal on February 19, 2016 in this case. Due to the uncertainty surrounding the status of the current regulations, questions related to the scope of potential benefits, and the risk of the Tax Court's decision being overturned upon appeal, the Company has not recorded any benefit as of April 1, 2018. The Company will continue to monitor ongoing developments and potential impacts to its financial statements.

The Company believes that within the next 12 months, it is reasonably possible that a decrease of up to \$0.2 million in unrecognized tax benefits may occur due to settlements with tax authorities or statute lapses.

The Company's open years in the U.S. federal jurisdiction are fiscal 2015 and later years. In addition, the Company is effectively subject to federal tax examination adjustments for tax years ended on or after fiscal year 1999, in that the Company has tax attribute carryforwards from these years that could be subject to adjustments, if and when utilized. The Company's open years in various state and foreign jurisdictions are fiscal years 2011 and later.

Note 21. Segment Information

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

The Company's reportable segments include the following:

Communications segment: includes clock and timing solutions, radio frequency (RF), flow-control management such as multi-port products, telecommunication interface, high-speed static random access memory, first in and first out memory, digital logic, optical interconnect and frequency control solutions and Serial RapidIO® switching solutions.

Computing, Consumer and Industrial segment: includes clock generation and distribution products, high-performance server memory interfaces, wireless power, PCI Express®, signal integrity, power management solutions, signal integrity products, optical interconnect, video distribution and contribution solutions and sensing products for mobile, automotive and industrial solutions.

The tables below provide information about these segments:

Revenues by segment (in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Communications	\$251,682	\$265,421	\$302,188
Computing, Consumer and Industrial	591,082	462,822	395,188
Total revenues	\$842,764	\$728,243	\$697,376

The Company utilizes global and regional distributors around the world, that buy product directly from the Company on behalf of their customers. Sales through a distributor, Uniquist, represented approximately 10%, 11% and 16% of the Company's revenues in fiscal 2018, 2017 and 2016, respectively. Sales through a distributor, Avnet and its affiliates, represented approximately 15%, 10% and 15% of the Company's revenues in fiscal 2018, 2017 and 2016, respectively. Macnica and its affiliates represented approximately 10% of the Company's revenues in fiscal 2018. Each of these distributors serves customers within both of the Company's reportable segments. SK Hynix and its affiliates, which is a direct OEM customer, accounted for 12% of the Company's revenues in fiscal 2016. No other distributor or

single direct or consignment customer represented 10% or more of the Company's total revenues in fiscal 2018, 2017 and 2016.

83

Table of Contents

As of April 1, 2018, one distributors represented approximately 15% of the Company's accounts receivable. As of April 2, 2017, two distributors each represented approximately 11% and 10% of the Company's accounts receivable.

Income by segment from continuing operations (in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Communications	\$94,709	\$105,016	\$115,888
Computing, Consumer and Industrial	138,182	91,911	88,101
Unallocated expenses:			
Amortization of intangible assets	(38,417)	(21,360)	(13,662)
Inventory fair market value adjustment	(8,023)	(4,079)	(5,531)
Loss on divestitures	—	(710)	—
Asset impairment and other	(10,779)	(1,026)	(147)
Stock-based compensation	(50,783)	(39,869)	(34,158)
Severance, retention and facility closure costs	(10,462)	(16,335)	(11,701)
Acquisition-related costs and other	(2,225)	(2,295)	(2,591)
Interest income (expense) and other, net	(20,030)	(11,968)	(2,335)
Income from continuing operations, before income taxes	\$92,172	\$99,285	\$133,864

The Company does not allocate goodwill and intangible assets impairment charge, IPR&D, severance, 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:

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Hong Kong	\$301,805	\$258,970	\$304,392
Korea	82,905	77,269	75,402
Rest of Asia Pacific	256,955	229,059	173,408
Europe	114,099	93,526	69,543
Americas (1)	87,000	69,419	74,631
Total revenues	\$842,764	\$728,243	\$697,376

(1) Revenues from the customers in the U.S. were \$71.0 million, \$63.0 million and \$65.2 million in fiscal 2018, 2017 and 2016, respectively.

