INTEGRATED DEVICE TECHNOLOGY INC

FORM 10-K
(Annual Report)

Filed 05/19/17 for the Period Ending 04/02/17

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Telephone	4082848200
CIK	0000703361
Symbol	IDTI
SIC Code	3674 - Semiconductors and Related Devices
Industry	Semiconductors
Sector	Technology
Fiscal Year	03/30

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

FORM 10-K

(Mark One)

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

For the fiscal year ended April 2, 2017

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	**94-2669985**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
6024 SILVER CREEK VALLEY ROAD, SAN JOSE, CALIFORNIA	**95138**
(Address of Principal Executive Offices)	(Zip Code)

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 ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates was approximately $2,291 million , computed by reference to the last sales price of $23.1 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 2, 2016. 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 15, 2017 was approximately 132,990,950 .

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 2017 Annual Meeting of Stockholders.

INTEGRATED DEVICE TECHNOLOGY, INC.

ANNUAL REPORT ON FORM 10-K

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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 similar 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, interfaces, automotive application-specific integrated circuits (ASICs), 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, industrial and internet-of-things segments. These products are used for development in areas such as 4G 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, industrial and internet-of-things 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 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.

Products and Markets

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

We measure our business based on two reportable segments: the Communications segment and the Computing, Consumer and Industrial segment. 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 . In fiscal 2015 , the Communications segment and the Computing, Consumer and Industrial segment accounted for approximately 55% and 45% , respectively, of our revenues from continuing operations of $572.9 million . For further information, see “Note 20 - Segment Information” in Part II, Item 8 of this Form 10-K.

Communications Segment

Communications segment includes clock and timing solutions, flow-control management devices such as Serial RapidIO® switching solutions, multi-port products, telecommunications products, high-speed static random access memory, first in and first out, digital logic, RF, and frequency control 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 IEEE1588.

Serial RapidIO Solutions: Our extensive line of high-performance, low-power, low-latency RapidIO switches are ideal for peer-to-peer multiprocessor embedded systems. In February 2016, we introduced a new generation of switches targeting 5G mobile network development and mobile edge computing. The new 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 S-RIO protocol for out-of-the-box cabling.

RF Products: We offer high-performance and full-featured RF signal path 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, and RF switches.

Computing, Consumer and Industrial Segment

The Computing, Consumer and Industrial Segment includes clock generation and distribution products, high-performance server memory interfaces, PCI Express switching solutions, power management solutions, signal integrity products, and sensing products for mobile, automotive and industrial solutions.

The Company completed the acquisition of Zentrum Mikroelektronik Dresden AG (ZMDI) in December 2015. During fiscal 2016, the Company renamed its Computing and Consumer reportable segment to Computing, Consumer and Industrial in order to reflect the operations of ZMDI, which are primarily included into the Computing, Consumer and Industrial reportable segment.

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, offering 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 Single Data Rate (SDR), Double Data Rate (DDR), DDR2, DDR3, and DDR4 memory technology.

PCI Express Switching Solutions: Our family of PCI Express switching solutions is aimed at high-performance server, storage, embedded and communications applications. Moreover, we offer a complete integrated hardware/software development kit that includes evaluation boards, software drivers and a graphical user interface that enables complete system configuration and optimization. Our PCIe Gen1, Gen2 and Gen3 devices are optimized for I/O expansion system interconnects and inter-domain communications.

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 the Power Matters Alliance (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.

Sensing Products: IDT has long developed and sold temperature sensors among its memory interface products, but with the acquisition of ZMDI, our sensing portfolio is growing dramatically. IDT now offers a wide array of sensors and sensor conditioning products that have a proven record of capability in applications in automotive, industrial, consumer and internet-of-things 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 2017 , direct sales accounted for approximately 45% 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 9% of our total worldwide revenues in fiscal 2017 .

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. For certain distributors, due to the uncertainty of the amount of the credits related to these programs, revenue is not recognized until the product has been sold by the distributor to an end customer. For those distributors where we can reliably estimate credits related to these programs, revenue is recognized upon shipment to these distributors. Revenue recognized on sales through distributors represented approximately 46% of our total worldwide revenues in fiscal 2017 .

Sales through two distributors in each of fiscal 2017, 2016 and 2015 accounted for 10% or more of our total revenues in each period. Sales through a distributor, Avnet and its affiliates, represented approximately 10% , 15% and 14% of our total revenues in fiscal 2017 , 2016 and 2015 , respectively. Sales through another distributor, Uniquest, represented approximately 11% , 16% and 16% of our total revenues in each of the fiscal 2017, 2016 and 2015, respectively. 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 2017 , 2016 and 2015 .

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. These EMSs and ODMs have achieved greater autonomy in design win, product qualification and product purchasing decisions, especially for commodity products. SK Hynix and its affiliates accounted for 12% of our revenues in fiscal 2016. No other direct OEM customer accounted for 10% or more of our total revenues in fiscal 2017 and 2015 .

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 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.

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, China; Dresden, Munich and Stuttgart, Germany; and Varna and Sofia Bulgaria. Research and development expenses, as a percentage of revenues, were approximately 23% , 21% and 22% in fiscal 2017 , 2016 and 2015 , 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.; Broadcom Limited; Cypress Semiconductor Corporation; Inphi Corporation; Maxim Integrated Products, Inc.; Montage Technology; On Semiconductor Corporation; Silicon Laboratories Inc.; Skyworks Solutions Inc.; Texas Instruments Inc; Elmos; AustrianMicrosystem AG (AMS); ST Microsystems; Melexis Semiconductors; and NXP Semiconductors.

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.

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 2, 2017 , we had approximately 1,623 employees worldwide, with approximately 602 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 2, 2017 , we have seven employees in France who are covered by a national trade union collective bargaining agreement, and 183 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;

- the cyclicality 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;
- 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; and
- large scale disruptions in transportation, communications and information technology networks.

The cyclicality 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 acquisition of ZMDI and GigPeak and the integration of those 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.

On December 7, 2015, we completed the purchase of all of the outstanding non-par-value shares of Zentrum Mikroelektronik Dresden AG (ZMDI). On April 4, 2017, subsequent to the end of our fiscal year 2017, we completed the purchase of all of the outstanding common stock of GigPeak, Inc. (GigPeak). Any failure to successfully integrate the business, operations and employees of ZMDI and GigPeak 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 the ZMDI and GigPeak businesses will be complex and time-consuming, will involve additional expense and could disrupt our business and divert management's attention from ongoing business concerns. The challenges involved in integrating ZMDI and GigPeak will include:

- preserving customer, supplier and other important relationships;
- 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 the acquisition of ZMDI and GigPeak are, necessarily, based on projections and assumptions about the combined businesses of the Company, ZMDI and GigPeak and assume, among other things, the successful integration of ZMDI and GigPeak into our business and operations. We may not successfully integrate ZMDI and GigPeak and our operations in a timely manner, or at all. If we do not realize the anticipated benefits of this transaction, our growth strategy and future profitability could be affected. In addition, the acquisition significantly increased 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, subsequent to the end of our fiscal year 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 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, personal computer (PC), 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, PCs and 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.

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.

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 or 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.

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

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

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

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

Intellectual property claims against and/or on behalf of 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. If U.S. corporate income tax laws were to change regarding deferral of U.S. income tax on foreign earnings or other matters impacting our operating structure, this would have a significant impact to our financial results.

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 Malaysia Industrial Development Board (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. The United States and 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. In addition, 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. In addition, the amount of income taxes we pay is subject to ongoing audits in various jurisdictions, and a material assessment by a governing tax authority such as the Internal Revenue Service in the United States could have a material effect on our profitability.

Also, we have not made a provision for U.S. income tax on the portion of our undistributed earnings of our non-US subsidiaries that is considered permanently reinvested outside the U.S. If in the future we repatriate any of these foreign earnings, we might incur incremental U.S. income tax, which could affect our results of operations.

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.

International operations add increased volatility to our operating results.

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

(percentage of total revenues)	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**
Hong Kong	36%	44%	46%
Rest of Asia Pacific	31%	25%	24%
Americas	10%	11%	7%
Korea	11%	11%	12%
Europe	12%	9%	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 2, 2017 , we had cash, cash equivalents and investments of approximately $214.4 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.