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

(in thousands)	April 1, April 2,	
	2018	2017
United States	\$41,230	\$37,996
Malaysia	28,264	24,386
Germany	10,210	12,477
All other countries	7,141	6,102
Total property, plant and equipment, net	\$86,845	\$80,961

Table of Contents

Note 22. Interest Income and Other, Net

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

(in thousands)	Fiscal Year Ended		
	April 1, 2018	April 2, 2017	April 3, 2016
Interest income	\$3,808	\$2,916	\$3,616
Other income, net	4,800	2,906	652
Interest income and other, net	\$8,608	\$5,822	\$4,268

Interest income is derived from earnings on cash and short term investments. Other income, 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.

Note 23. Subsequent Event

On April 24, 2018, the Company's Board of Directors approved an increase to the share repurchase authorization of \$400 million.

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

QUARTERLY RESULTS OF OPERATIONS

(in thousands, except per share data)	Fiscal Year Ended April 1, 2018 (2)			
	First Quarter	Second Quarter	Third Quarter (1)	Fourth Quarter (4)
Revenues	\$196,713	\$204,398	\$217,075	\$224,578
Gross profit	\$110,038	\$116,762	\$128,385	\$127,100
Net income (loss) (3)	\$16,714	\$18,680	\$(68,241)	\$20,711
Basic net income (loss) per share (3) (5)	\$0.13	\$0.14	\$(0.51)	\$0.16
Diluted net income (loss) per share (3) (5)	\$0.12	\$0.14	\$(0.51)	\$0.15

(in thousands, except per share data)	Fiscal Year Ended April 2, 2017			
	First Quarter	Second Quarter	Third Quarter (6)	Fourth Quarter
Revenues	\$192,128	\$184,059	\$176,358	\$175,698
Gross profit	\$108,349	\$106,532	\$104,085	\$101,672
Net income from continuing operations	\$20,947	\$24,591	\$33,437	\$30,209
Net income from discontinued operations	\$—	\$—	\$1,298	\$—
Net income	\$20,947	\$24,591	\$34,735	\$30,209
Basic net income per share – continuing operations	\$0.16	\$0.18	\$0.25	\$0.23
Basic net income per share	\$0.16	\$0.18	\$0.26	\$0.23
Diluted net income per share – continuing operations	\$0.15	\$0.18	\$0.24	\$0.22
Diluted net income per share	\$0.15	\$0.18	\$0.25	\$0.22

(1) During fiscal 2018, we recorded an income tax charge of \$114.2 million for the estimated impacts of the Tax Cuts and Job Act. Refer to Note 20 for details.

(2) On April 4, 2017, the Company completed the acquisition of GigPeak. The results of operations of the GigPeak business have been included in fiscal 2018.

(3) On April 4, 2017, the Company entered into a credit agreement that provides for variable rate term loans in aggregate principal amount of \$200 million, with an original term of 7 years (the "Initial Term B Loan"). The

Company recognized a total interest expense of \$9.5 million related to the Term B Loan during fiscal 2018. Refer to Note 19 for details.

85

Table of Contents

(4) During fiscal 2018, the Company recorded total asset impairment charge of \$9.8 million which was comprised of \$7.8 million related to certain assets comprised of intangibles, equipment and prepaid licenses, which were determined to be specifically used in non-strategic businesses and had no alternative use (Refer to Note 15 for details); and \$2.0 million related to certain IPR&D projects (Refer to Note 3 for details).

(5) Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

(6) In the third quarter of fiscal 2017, the Company completed the sale of the Disposal Group and recorded a loss on divestiture of approximately \$0.7 million. Also, the Company recognized a gain on divestiture of approximately \$1.3 million, net of tax, from the collection of receivable on the sale of HSC business.

Table of ContentsINTEGRATED DEVICE TECHNOLOGY, INC.
SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

(in thousands)	Balance at Beginning of Period	Additions/ (Releases)	Deductions/Adjustments	Balance at End of Period
Allowance for returns, price credits and doubtful accounts				
Fiscal Year Ended April 3, 2016	\$ 4,664	\$ 117	\$ (152)) \$ 4,629
Fiscal Year Ended April 2, 2017	\$ 4,629	\$ 544	\$ (89)) \$ 5,084
Fiscal Year Ended April 1, 2018	\$ 5,084	\$ 7,184	\$ (94)) \$ 12,174
Tax valuation allowance				
Fiscal Year Ended April 3, 2016	\$ 148,954	\$ 3,527	\$ (89,681)) \$ 62,800
Fiscal Year Ended April 2, 2017	\$ 62,800	\$ 14,168	\$ (3,705)) \$ 73,263
Fiscal Year Ended April 1, 2018	\$ 73,263	\$ 22,507	\$ (4,716)) \$ 91,054

Table of Contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC 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. Our management, including the Chief Executive Officer and Chief Financial Officer, is engaged in a comprehensive effort to review, evaluate and improve our controls; however, management does not expect that our disclosure controls will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems’ objectives are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management’s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of April 1, 2018. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013).

Based on our management’s assessment using those criteria, management concluded that our internal control over financial reporting was effective as of April 1, 2018.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this report, has issued a report on our internal control over financial reporting as of April 1, 2018, which report appears under Item 8 of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

Table of Contents

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our executive officers, and their respective ages as of April 1, 2018, are as follows:

Name	Age	Position
Gregory L. Waters	57	President and Chief Executive Officer
Brian C. White	53	Senior Vice President and Chief Financial Officer
Sailesh Chittipeddi	55	Executive Vice President, Global Operations and Chief Technical Officer
Chris Allexandre	43	Senior Vice President of Global Sales and Marketing
Sean Fan	52	Senior Vice President and Corporate General Manager, Computing and Communications Group
Dave Shepard	56	Senior Vice President and Corporate General Manager, Mobility Products Group
Mario Montana	56	Vice President and Corporate General Manager, Automotive and Industrial Group
Anja Hamilton	47	Vice President and Chief People Officer
Matthew D. Brandalise	52	Vice President, Chief Legal Officer and Corporate Secretary

Mr. Waters joined the Company as President and Chief Executive Officer in January 2014 and was appointed to the Board of Directors at the same time. Prior to joining IDT, Mr. Waters served as Executive Vice President and General Manager, Front-End Solutions at Skyworks Solutions, Inc., a semiconductor company, from 2006 until December 2012. From 2003 to 2006, he served in various positions at Skyworks, including Senior Vice President beginning in 2005, Vice President and General Manager, Cellular Systems beginning in 2004 and Vice President, Linear Products beginning in 2003. From 2001 until 2003, Mr. Waters served as Senior Vice President of Strategy and Business Development at Agere Systems Inc. and, beginning in 1998, held positions at Agere as Vice President of the Wireless Communications business and Vice President of the Broadband Communications business. Prior to working at Agere, Mr. Waters held a variety of senior management positions at Texas Instruments Inc., including Director of Network Access Products and Director of North American Sales. Mr. Waters holds a B.S. of Engineering from the University of Vermont and an M.S. in Computer Science from Northeastern University.

Mr. White joined IDT in February 2007 and became Vice President and Chief Financial Officer in September 2013. Mr. White was elevated to the position of Senior Vice President and Chief Financial Officer in May 2017. Prior to becoming Chief Financial Officer, he served as Vice President Finance and Treasurer. Before joining IDT, Mr. White held senior management positions with Nvidia, Hitachi GST and IBM in Finance, Business Line Management, Operations, Strategy and Business Development. He started his career in public accounting with Deloitte & Touche and Arthur Andersen and maintains credentials as both a CPA and CFP. Mr. White holds an M.B.A. from the University of Notre Dame and a Bachelors degree in Business Administration from Seattle University.