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 $306.9 million of goodwill and $108.8 million of intangible assets on our consolidated balance sheet as of April 2, 2017 . 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 2018, 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.

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; 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.

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 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
Fiscal 2016		
First Quarter	$ 24.53	$ 18.02
Second Quarter	$ 22.20	$ 14.50
Third Quarter	$ 29.04	$ 18.85
Fourth Quarter	$ 26.26	$ 16.22

Stockholders

As of May 15, 2017, there were approximately 586 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.

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 2, 2017:

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 2, 2017 - January 29, 2017	237,100	$ 24.58	237,100	$ 106,336,540
January 30, 2017 - February 26, 2017	245,000	$ 25.09	245,000	$ 100,185,198
February 27, 2017 - April 2, 2017	334,100	$ 24.07	334,100	$ 92,139,208
Total	816,200	$ 24.52	816,200	

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.

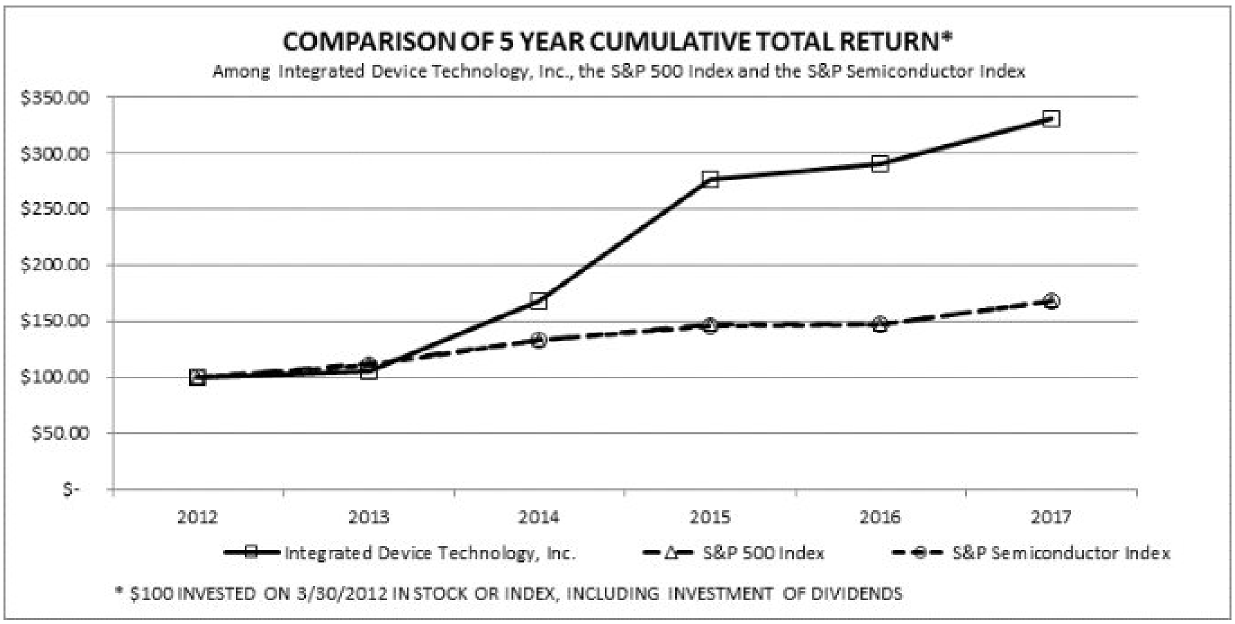
As of April 2, 2017 , approximately $ 92.1 million was available for future purchases under the share repurchase program. In fiscal 2017, we repurchased 4.3 million shares of our common stock for $93.5 million. In fiscal 2016, we repurchased 17.9 million shares of our common stock for $422.3 million, and approximately $225 million under the ASR Agreements. In fiscal 2015, we repurchased 5.3 million shares of our common stock for $79.2 million .

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	2012	2013	2014	2015	2016	2017
Integrated Device Technology, Inc.	$ 100.00	$ 104.48	$ 166.99	$ 276.78	$ 290.21	$ 331.05
S&P Semiconductor Index	$ 100.00	$ 111.41	$ 132.93	$ 146.33	$ 147.17	$ 167.75
S&P 500 Index	$ 100.00	$ 111.26	$ 132.81	$ 146.11	$ 146.95	$ 167.42

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

	Fiscal Year Ended				
(in thousands, except per share data)	**April 2, 2017**	**April 3, 2016 (1) (2)**	**March 29, 2015**	**March 30, 2014 (3)**	**March 31, 2013 (4)**
Revenues (5)	$ 728,243	$ 697,376	$ 572,905	$ 484,779	$ 484,452
Net income from continuing operations (5)	$ 109,184	$ 195,299	$ 114,581	$ 111,313	$ 2,711
Basic net income per share – continuing operations (5)	$ 0.82	$ 1.37	$ 0.77	$ 0.74	$ 0.02
Diluted net income per share – continuing operations (5)	$ 0.79	$ 1.32	$ 0.74	$ 0.73	$ 0.02
Net cash provided by operating activities	$ 168,974	$ 192,602	$ 171,772	$ 75,629	$ 44,074

Balance Sheet Data

	Fiscal Year Ended				
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**	**March 30, 2014**	**March 31, 2013**
Cash, cash equivalents and investments	$ 406,046	$ 354,464	$ 555,060	$ 453,815	$ 297,170
Working capital	$ 469,866	$ 390,994	$ 573,797	$ 508,713	$ 365,980
Total assets	$ 1,183,634	$ 1,099,189	$ 913,659	$ 830,960	$ 728,579
Convertible notes (2)	$ 285,541	$ 272,221	$ —	$ —	$ —
Other long-term obligations	$ 18,894	$ 21,264	$ 17,605	$ 18,683	$ 22,022

(1) 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. 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.

(2) 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. Balance as of the end of fiscal year 2017 and 2016 represents the liability component, net of unamortized debt discount and issuance cost.

(3) 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 in process research and development ("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.

(4) In fiscal 2013, we recognized a gain on divestitures of $8.0 million relating to the sale of our smart metering business.

(5) In fiscal 2014, we initiated a project to divest our High-Speed Data Converter ("HSC") Business. The results of operations for the discontinued business have been segregated and excluded from the continuing operations presented.

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 are unable to estimate these credits, we defer revenue and related cost of revenues on sales to these distributors until the product is sold through by the distributor to an end-customer. We have certain distributors for which 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.

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.

We maintained a full valuation allowance against our deferred tax assets through the third quarter of fiscal 2016 as there was insufficient positive evidence to overcome the significant negative evidence to conclude that it was more likely than not that the deferred tax assets would be realized. In the fourth quarter of fiscal 2016, we generated a substantial amount of U.S. profit, utilizing our 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, we validated our mid-term business plan. We also considered forecasts of future taxable income and evaluated the utilization of our remaining tax credit carryforwards prior to their date of expiration. All of these were significant positive factors that overcame prior negative evidence and we concluded that it was appropriate to release the valuation allowance against our deferred tax assets, with the exception of deferred tax assets related to certain foreign and state jurisdictions.

As of April 2, 2017, 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.

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. 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 2017 , 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 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 update 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

Divestiture of Fox's Organic Business

On October 3, 2016, we completed the sale of our wholly-owned subsidiary's, 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. See "Note 5 - Other Divestitures (not accounted for as discontinued operations)" in Part II, Item 8 of this Annual Report on Form 10-K.

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.

Acquisition of Zentrum Mikroelektonik 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. The acquisition provides the Company a significant new growth opportunity in the automotive and industrial business. 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 - Business Combinations" in Part II, Item 8 of this Annual Report on Form 10-K.

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 - Convertible Senior Notes, Warrants and Hedges" in Part II, Item 8 of this Annual Report on Form 10-K.

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 - Convertible Senior Notes, Warrants and Hedges” in Part II, Item 8 of this Annual Report on Form 10-K.

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 fiscal 2017, we collected the receivable of $1.5 million and recognized a gain from discontinued operations of $1.4 million . In connection with the sale, we entered into an Exclusive Intellectual Property License Agreement with eSilicon, whereby we provided an exclusive license to eSilicon to develop, manufacture, sell and maintain HSC products.