Dr. Chittipeddi joined IDT as Vice President of Global Operations and Chief Technical Officer in March 2014. Mr. Chittipeddi was elevated to the position of Executive Vice President of Global Operations and Chief Technical Officer in January 2017. Prior to joining IDT, Dr. Chittipeddi served as President, Chief Executive Officer and a director of Conexant Systems, Inc. ("Conexant"), a semiconductor company, from April 2011 until July 2013 through its emergence from Chapter 11 reorganization. Prior to that, since 2006 he served in various positions at Conexant, including Chief Operating Officer and Chief Technology Officer. From 2001 until 2006, Dr. Chittipeddi served as Head of Foundry Operations and additionally managed the joint venture Silicon Manufacturing Partners between Agere Systems (now Avago Technologies) and Chartered Semiconductor (now Global Foundries). Prior to that, he served in a variety of positions at AT&T-Bell Labs, SEMATECH and Lucent Technologies. Dr. Chittipeddi holds an M.B.A. from the University of Texas at Austin and an M.S. and a Ph.D. in Physics from The Ohio State University. Mr. Allexandre joined IDT in February 2017 as IDT's Senior Vice President of Global Sales and Marketing. Prior to joining IDT, Mr. Allexandre worked for NXP as Senior Vice President Worldwide Sales for Mass Market and Global Distribution from September 2016 to February 2017. Before that, he was Senior Vice President of Worldwide Sales, Marketing and Supply Chain at Fairchild Semiconductors from September 2013 to September 2016. Prior to Fairchild, he held various positions at Texas Instruments from 1997 to 2013, up to Vice President of EMEA Regional Sales & Applications and Distribution from January 2011 to September 2013. Mr. Allexandre holds a MSc. in electrical

engineering from the Engineering High School of North (ISEN).

Mr. Fan joined IDT in 1999 and became Vice President and General Manager of IDT's Computing and Communications Division in August 2013. Mr. Fan was elevated to the position of Senior Vice President and Corporate General Manager of IDT's Computing and Communications Group in May 2017. Prior to his current position, Mr. Fan held various management roles at IDT, including Vice President and General Manager of the Interface Connectivity Division, Vice President of China Operations, Vice President and General Manager of the Memory Interface Division, General Manager of Standard Product Operations, and Senior Director of Silicon Timing Solutions. Prior to joining IDT, Mr. Fan served in various engineering and management roles with Lucent Microelectronics, Mitel

Table of Contents

Semiconductor, and the National Lab of Telecom Research in China. Mr. Fan holds a Master of Science degree in Computer Engineering from University of Cincinnati, and a B.S. degree in Computer and Telecommunications from Beijing University of Posts and Telecommunications.

Mr. Shepard joined IDT as Vice President and General Manager, Timing and RF Division, in May 2014. In September 2015, Mr. Shepard became general manager of the Company's Consumer Products Division, which includes the radio frequency, timing, and wireless power businesses. Mr. Shepard was elevated to the position of Senior Vice President and Corporate General Manager, Mobility Products Group in May 2017. Prior to joining IDT, Mr. Shepard served as Vice President and General Manager, High Performance Solutions at Peregrine Semiconductor Corp. from 2010 to 2014. From 2003 to 2009, Mr. Shepard served as President and Chief Executive Officer of Sequoia Communications, Inc., a cellular RF transceiver startup. Prior to 2003, Mr. Shepard held a variety of senior management positions at Texas Instruments Inc., including General Manager of the Wireless Infrastructure Business. Mr. Shepard holds a B.A. in Physics from Lawrence University and a M.S. in Electrical Engineering from University of Wisconsin - Madison.

Mr. Montana joined IDT in 1997 and became Vice President and Corporate General Manager, Automotive and Industrial Group in February 2017. Prior to his current role, Mr. Montana held various management positions with IDT including Vice President, General Manager, Enterprise Computing Division (formerly Serial Switching Division), Director, IDT Serial-Switching Division, Director, IDT Strategic Marketing Group, and Product Line Director, IDT Telecommunications, FIFO, Logic and Timing groups, respectively. Mr. Montana holds a B.S.E.E. from the University of Waterloo, and a MBA from Santa Clara University.

Ms. Hamilton joined IDT in February 2011, and in October 2012 became our Vice President, Global Human Resources. In May 2017, Ms. Hamilton became Vice President, Chief People Officer. Prior to joining IDT, Ms. Hamilton was the Director of Global Compensation and HRIS at Atmel from August 2008 through January 2011. Prior to that, Ms. Hamilton held various human resources management positions at eBay and Electronic Arts. Ms. Hamilton has over 25 years of business management experience, with over 19 of those in human resources. Ms. Hamilton received her degree in business administration at the College of Applied Sciences in Augsburg, Germany, and holds several certifications in Human Resource Management.

Mr. Brandalise joined IDT in May 2000 and was elevated to the position of Vice President, General Counsel, and Corporate Secretary in October 2012. In May 2017, Mr. Brandalise became Vice President, Chief Legal Officer and Corporate Secretary. Prior to his current position, Mr. Brandalise held Senior Director, Director, Senior Corporate Counsel, and Corporate Counsel positions in IDT's Legal Department. Prior to joining IDT, Mr. Brandalise worked as an attorney in a Silicon Valley law firm specializing in commercial transactions, mergers & acquisitions, technology transactions, corporate governance, and commercial litigation. Mr. Brandalise holds a B.A. in Political Science from the University of California at Santa Barbara, and a J.D. from Santa Clara University School of Law.

The information required by this item concerning our directors is incorporated by reference from the information set forth in the sections titled "Proposal 1—Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for the 2018 Annual Meeting of Stockholders.

Other information required by this item concerning our executive officers is incorporated by reference from the information set forth in this section titled "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for the 2018 Annual Meeting of Stockholders.

The information required by this item concerning our audit committee and its financial expert is incorporated by reference from the information set forth in the section titled "Corporate Governance-Board of Directors Meetings and Committees" in our Proxy Statement for the 2018 Annual Meeting of Stockholders.

We have adopted a written code of business ethics that applies to all of our employees and to our Board of Directors. A copy of the code is available on our website at <http://www.IDT.com>. If we make any substantive amendments to the code of business ethics or grant any waiver from a provision of the code of business ethics to any of our directors or officers, we will promptly disclose the nature of the amendment or waiver on our website.

The information required by this item concerning recommendations of director nominees by security holders is incorporated by reference from the information set forth in the section titled "Consideration of Stockholder Nominees for Director" and "Corporate Governance—Board of Directors Meetings and Committees" in our Proxy Statement for the

2018 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference from our Proxy Statement for the 2018 Annual Meeting of Stockholders.

Table of Contents

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by reference from our Proxy Statement for the 2018 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference from our Proxy Statement for the 2018 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated herein by reference from our Proxy Statement for the 2018 Annual Meeting of Stockholders.

Table of Contents

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- (a) 1. Financial Statements. See "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report.
2. Financial Statement Schedules. See Schedule II, "Valuation and Qualifying Accounts," included with this Annual Report.
3. Exhibits. The exhibits listed in the Exhibit Index below are filed or incorporated by reference as part of this Annual Report.

ITEM 16. FORM 10-K SUMMARY

None.