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.

Subsequent Events

On April 4, 2017, we completed the purchase of all of the outstanding common stock, par value of $0.001 per share, of GigPeak, Inc. (GigPeak), in an all-cash transaction for approximately $250 million. GigPeak was a publicly listed company headquartered in San Jose, California that 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. At the time of the issuance of our consolidated financial statements as of and for the fiscal year ended April 2, 2017, the initial accounting for the acquisition of GigPeak, including the purchase price allocation, was yet to be completed.

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 (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 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. We also used a portion of the proceeds of the loan to pay off GigPeak’s existing credit facility with Silicon Valley Bank and to pay acquisition-related expenses.

The maturity date of the Initial Term B Loan is April 4, 2024; provided that if any 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 we and our guarantors 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. We 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. For the initial three-month period through June 30, 2017, the interest rate on the Initial Term B Loan is approximately 4.15%. Refer to “Note 18 - Convertible Senior Notes, Warrants and Hedges” in Part II, Item 8 of this Annual Report on Form 10-K.

Overview

The following table and discussion provide an overview of our operating results from continuing operations for fiscal 2017 , 2016 and 2015 :

	Fiscal Year End		
(in thousands, except for percentage)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Revenues	$ 728,243	$ 697,376	$ 572,905
Gross profit	$ 420,638	$ 421,654	$ 345,304
As a % of revenues	57.8%	60.5%	60.3%
Operating expenses	$ 310,297	$ 285,015	$ 234,157
As a % of revenues	42.6%	40.9%	40.9%
Operating income	$ 110,341	$ 136,639	$ 111,147
As a % of revenues	15.2%	19.6%	19.4%
Net income from continuing operations	$ 109,184	$ 195,299	$ 114,581
As a % of revenues	15.0%	28.0%	20.0%

Our revenues in fiscal 2017 were $728.2 million as compared to $697.4 million in fiscal 2016 . During fiscal 2017 , total revenue from our Computing, Consumer and Industrial market segment increased primarily due to higher revenue contribution from our automotive/industrial/sensing products and increased demand for our wireless power products. These increases were partly offset by lower demand for our memory interface, communications timing and RapidIO switching solutions products. Gross profit as a percentage of net revenues was 57.8% in fiscal 2017 as compared to 60.5% in fiscal 2016. The decrease in gross profit percentage was primarily due to product mix and certain costs related to the acquisition of ZMDI such as the amortization of intangibles and amortization of fair value markup on inventory. Our operating expenses increased by $25.3 million, or 8.9%, to $310.3 million in fiscal 2017 as compared to $285.0 million in fiscal 2016, primarily due to higher employee related costs, severance expenses and the amortization of new intangibles resulting from the acquisition of ZMDI. Fiscal 2017 included full-year results of ZMDI while fiscal 2016 included approximately four months of results of ZMDI. Net income from continuing operations decreased to $109.2 million in fiscal 2017 from $195.3 million in fiscal 2016 primarily due to higher operating expenses in fiscal 2017 and an income tax benefit of $61.7 million from the release of valuation allowance on deferred tax assets recognized in fiscal 2016. We ended fiscal 2017 with cash and cash equivalents and short-term investments of $406.0 million. We generated $169.0 million in cash from operations, used a net $78.5 million for investing activities and used a net $77.5 million for financing activities in fiscal 2017.

Results of Operations, Continuing Operations

Revenues

Revenues by segment:	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Communications	$ 265,421	$ 302,188	$ 313,630
Computing, Consumer and Industrial	462,822	395,188	259,275
Total revenues	$ 728,243	$ 697,376	$ 572,905

Product groups representing greater than 10% of net revenues:	**Fiscal Year Ended**		
As a percentage of net revenues	**April 2, 2017**	**April 3, 2016 (1)**	**March 29, 2015 (1)**
Communications:			
Communications timing products	13%	15%	20%
Serial RapidIO products	10%	13%	17%
All others less than 10% individually	13%	15%	18%
Total Communications	36%	43%	55%
Computing, Consumer and Industrial:			
Memory interface products	26%	32%	25%
Wireless power products	10%	*	*
Automotive, industrial and sensing products	14%	*	—%
All others less than 10% individually (2)	14%	25%	20%
Total Computing, Consumer and Industrial	64%	57%	45%
Total	100%	100%	100%

** Represents less than 10% of net revenues.*

(1) Prior year numbers have been adjusted to conform to our current organizational structure.

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

Communications Segment

Revenues in our Communications segment decreased by $36.8 million , or 12% , to $265.4 million in fiscal 2017 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 Rapid I/O 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.

In fiscal 2016 , revenues in our Communications segment decreased by $11.4 million , or 4% , to $302.2 million as compared to $313.6 million in fiscal 2015 . This decrease was driven primarily by a $12.2 million decrease in shipments of our Rapid I/O switching solutions products combined with a $13.1 million decrease in communications timing product revenues, partially offset by a $13.9 million increase in revenue from other communications products.

Computing, Consumer and Industrial Segment

Revenues in our Computing, Consumer and Industrial segment increased by $67.6 million , or 17% , to $462.8 million in fiscal 2017 as compared to $395.2 million in fiscal 2016 . The increase was primarily due to a $78.5 million revenue increase in automotive, industrial and 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.

In fiscal 2016 , revenues in our Computing, Consumer and Industrial segment increased by $135.9 million , or 52% , to $395.2 million as compared to $ 259.3 million in fiscal 2015 . The increase was primarily due to an $80.2 million increase in memory interface product revenues as a result of higher demand combined with a $44.7 million increase in shipments of wireless power products as our wireless business continues to grow, and a $24.4 million revenue contribution from the ZMDI business which mainly included automotive, industrial and sensing products. The increases were partly offset by a $13.4 million decrease in revenue from other consumer and computing products.

Revenues by Region

Revenues, based on shipped to locations, in Hong Kong, Korea, rest of APAC, Europe and Americas accounted for 36% , 11% , 31% , 12% , and 10% , respectively, of consolidated revenues in fiscal 2017 compared to 44% , 11% , 25% , 9% and 11% , respectively, of our consolidated revenues in fiscal 2016 . Revenues in Hong Kong, Korea, rest of APAC, Europe and Americas accounted for 46% , 7% , 24% , 11% and 12% , respectively, of our consolidated revenues in fiscal 2015 . The APAC region continues to be our largest region, as many of our customers utilize manufacturers in that region.

Deferred Income on Shipments to Distributions

Included in the Balance Sheet caption " *Deferred income on shipments to distributors"* are amounts related to shipments to certain distributors for which revenue is not recognized until our product has been sold by the distributor to an end customer . The components as of April 2, 2017 and April 3, 2016 are as follows:

(in thousands)	April 2, 2017		April 3, 2016	
Gross deferred revenue	$	2,335	$	9,460
Gross deferred costs		(350)		(2,454)
Deferred income on shipments to distributors	$	1,985	$	7,006

The gross deferred revenue represents the gross value of shipments to distributors at the list price billed to the distributor less any price protection credits provided to them in connection with reductions in list price while the products remain in their inventory. The amount ultimately recognized as revenue will be lower than this amount as a result of ship from stock pricing credits which are issued in connection with the sell through of our products to end customers. Based on the last four quarters, this amount has ranged from an average of approximately 25% to 31% of the list price billed to the customer. The gross deferred costs represent the standard costs (which approximate actual costs) of products we sell to the distributors. Although we monitor the levels and quality of inventory in the distribution channel, our experience is that products returned from these distributors may be sold to a different distributor or in a different region of the world. As such, inventory write-downs for products in the distribution channel have not been significant. The decrease in deferred income in fiscal 2017 was due to lower inventory balances for distributors where we cannot reliably estimate the related credits and allowances.

Gross Profit

	Fiscal Year Ended					
	April 2, 2017		April 3, 2016		March 29, 2015	
Gross Profit (in thousands)	$	420,638	$	421,654	$	345,304
Gross Profit Percentage		57.8%		60.5%		60.3%

Gross profit decreased slightly by $1.0 million or 0.2%, in fiscal 2017 as compared to fiscal 2016 . Gross profit as a percentage of revenues decreased by 2.7% in fiscal 2017 as 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.