Table of Contents

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit/ Appendix	Filing Date	
<u>2.1</u>	Agreement and Plan of Merger, dated as of February 13, 2017, by and among Integrated Device Technology, Inc. and GigPeak, Inc.	8-K	00-12695	2.1	2/13/2017	
<u>2.2</u>	Business Purchase Agreement, dated as of February 22, 2012, by and between Integrated Device Technology, Inc. and NXP B.V.	8-K	00-12695	2.1	7/20/2012	
<u>2.3</u>	Amendment No. 1 to Business Purchase Agreement, dated as of June 21, 2012, by and between Integrated Device Technology, Inc. and NXP B.V.	8-K	00-12695	2.2	7/20/2012	
<u>2.4</u>	Amendment No. 2 and Waiver to Business Purchase Agreement, dated as of July 19, 2012, by and between Integrated Device Technology, Inc. and NXP B.V.	8-K	00-12695	2.3	7/20/2012	
<u>3.1</u>	Restated Certificate of Incorporation, as amended to date.	10-K	00-12695	3.1	5/21/2012	
<u>3.2</u>	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.	8-A12G	00-12695	3.6	12/23/1998	
<u>3.3</u>	Amended and Restated Bylaws of the Company, effective as of July 23, 2013.	10-Q	00-12695	3.3	11/6/2013	
<u>4.1</u>	Indenture (including form of note), dated as of November 4, 2015, between Integrated Device Technology, Inc., and Wilmington Trust, National Association, as trustee.	8-K	00-12695	4.1	11/4/2015	
<u>10.1</u>	Credit Agreement, dated as of April 4, 2017, by and among JPMorgan Chase Bank, N.A. (and the other lenders party thereto) and Integrated Device Technology, Inc.	SC TO-T/A	005-84385	99.(B)(2)	4/4/2017	
<u>10.2</u>	Share Purchase and Transfer Agreement, dated October 23, 2015, between Global ASIC GmbH, ELBER GmbH, Freistaat Sachsen, Integrated Device Technology Bermuda Ltd. and Integrated Device Technology, Inc.	10-Q	00-12695	10.1	10/29/2015	
<u>10.3</u>	Letter Agreement, dated October 29, 2015, between JPMorgan Chase Bank, National Association and Integrated Device Technology, Inc., regarding the Base Warrants.	8-K	00-12695	10.1	11/4/2015	
<u>10.4</u>	Letter Agreement, dated October 29, 2015, between JPMorgan Chase Bank, National Association and Integrated Device Technology, Inc., regarding the Base Call Option Transaction.	8-K	00-12695	10.2	11/4/2015	

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit/ Appendix	Filing Date	
<u>10.5</u>	Letter Agreement, dated November 3, 2015, between JPMorgan Chase Bank, National Association and Integrated Device Technology, Inc., regarding the Additional Warrants.	8-K	00-12695	10.3	11/4/2015	
<u>10.6</u>	Letter Agreement, dated November 3, 2015, between JPMorgan Chase Bank, National Association and Integrated Device Technology, Inc., regarding the Additional Call Option Transaction.	8-K	00-12695	10.4	11/4/2015	
<u>10.7</u>	Master Confirmation—Uncollared Accelerated Share Repurchase dated November 2, 2015 between Integrated Device Technology, Inc. and JPMorgan Chase Bank, National Association.	8-K	00-12695	10.5	11/4/2015	
<u>10.8</u>	Master Confirmation—Uncollared Accelerated Share Repurchase dated November 2, 2015 between Integrated Device Technology, Inc. and Bank of America, N.A.	8-K	00-12695	10.6	11/4/2015	
<u>10.9</u>	Amendment to 1994 Stock Option Plan, September 22, 2000.#	10-Q	00-12695	10.10	11/15/2000	
<u>10.10</u>	1994 Directors Stock Option Plan and related documents.#	10-Q	00-12695	10.18	11/16/1994	
<u>10.11</u>	Form of Indemnification Agreement between the Company and its directors and officers.#	10-K	00-12695	10.68	4/2/1989	
<u>10.12</u>	Amended Form of Indemnification Agreement between the Company and its directors and officers.#	10-K	00-12695	10.40	5/19/2015	
<u>10.13</u>	Incentive Compensation Plan.#	10-Q	00-12695	10.27	8/11/2005	
<u>10.14</u>	Form of Change of Control Agreement between the Company and certain of its officers.#	10-K	00-12695	10.13	6/23/2003	
<u>10.15</u>	1997 Stock Option Plan.#	10-Q	00-12695	10.23	8/14/2002	
<u>10.16</u>	Non-Qualified Deferred Compensation Plan effective November 1, 2000.#	10-K	00-12695	10.21	6/29/2001	
<u>10.17</u>	1984 Employee Stock Purchase Plan, as amended and restated effective September 29, 2003.#	10-Q	00-12695	10.25	11/6/2003	
<u>10.18</u>	Amended and Restated 2004 Equity Plan.#	10-K	00-12695	10.18	5/19/2017	
<u>10.19</u>	2009 Employee Stock Purchase Plan.#	DEF14A	00-12695	A	8/7/2009	
<u>10.20</u>	Master Purchase Agreement, dated June 13, 2011, by and between Integrated Device Technology, Inc. and Bank of America, N.A. (the Master Purchase Agreement).	8-K	00-12695	10.1	6/17/2011	
<u>10.21</u>	Asset Purchase Agreement dated as of August 31, 2011 by and among Qualcomm, Incorporated, Qualcomm Canada Inc., Integrated Device Technology, Inc. and IDT Canada, Inc.	10-K	00-12695	10.34	5/21/2012	

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit/ Appendix	Filing Date	
<u>10.22</u>	Foundry Agreement dated August 3, 2009 between the Company and Taiwan Semiconductor Manufacturing Co., Ltd.	10-K	00-12695	10.35	5/21/2012	
<u>10.23</u>	Amendment No. 1 to the Master Purchase Agreement, dated as of May 17, 2012, by and between Integrated Device Technology, Inc. and Bank of America, N.A.	10-K	00-12695	10.36	5/21/2012	
<u>10.24</u>	Amendment No. 2 to the Master Repurchase Agreement, dated as of December 4, 2012, by and between Integrated Device Technology, Inc. and Bank of America, N.A.	8-K	00-12695	10.1	12/7/2012	
<u>10.25</u>	Asset Purchase Agreement by and among PMC-Sierra, Inc., Integrated Device Technology, Inc. and Integrated Device Technology (Malaysia) Sdn. Bhd., dated as of May 29, 2013.	8-K	00-12695	2.1	5/29/2013	
<u>10.26</u>	Integrated Device Technology, Inc. Fiscal 2014 Performance Equity Plan.#	8-K	00-12695	10.1	6/19/2013	
<u>10.27</u>	Separation Agreement, dated August 26, 2013, by and between Theodore L. Tewksbury, III, and Integrated Device Technology, Inc.#	8-K	00-12695	10.1	8/27/2013	
<u>10.28</u>	Offer Letter between Integrated Device Technology, Inc. and Sailesh Chittipeddi, entered into on February 19, 2014.#	8-K	00-12695	10.1	3/13/2014	
<u>10.29</u>	Offer Letter between Integrated Device Technology, Inc. and Greg Waters, entered into on December 5, 2013.#	8-K	00-12695	10.1	12/17/2013	
<u>10.30</u>	Executive Retention Plan.#	8-K	00-12695	10.1	1/15/2013	
<u>10.31</u>	GigPeak, Inc. Amended and Restated 2008 Equity Incentive Plan.#	S-8	333-217128	10.1	4/4/2017	

Table of Contents

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File Number	Exhibit/ Appendix	Filing Date	
<u>21.1</u>	Subsidiaries of the Company.					X
<u>23.1</u>	Consent of Independent Registered Public Accounting Firm					X
24.1	Power of Attorney (included on signature page to this Annual Report on Form 10-K).					X
<u>31.1</u>	Certification of Chief Executive Officer as required by Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.					X
<u>31.2</u>	Certification of Chief Financial Officer as required by Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.					X
<u>32.1</u>	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
<u>32.2</u>	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X

*The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Integrated Device Technology, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

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

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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
By: /s/ GREGORY L. WATERS

May 18, 2018 Gregory L. Waters
President and Chief Executive Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Gregory L. Waters and Brian C. White his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated opposite his/her name.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ GREGORY L. WATERS Gregory L. Waters	Chief Executive Officer, President and Director (Principal Executive Officer)	May 18, 2018
/s/ BRIAN C. WHITE Brian C. White	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	May 18, 2018
/s/ KEN KANNAPPAN Ken Kannappan	Chairman of the Board	May 18, 2018
/s/ GORDON PARNELL Gordon Parnell	Director	May 18, 2018
/s/ UMESH PADVAL Umesh Padval	Director	May 18, 2018
/s/ NORMAN TAFFE Norman Taffe	Director	May 18, 2018
/s/ ROBERT RANGO	Director	May 18, 2018

Robert Rango

/s/ SELENA LOH LACROIX Director
Selena Loh LaCroix

May 18, 2018

97