In fiscal 2016 , gross profit increased by $76.4 million, or 22%, compared to fiscal 2015 primarily as a result of increased revenue combined with a higher gross margin percentage. Gross profit as a percentage of revenues increased by 0.2% in fiscal 2016 as compared to fiscal 2015 , primarily due to reduced manufacturing costs and improved inventory management.

Operating Expenses

The following table presents our operating expenses for fiscal years 2017 , 2016 and 2015 , respectively:

	April 2, 2017			April 3, 2016			March 29, 2015		
(in thousands, except for percentages)	Dollar Amount		% of Net Revenues	Dollar Amount		% of Net Revenues	Dollar Amount		% of Net Revenues
Research and development	$	165,104	23%	$	148,507	21%	$	127,688	22%
Selling, general and administrative	$	145,193	20%	$	136,508	20%	$	106,469	19%

Research and Development (R&D)

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.

R&D expense increased by $20.8 million, or 16%, to $148.5 million in fiscal 2016 compared to fiscal 2015 . The increase was primarily driven by an $8.9 million increase in R&D labor and benefit related costs, a $5.5 million increase in stock-based compensation, a $1.8 million increase in R&D consulting and outside services, a $1.4 million increase in severance costs as a result of headcount reductions during fiscal 2016, a $ 1.4 million increase in photomasks and R&D materials and a $1.4 million increase in various other R&D related expenses as a result of the acquisition of ZMDI.

Selling, General and Administrative (SG&A)

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.

SG&A expenses increased by $30.0 million, or 28%, to $136.5 million in fiscal 2016 compared to fiscal 2015 . The increase was primarily driven by a $7.8 million increase in severance costs as a result of headcount reductions during fiscal 2016, a $5.5 million increase in stock-based compensation, a $5.5 million increase in amortization of intangibles as a result of new intangibles recognized from the acquisition of ZMDI, a $3.6 million increase in SG&A labor and benefit related costs, a $2.5 million increase in acquisition-related costs, a $2.0 million increase consulting and other outside services and a $1.3 million increase in medical insurance costs.

Other-Than-Temporary Impairment Loss on Investment

We account for our equity investments in privately held companies under the cost method which totaled $13.2 million and $10.0 million as of April 2, 2017 and April 3, 2016, 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 2017 , 2016 and 2015 .

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 consisted primarily of: (i) integration-related cost reduction and restructuring activities; (ii) severance and termination benefit costs related to the reduction of our workforce; and (iii) lease termination costs and costs associated with permanently vacating certain facilities.

Integration-related Restructuring Plan

During 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. $4.9 million of the $5.0 million was paid during fiscal 2017 and the remaining $0.1 million will be paid in the first quarter of fiscal 2018.

In fiscal 2016, we began the implementation of planned cost reduction 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 during fiscal 2017.

Radio Frequency Business

During fiscal 2017, we prepared a workforce-reduction plan with respect to employees of our Radio Frequency business in France. The Company and the affected employees signed agreements with regards to the timing and payment of severance benefits. Accordingly, we accrued restructuring charged in accordance with ASC 420, *Exit and Disposal Cost Obligations* . During fiscal 2017, we recorded in the Consolidated Statement of Operations, approximately $7.5 million of severance benefits, for a total of 13 employees. During fiscal 2017, we paid $4.1 million related to this action. As of April 2, 2017, the total accrued balance for employee severance costs related to this action was $2.9 million. We plan to complete this action by December 2017.

HSC Business

In fiscal 2015, we prepared a workforce-reduction plan (the Plan) with respect to employees of our HSC business in France and the Netherlands. The Plan sets forth the general parameters, terms and benefits for employee dismissals. The Plan was approved by the French Works Council and Labor Administrator and the related Plan details were communicated to the affected employees in France and the Netherlands. No works council consultation was required in the Netherlands. Accordingly, we accrued restructuring charges in accordance with ASC 420, *Exit or Disposal Cost Obligations.* 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 $1.4 million as of April 2, 2017. We expect to complete this action by December 2017.

Others

During fiscal 2017, we recorded restructuring charges of $4.0 million and reduced headcount by 59 employees. During fiscal 2017, we paid $3.6 million related to these actions. As of April 2, 2017, the total accrued balance for employee severance costs related to these actions was $0.4 million. We plan to complete these actions by the first quarter of fiscal 2018.

In fiscal 2016, we recorded restructuring 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, we recorded other restructuring charges of $1.1 million and reduced headcount by 28 employees in multiple reduction in workforce actions. Approximately $0.8 million of the $1.1 million of employee termination cost was paid in fiscal 2015 and the remaining $0.3 million was paid in fiscal 2016. In fiscal 2015, we also paid $0.6 million regarding the remaining severance liabilities for certain actions in fiscal 2014.

Interest Expense

The components of interest expense are summarized as follows:

	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Accretion of debt discount	$ 12,239	$ 4,904	$ —
Contractual interest expense	3,307	1,363	—
Amortization of issuance costs	1,081	450	—
Other	251	326	27
Total interest expense	$ 16,878	$ 7,043	$ 27

Interest expense for fiscal 2017 and 2016 is primarily related to the Convertible Notes issued in November 2015.

Interest Income and Other, Net

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

	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Interest income	$ 2,916	$ 3,616	$ 2,724
Other income, net	2,906	652	2,094
Interest income and other, net	$ 5,822	$ 4,268	$ 4,818

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 decrease in interest income was primarily attributable to a lower average level of short-term investments. 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 benefit of $9.9 million and $61.4 million in fiscal 2017 and 2016, respectively and an income tax expense of $1.4 million in fiscal 2015. 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. The loss was primarily attributable to the amortization of acquired intangible assets as well as severance costs. Additionally, stock-based compensation excess tax benefits of $2.5 million were reflected in the income tax benefit as a result of the early adoption of ASU 2016-09. Refer to "Note 1 - Summary of Significant Accounting Policies" in Part II, Item 8 of this Annual Report on Form 10-K for more details regarding the 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. The income tax expense in fiscal 2015 was primarily due to foreign income tax expense.

We maintained a full valuation allowance against our 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 we generated a substantial amount of U.S. profit, primarily as a result of our repatriation of foreign earnings during the fourth quarter of fiscal 2016, utilizing our 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 we validated our mid-term business plan. We also considered forecasts of future taxable income and evaluated the utilization of our remaining tax credit carryforwards prior to their date of expiration. All of these are significant positive factors that overcame prior negative evidence and we concluded that it was appropriate to release the valuation allowance of $61.7 million against our deferred tax assets as of April 3, 2016, with the exception of deferred tax assets related to certain foreign and state jurisdictions.

As of April 2, 2017, 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.

In fiscal 2016, after examination of our projected offshore cash flows, and global cash requirements, we determined that we would no longer require 100% of our foreign-generated cash to support our foreign operations. We plan to continue to repatriate a portion of our offshore earnings generated after March 29, 2015 to the U.S. for domestic operations, and we have accrued for the related tax impacts accordingly.

In the fourth quarter of fiscal 2016, we repatriated $85 million of our offshore earnings to the U.S. for domestic operations, bringing the total repatriation in fiscal 2016 to $101 million, which included a distribution above and beyond the anticipated annual amount. This repatriation, during the fourth quarter of fiscal 2016, reflected our objectives of increasing our available U.S. cash and providing liquidity to meet our cash needs in the U.S., including, among other things, servicing debt, potentially funding strategic investments, and potentially funding opportunistic share repurchases on an accelerated basis, while evaluating the future cash needs in our foreign jurisdictions after our recent foreign acquisition.

For earnings accumulated as of March 29, 2015, we continue to indefinitely reinvest such amounts in our foreign jurisdictions, except to the extent there is any previously taxed income which is expected to be repatriated. If circumstances change and it becomes apparent that some or all of the remaining undistributed earnings of our offshore subsidiaries will be remitted in the foreseeable future, we will accrue income taxes at that time.

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 Malaysia Industrial Development Board 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.

On January 16, 2017, the Malaysia Finance Act of 2017 (the "Act") was enacted. The Act contains a number of provisions including, most notably, the reimposition of withholding taxes on offshore services provided to Malaysian entities and is effective prospectively from the date of enactment. We have determined that it will not affect our intercompany activities and will not have a material adverse effect on our results of operations and cash flows.

The Protecting Americans from Tax Hikes Act of 2015 (the "Act") was signed into law on December 18, 2015. The Act contains a number of provisions including, most notably, a permanent extension of the U.S. federal research tax credit. Our tax provision for fiscal 2016 reflects the benefit of the U.S. federal research credit.

During the quarter ended June 28, 2015, we reached an understanding regarding the terms for settling with the U.S. Internal Revenue Service ("IRS") and closed out all positions as part of the examination of our income tax returns for the fiscal years 2010 through 2012. As a result, we remeasured our tax positions based on the facts, circumstances, and information available at the reporting date. The outcome did not have a material effect on our financial position, cash flows or results of operations due to our tax attributes.

During the quarter ended October 2, 2016, we closed out all positions as part of the examination of our Singapore income tax returns for the fiscal years 2009 through 2012. The outcome did not have a material effect on the our financial position, cash flows or results of operations.

During the quarter ended April 2, 2017, we closed out all positions as part of the examination of our German income tax returns for the fiscal years 2012 through 2014. The outcome did not have a material effect on our financial position, cash flows or results of operations.

As of April 2, 2017, we are under examination in Malaysia for fiscal years 2012 through 2015, in India for fiscal year 2015, and in the state of New York for fiscal years 2013 through 2016. 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 2, 2017. 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 $406.0 million as of April 2, 2017 , a decrease of $51.6 million compared to April 3, 2016 .

We had an outstanding debt in the form of convertible notes amounting to $373.8 million as of April 2, 2017 and April 3, 2016.

On April 4, 2017, subsequent to the end of our fiscal 2017, we completed the purchase of all of the outstanding common stock of GigPeak. In order to partly finance the acquisition, on April 4, 2017, we borrowed $200 million in Initial Term B Loan with original maturity date of April, 4, 2024. Refer to Note 23 - Subsequent Events for details.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled $169.0 million in fiscal 2017 compared to $192.6 million in fiscal 2016 and $171.8 million in fiscal 2015 . 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 increases and decreases 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, 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 increases and decreases 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 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.

In fiscal 2015, net cash provided by operating activities consisted of our net income of $93.9 million, as adjusted to exclude net gain on divestitures of $16.8 million and to add back depreciation, amortization, asset impairment, stock compensation and other non-cash items totaling $56.1 million, and $38.9 million in cash used by changes in working capital requirements primarily related to increases and decreases in assets and liabilities. In fiscal 2015, significant proceeds from changes in working capital requirements included an increase of $19.3 million in accrued compensation and related expenses as a result of higher accrued employee bonus, an increase of $8.1 million in other accrued liabilities and long-term liabilities as a result of accrued severance costs for the HSC business, a decrease of $5.3 million in accounts receivable, a decrease of $4.4 million in inventories, an increase of $2.3 million in accounts payable and an increase of $1.7 million in deferred income. Net use of cash for changes in working capital requirements included a $2.3 million increase in prepayment and other assets.

Cash Flows from Investing Activities

Net cash used for investing activities in fiscal 2017 was $78.5 million compared to net cash used for investing activities of $25.5 million in fiscal 2016 and net cash used for investing activities of $81.8 million in fiscal 2015 . Net cash used for investing activities in fiscal 2017 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. Refer to Note 23 - Subsequent Events for acquisition of GigPeak.

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.

In fiscal 2015, net cash used for investing activities was primarily due to $76.4 million used for the net purchase of short-term investments, $17.8 million in expenditures to purchase fixed assets and $4.0 million used for the purchase of non-marketable equity securities, which were offset in part by $15.3 million of proceeds from the divestiture of assets of the Alvand portion of the HSC business and receipt of $1.0 million in escrow related to a prior acquisition.

Cash Flows from Financing Activities

Net cash used for financing activities was $77.5 million in fiscal 2017 as compared to net cash used for financing activities of $81.6 million in fiscal 2016 and net cash provided by financing activities of $59.8 million in fiscal 2015 . Cash used for financing activities in fiscal 2017 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. Refer to Note 23 - Subsequent Events for details on the Initial Term B Loan.

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.

In fiscal 2015, cash used by financing activities was primarily due to repurchases of $79.2 million of IDT common stock and $1.6 million in payments of acquisition-related consideration, partially offset by proceeds of $21.1 million from the exercise of employee stock options and the issuance of stock under our employee stock purchase plan.

We anticipate capital expenditures of approximately $20 million to $30 million during fiscal 2018 to be financed through cash generated from operations and existing cash and investments.

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 2, 2017 , 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."

In addition, as much of our revenues are generated outside the U.S., a significant portion of our cash and investment portfolio accumulates in the foreign countries in which we operate. As of April 2, 2017 , we had cash, cash equivalents and investments of approximately $214.4 million invested overseas in accounts belonging to various IDT foreign operating entities. While these amounts are primarily invested in U.S. dollars, a portion is held in foreign currencies, and all offshore balances are exposed to local political, banking, currency control and other risks. In addition, these amounts may be subject to tax and other transfer restrictions.

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 2017, 2016 and 2015.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual arrangements as of April 2, 2017 and the expected timing and effects of these commitments on our liquidity and cash flow in future periods:

	Payments Due by Fiscal Year (in thousands)				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
0.875% Convertible Senior Notes due 2022 (1)	$ 393,581	$ 3,270	$ 6,540	$ 6,540	$ 377,231
Operating lease obligations	23,328	5,796	10,642	6,000	890
Capital lease obligations (2)	1,676	1,388	288	—	—
Other supplier obligations (3)	7,115	5,163	1,952	—	—
Total	$ 425,700	$ 15,617	$ 19,422	$ 12,540	$ 378,121

(1) Represents the aggregate principal amount of $373.8 million and anticipated interest payments of $19.8 million of the Convertible Notes. See“Note 18 - Convertible Senior Notes, Warrants and Hedges” in Part II, Item 8 of this Annual Report on Form 10-K.

(2) We have machinery and equipment that we account for as capital leases. The related liabilities are apportioned between current and long-term other liabilities on our Consolidated Balance Sheets based on the contractual timing of payments.

(3) Other supplier obligations represent payments due under various software design tool and technology license agreements.

As of April 2, 2017 , our net unrecognized tax benefits and related interest and penalties were $31.9 million, of which $0.9 million are classified as long-term liabilities and $31.0 million are netted against deferred tax assets. In addition, we have $15.0 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 2018. 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. The amount due from the factoring institution was $0.8 million as of April 3, 2016, and is 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. 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 2, 2017, 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 $191.5 million and $151.2 million as of April 2, 2017 and April 3, 2016 , 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 2, 2017 and April 3, 2016 , our cash, cash equivalents and investment portfolio was concentrated in securities with same day liquidity and at the end of fiscal 2017 , 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 2, 2017 . We do not currently use derivative financial instruments in our investment portfolio.

As of April 2, 2017 and April 3, 2016, 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 $32.0 million , all of which was available at April 2, 2017 . We performed a sensitivity analysis as of April 2, 2017 and April 3, 2016 and determined that, without hedging the exposure, a 10% change in the value of the U.S. dollar would result in an approximate 0.01% and 0.5% impact on gross profit margin percentage, as we operate a manufacturing testing facility in each of Malaysia and Germany, and an approximate 0.5% and 0.7% 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. As of April 2, 2017 and April 3, 2016 , we had no material outstanding foreign exchange contracts.

We did not have any material currency exposure related to any outstanding capital purchases as of April 2, 2017 and April 3, 2016 .

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

Consolidated Financial Statements:

Financial Statement Schedule:

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the accompanying index appearing under item 15(a)(1), present fairly, in all material respects, the financial position of Integrated Device Technology, Inc. and its subsidiaries at April 2, 2017 and April 3, 2016 , and the results of their operations and their cash flows for each of the three years in the period ended April 2, 2017 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index under item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 2, 2017 , based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, 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 these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for certain elements of its employee share-based payments in 2017.

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.

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 19, 2017

INTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands)	April 2, 2017	April 3, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 214,554	$ 203,231
Short-term investments	191,492	151,233
Accounts receivable, net	89,312	74,386
Inventories	52,288	54,243
Prepayments and other current assets	13,054	15,008
Total current assets	560,700	498,101
Property, plant and equipment, net	80,961	73,877
Goodwill	306,925	305,733
Intangible assets, net	108,818	127,761
Deferred tax assets	85,831	60,929
Other assets	40,399	32,788
Total assets	$ 1,183,634	$ 1,099,189
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 42,020	$ 39,858
Accrued compensation and related expenses	26,624	45,269
Deferred income on shipments to distributors	1,985	7,006
Other accrued liabilities	20,205	14,974
Total current liabilities	90,834	107,107
Deferred tax liabilities	13,835	19,712
Convertible notes	285,541	272,221
Long-term income tax payable	867	2,190
Other long-term liabilities	18,894	21,264
Total liabilities	409,971	422,494
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; 133,175 and 133,885 outstanding as of April 2, 2017 and April 3, 2016, respectively	133	134
Additional paid-in capital	2,685,649	2,628,381
Treasury stock at cost: 121,982 and 117,720 shares as of April 2, 2017 and April 3, 2016, respectively	(1,616,315)	(1,522,808)
Accumulated deficit	(289,019)	(425,298)
Accumulated other comprehensive loss	(6,785)	(3,714)
Total stockholders' equity	773,663	676,695
Total liabilities and stockholders' equity	$ 1,183,634	$ 1,099,189

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

INTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended		
(In thousands, except per share data)	April 2, 2017	April 3, 2016	March 29, 2015
Revenues	$ 728,243	$ 697,376	$ 572,905
Cost of revenues	307,605	275,722	227,601
Gross profit	420,638	421,654	345,304
Operating expenses:			
Research and development	165,104	148,507	127,688
Selling, general and administrative	145,193	136,508	106,469
Total operating expenses	310,297	285,015	234,157
Operating income	110,341	136,639	111,147
Interest expense	(16,878)	(7,043)	(27)
Interest income and other, net	5,822	4,268	4,818
Income before income taxes from continuing operations	99,285	133,864	115,938
Income tax expense (benefit)	(9,899)	(61,435)	1,357
Net income from continuing operations	109,184	195,299	114,581
Discontinued operations:			
Gain from divestiture	1,385	—	16,840
Loss from discontinued operations before income taxes	—	(547)	(37,237)
Income tax expense	87	15	275
Net income (loss) from discontinued operations	1,298	(562)	(20,672)
Net income	$ 110,482	$ 194,737	$ 93,909
Basic net income per share – continuing operations	$ 0.82	$ 1.37	$ 0.77
Basic net income (loss) per share – discontinued operations	$ 0.01	$ —	$ (0.14)
Basic net income per share	$ 0.83	$ 1.37	$ 0.63
Diluted net income per share – continuing operations	$ 0.79	$ 1.32	$ 0.74
Diluted net income (loss) per share – discontinued operations	$ 0.01	$ —	$ (0.13)
Diluted net income per share	$ 0.80	$ 1.32	$ 0.61
Weighted average shares:			
Basic	133,817	142,783	148,714
Diluted	137,440	147,652	153,983

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

INTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Net income	$ 110,482	$ 194,737	$ 93,909
Other comprehensive income (loss), net of tax:			
Currency translation adjustments, net of tax	(2,042)	(280)	(5,218)
Change in net unrealized gain or loss on investments, net of tax	(1,029)	(638)	666
Change in unrealized gain or loss on post-employment and post-retirement benefit plans, net of tax	—	(615)	762
Total other comprehensive loss	(3,071)	(1,533)	(3,790)
Comprehensive income	$ 107,411	$ 193,204	$ 90,119

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

INTEGRATED DEVICE TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Cash flows provided by operating activities:			
Net income	$ 110,482	$ 194,737	$ 93,909
Adjustments:			
Depreciation	20,830	18,346	18,808
Amortization of intangible assets	23,653	15,354	6,573
Amortization of debt issuance cost and debt discount	13,320	5,354	—
Asset impairments	2,180	—	8,471
Gain on sale of property, plant and equipment	—	(325)	—
Net gain from divestitures	(675)	—	(16,840)
Stock-based compensation expense, net of amounts capitalized in inventory	39,869	34,125	22,259
Deferred income tax and deferred tax charge	(10,587)	(67,277)	(293)
Excess tax benefit from stock-based payment arrangements	—	(4,475)	—
Changes in assets and liabilities (net of amounts acquired):			
Accounts receivable, net	(16,647)	(1,640)	5,286
Inventories	861	11,719	4,412
Prepayments and other assets	500	2,705	(2,337)
Accounts payable	3,934	6,527	2,314
Accrued compensation and related expenses	(18,895)	(13,312)	19,306
Deferred income on shipments to distributors	(5,021)	(8,688)	1,688
Income taxes payable and receivable	231	4,463	90
Other accrued liabilities and long-term liabilities	4,939	(5,011)	8,126
Net cash provided by operating activities	168,974	192,602	171,772
Cash flows used for investing activities:			
Acquisitions, net of cash acquired	(1,528)	(279,138)	—
Cash in escrow related to acquisitions	—	2,700	1,026
Proceeds from divestitures, net	231	—	15,300
Purchases of property, plant and equipment, net	(27,055)	(16,286)	(17,765)
Purchase of intangible assets	(4,896)	(10,800)	—
Investment in convertible note	(1,955)	—	—
Purchases of non-marketable equity securities	(1,245)	(6,020)	(4,000)
Purchases of short-term investments	(303,722)	(364,029)	(285,817)
Proceeds from sales of short-term investments	224,028	551,289	119,070
Proceeds from maturities of short-term investments	37,679	96,771	90,344
Net cash used for investing activities	(78,463)	(25,513)	(81,842)
Cash flows used for financing activities:			
Proceeds from issuance of common stock	17,508	19,722	21,067
Repurchase of common stock	(93,507)	(422,262)	(79,245)
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 acquisition related contingent consideration	—	—	(1,600)
Payment of capital lease obligations	(1,507)	(221)	—
Repayment of loans	—	(9,437)	—
Excess tax benefit from stock-based payment arrangements	—	4,475	—
Net cash used for financing activities	(77,506)	(81,616)	(59,778)
Effect of exchange rates on cash and cash equivalents	(1,682)	813	(4,418)
Net increase in cash and cash equivalents	11,323	86,286	25,734
Cash and cash equivalents at beginning of period	203,231	116,945	91,211
Cash and cash equivalents at end of period	$ 214,554	$ 203,231	$ 116,945

Supplemental disclosure of cash flow information

Cash paid for:						
Interest	$	3,370	$	67	$	27
Fees on prepayment of loans	$	—	$	259	$	—
Income taxes, net of refunds	$	1,098	$	996	$	1,840
Non-cash investing activities:						
Additions to property, plant and equipment included in accounts payable	$	2,616	$	1,389	$	473
Additions to intangible assets included in other long-term liabilities	$	—	$	600	$	—
Conversion of a cost method investment in convertible notes to ordinary shares of stock	$	(1,955)	$	(2,020)	$	—

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

INTEGRATED 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, March 30, 2014	149,996	$ 2,467,491	$ (1,021,301)	$ (713,944)	$ 1,609	$ 733,855
Net income	—	—	—	93,909	—	93,909
Other comprehensive income	—	—	—	—	(3,790)	(3,790)
Issuance of common stock	3,710	21,067	—	—	—	21,067
Repurchase of common stock	(5,292)	—	(79,245)	—	—	(79,245)
Stock-based compensation expense	—	22,458	—	—	—	22,458
Balance, 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 income	—	—	—	—	(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, 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, April 2, 2017	133,175	$ 2,685,782	$ (1,616,315)	$ (289,019)	$ (6,785)	$ 773,663

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

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 2017 included 52 weeks and ended on April 2, 2017 . Fiscal 2016 included 53 weeks and ended on April 3, 2016 and fiscal 2015 included 52 weeks and ended on March 29, 2015 .

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.

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 market 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 market 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.

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 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. profit, especially as a result of the repatriation of foreign earnings during the fourth quarter of fiscal 2016, utilizing the Company's 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 against the Company's deferred tax assets as of April 3, 2016, with the exception of deferred tax assets related to certain foreign and state jurisdictions.

As of April 2, 2017, 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.

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 is unable to estimate these credits, the Company defers revenue and related cost of revenues on sales to these distributors until the product is sold through by the distributor to an end-customer. The Company has certain distributors for which 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.

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.

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.

Pensions and Other Post-retirement Plans . The Company, through its actuaries, utilizes assumptions when estimating the liabilities for pension and other employee benefit plans. These assumptions, where applicable, include the discount rates used to determine the actuarial present value of projected benefit obligations, the rate of increase in future compensation levels, the long-term rate of return on assets and the growth in health care costs. The cost of these benefits is recognized over an employee's term of service with the Company, and the accrued benefits are reported as other long-term liabilities on the Consolidated Balance Sheets.

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 and have not been material for all periods presented.

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 integrated circuits 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, Uniquest, represented approximately 11% , 16% , and 16% of the Company's revenues in fiscal 2017, 2016 and 2015, respectively. Sales through a distributor, Avnet and its affiliates, represented approximately 10% , 15% and 14% of the Company's revenues in fiscal 2017 , 2016 and 2015 , respectively. As of April 2, 2017 , two distributors represented approximately 11% and 10% , respectively, of the Company's accounts receivable. As of April 3, 2016 , two distributors represented approximately 12% and 10% , respectively, of the Company's accounts receivable.

For foreign exchange contracts, the Company manages its potential credit exposure primarily by restricting transactions with only high-credit quality counterparties.

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.

Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In March 2016, the FASB issued ASU No. 2016-09, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting, amending the existing accounting standards for stock-based compensation. The amendments impact several aspects of accounting for stock-based payment transactions, including the income tax consequences, forfeitures, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The standard is effective for reporting periods in fiscal years beginning after December 15, 2016, including interim periods within those years, with early adoption permitted. The Company early adopted the standard prospectively in the first quarter of fiscal 2017. Beginning the first quarter of fiscal 2017, stock-based compensation excess tax benefits or deficiencies are reflected in the Consolidated Statements of Operations as a component of the provision for income taxes, whereas they previously were recognized in equity. As there will no longer be excess tax benefits recognized in equity, when applying the treasury stock method in computing diluted earnings per share, the assumed proceeds will not include any windfall tax benefits. Additionally, the Company's Consolidated Statements of Cash Flows now present excess tax benefits as an operating activity prospectively. The Company recorded a cumulative-effect adjustment to its opening accumulated deficit on April 4, 2016 of $25.8 million to recognize deferred tax assets associated with excess tax benefits not previously recognized. The Company has elected to continue to estimate forfeitures that are expected to occur when estimating the amount of compensation expense to record in each period.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying Accounting for Measurement Period Adjustments, which provides that an acquirer should recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Under this guidance, the acquirer is required to record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. It is also required to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The guidance is applied prospectively and was effective for the Company in the first quarter of fiscal 2017. There was no impact to the period of adoption.

In April 2015, the FASB issued ASU 2015-05 - Customer's Accounting for Fees Paid in a Cloud Computing Arrangement, which provides additional guidance to customers about whether a cloud computing arrangement includes a software license. Under ASU 2015-05, if a cloud computing arrangement contains a software license, customers should account for the license element of the arrangement in a manner consistent with the acquisition of other software licenses. If the arrangement does not contain a software license, customers should account for the arrangement as a service contract. ASU 2015-05 also removes the requirement to analogize to ASC 840-10 - Leases, to determine the asset acquired in a software licensing arrangement. The Company adopted the new guidance prospectively in the first quarter of fiscal 2017. There was no material impact to the period of adoption.

Accounting Pronouncements Not Yet Effective for Fiscal 2017

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 provide a more robust framework to use in determining when a set of assets and activities is a business. The new guidance provide a screen to determine when a set 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 as of the beginning of the period of adoption. The Company is evaluating whether to adopt the new guidance early. As of April 2, 2017, the Company has a deferred tax charge of $4.9 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 retained earnings. Additionally, a deferred tax asset will be recognized, through a cumulative-effect adjustment to retained earnings, for the unamortized tax basis in the assets, which as of April 2, 2017 would have been $0.8 million .

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 new standard will be effective for the Company starting in the first quarter of fiscal 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 June 2016, the FASB issued new guidance that 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 an 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. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. The Company is currently evaluating the effect this new guidance will have on its consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The guidance simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. The guidance eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet, and require public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. The guidance also require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. Separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements is required under this guidance. 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 a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption and is effective for the Company in its first quarter of fiscal 2018. Early adoption is permitted only if certain criteria is met. The Company does not believe that the adoption of this new accounting guidance will have any material impact on its consolidated financial statements and related disclosures.

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 guidance is applied prospectively and is effective for the Company in its first quarter of fiscal 2018. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements and related disclosures.

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. On July 9, 2015, the FASB decided to delay the effective date by one year to December 15, 2017 for annual periods beginning after that date. 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 1, 2018. The Company has elected to use the modified retrospective method as its transition method in adoption of the new revenue standard. The Company is still finalizing the analysis to quantify the overall potential impact of the new standard, including any impacts from recently issued amendments and the guidance issued by the FASB Transition Resource Group. Since the Company has certain distributors for which revenue is recognized upon shipment, with reserves recorded for the estimated return and pricing adjustment exposures, the Company does not expect the new standard to materially impact the timing of recognition of future revenue from distributors. The Company has also started its assessment to determine the revenue recognition impact of its recent acquisition of GigPeak. (see Note 23).

Note 2. Net Income Per Share From Continuing Operations

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

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

	Fiscal Year Ended		
(in thousands, except per share amounts)	April 2, 2017	April 3, 2016	March 29, 2015
Numerator (basic and diluted):			
Net income from continuing operations	$ 109,184	$ 195,299	$ 114,581
Denominator:			
Weighted average common shares outstanding, basic	133,817	142,783	148,714
Dilutive effect of employee stock options, restricted stock units and performance stock units	3,623	4,869	5,269
Weighted average common shares outstanding, diluted	137,440	147,652	153,983
Basic net income per share from continuing operations	$ 0.82	$ 1.37	$ 0.77
Diluted net income per share from continuing operations	$ 0.79	$ 1.32	$ 0.74

Potential dilutive common shares of 0.5 million , 0.4 million and 11.0 thousand pertaining to employee stock options, restricted stock and performance stock units were excluded from the calculation of diluted earnings per share for the fiscal years ended April 2, 2017 , April 3, 2016 and March 29, 2015 , respectively, because the effect would have been anti-dilutive.

The denominator for diluted net income per share for the fiscal 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 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 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 per share for fiscal 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 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. Business Combinations

Acquisition of 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.

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. The acquisition provides the Company a significant new growth opportunity in the automotive and industrial business.

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 is maintained in an escrow account and will be released to the selling shareholders 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

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 each of the periods presented, 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:

	Fiscal Year Ended			
(Unaudited in thousands, except per share data)	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 Corporation (“eSilicon”) for $1.5 million which was recorded as other receivable. In 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 . In connection with the sale, the Company entered into an Exclusive Intellectual Property License Agreement with eSilicon, whereby the Company provided an exclusive license to eSilicon to develop, manufacture, sell and maintain HSC products.

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.

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.

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 2, 2017 :

	Fair Value at Reporting Date Using		
(in thousands)	**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 following table summarizes the Company's financial assets measured at fair value on a recurring basis as of April 3, 2016 :

	Fair Value at Reporting Date Using		
(in thousands)	**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	$ 32,519	$ —	$ 32,519
Money market funds	124,504	—	124,504
Asset-backed securities	—	10,515	10,515
Corporate bonds	—	91,388	91,388
International government bonds	—	2,208	2,208
Corporate commercial paper	—	1,992	1,992
Bank deposits	—	11,711	11,711
Repurchase agreements	—	114	114
Municipal bonds	—	900	900
Total assets measured at fair value	$ 157,023	$ 118,828	$ 275,851

The deferred compensation plan assets of $16.0 million and $14.6 million as of April 2, 2017 and April 3, 2016 , 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 $376.9 million and $351.5 million as of April 2, 2017 and April 3, 2016, 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.

U.S. government treasuries and U.S. government agency securities as of April 2, 2017 and April 3, 2016 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 2017 and 2016.

In connection with the acquisition of Synkera, 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 2, 2017 and July 22, 2016 (the acquisition date).

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 2, 2017 , 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 2017 , 2016 and 2015 .

Note 7. Investments

Available-for-Sale Securities

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 amortized cost and fair value of available-for-sale investments as of April 3, 2016 were as follows:

(in thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government treasuries and agencies securities	$ 32,374	$ 146	$ (1)	$ 32,519
Money market funds	124,504	—	—	124,504
Asset-backed securities	10,518	4	(7)	10,515
Corporate bonds	91,321	246	(179)	91,388
International government bonds	2,195	13	—	2,208
Corporate commercial paper	1,992	—	—	1,992
Bank deposits	11,711	—	—	11,711
Repurchase agreements	114	—	—	114
Municipal bonds	900	—	—	900
Total available-for-sale investments	275,629	409	(187)	275,851
Less amounts classified as cash equivalents	(124,618)	—	—	(124,618)
Short-term investments	$ 151,011	$ 409	$ (187)	$ 151,233

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 cost and estimated fair value of available-for-sale debt securities as of April 3, 2016 , by contractual maturity, were as follows:

(*in thousands*)	Amortized Cost	Estimated Fair Value
Due in 1 year or less	$ 150,253	$ 150,262
Due in 1-2 years	69,571	69,666
Due in 2-5 years	55,805	55,923
Total investments in available-for-sale debt securities	$ 275,629	$ 275,851

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 loss position.

	Less Than 12 Months		12 Months or Greater		Total	
(in thousands)	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)

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses, as of April 3, 2016 , aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	Less Than 12 Months		12 Months or Greater		Total	
(in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Corporate bonds	$ 33,407	$ (179)	$ —	$ —	$ 33,407	$ (179)
Asset-backed securities	4,979	(7)			4,979	(7)
U.S. government treasuries and agencies securities	6,097	(1)	—	—	6,097	(1)
Total	$ 44,483	$ (187)	$ —	$ —	$ 44,483	$ (187)

Currently, a significant portion of the Company’s available-for-sale investments that it holds are high grade instruments. As of April 2, 2017 , 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 2, 2017 or April 3, 2016 .

Non-marketable Equity Securities

The Company accounts for its equity investments in privately held companies under the cost method. 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 its investment has occurred and is other than temporary, an assessment was 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's judgment.

As of April 2, 2017 and April 3, 2016 , the Company holds capital stock of privately-held companies with total amount of $13.2 million and $10.0 million , respectively. During fiscal 2017, the Company made additional investment of $ 3.2 million in capital stock of a privately-held company, of which approximately $2.0 million was originally in a form of convertible note and was subsequently converted into shares of common stock. 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 2017, 2016 and 2015.

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.

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 28,500,000 shares to 36,800,000 shares (an increase of 8,300,000 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 2, 2017 , there were 5.1 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:

	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Cost of revenue	$ 2,929	$ 2,707	$ 1,936
Research and development	16,068	15,268	9,813
Selling, general and administrative	20,872	16,182	10,704
Discontinued operations	—	(32)	(194)
Total stock-based compensation expense	$ 39,869	$ 34,125	$ 22,259

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.

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 2, 2017	**April 3, 2016**	**March 29, 2015**
Stock option plans:			
Expected term (in years)	4.00	4.00	4.00
Risk-free interest rate	1.35%	1.20%	1.25%
Volatility	40.5%	42.6%	38.7%
Dividend yield	—%	—%	—%
Weighted-average grant-date fair value	$ 8.39	$ 7.55	$ 3.84
ESPP:			
Expected term (in years)	0.25	0.25	0.25
Risk-free interest rate	0.32%	0.06%	0.04%
Volatility	36.9%	42.1%	40.5%
Dividend yield	—%	—%	—%
Weighted-average grant-date fair value	$ 4.87	$ 5.05	$ 3.53

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

	Fiscal 2017	
(shares in thousands)	**Shares**	**Weighted-Average Exercise Price**
Beginning stock options outstanding	2,594	$ 10.47
Granted	11	25.16
Exercised (1)	(1,143)	7.26
Canceled	(88)	14.22
Ending stock options outstanding	1,374	$ 13.01
Ending stock options exercisable	1,001	$ 11.34

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

The following is a summary of information about stock options outstanding as of April 2, 2017 :

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**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 - 5.77	148	1.61	$5.66	148	$5.66
5.89 - 7.24	56	1.34	6.50	56	6.50
7.67 - 7.67	150	3.12	7.67	139	7.67
7.92 - 11.13	120	1.95	9.25	108	9.03
11.79 - 11.79	350	3.88	11.79	277	11.79
12.16 - 12.16	186	4.12	12.16	119	12.16
18.55 - 20.56	18	5.02	19.47	9	19.46
21.95 - 21.95	327	5.12	21.95	143	21.95
25.16 - 25.16	11	6.79	25.16	—	—
27.36 - 27.36	8	5.70	27.36	2	27.36
	1,374	3.66	$13.01	1,001	$11.34

As of April 2, 2017 , the weighted-average remaining contractual life of stock options outstanding was 3.66 years and the aggregate intrinsic value was $14.7 million . The weighted-average remaining contractual life of stock options exercisable was 3.29 years and the aggregate intrinsic value was $12.4 million . Unrecognized compensation cost related to non-vested stock options, net of estimated forfeitures, was $0.6 million and will be recognized over a weighted-average period of 0.83 years.

As of April 2, 2017 , stock options vested and expected to vest totaled approximately 1.3 million with a weighted-average exercise price of $12.81 and a weighted-average remaining contractual life of 3.62 years. The aggregate intrinsic value as of April 2, 2017 was approximately $14.5 million .

Restricted Stock Units

Restricted stock units granted by the Company under the 2004 Plan generally vest over at least a three year period from the grant date with one-third of restricted stock units vesting on each one-year anniversary. As of April 2, 2017 , 3.8 million restricted stock unit awards were outstanding under the 2004 Plan.

The following table summarizes the Company’s restricted stock unit activity and related weighted-average exercise prices for each category:

	Fiscal 2017	
(shares in thousands)	**Shares**	**Weighted-Average Grant Date Fair Value Per Share**
Beginning RSUs outstanding	3,693	$ 16.09
Granted	1,929	20.75
Released	(1,302)	14.13
Forfeited	(477)	17.80
Ending RSUs outstanding	3,843	$ 18.88

As of April 2, 2017 , restricted stock units expected to vest totaled approximately 3.4 million with a weighted-average remaining contract life of 1.19 years. The aggregate intrinsic value was approximately $79.4 million .

As of April 2, 2017 , the unrecognized compensation cost related to restricted stock units granted under the Company’s equity incentive plan was approximately $26.9 million , net of estimated forfeitures, and is expected to be recognized over a weighted-average period of 1.30 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.

The following table summarizes the Company’s performance stock unit activity and related weighted-average exercise prices for each category:

	Fiscal 2017	
(shares in thousands)	**Shares**	**Weighted-Average Grant Date Fair Value Per Share**
Beginning PSUs outstanding	204	$ 9.04
Released	(78)	7.85
Forfeited	(126)	7.74
Ending PSUs outstanding	—	$ —

Market-Based Stock Units

In June 2016, under the 2004 Plan, the Company granted approximately 0.3 million shares of restricted stock units 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 restricted stock units 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, 2017, and the second on June 15, 2018.

In June 2014, under the 2004 Plan, the Company granted approximately 0.5 million shares of restricted stock units 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, 2016, and the second will vest 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 of 1.8 years was derived from the output of the valuation model and represents the period of time that restricted stock units 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:

	June 15, 2016	June 15, 2015	June 15, 2014
Estimated fair value	$ 28.01	$ 33.08	$ 21.00
Expected volatility	46.9%	41.2%	34.6%
Expected term (in years)	1.80	1.80	1.80
Risk-free interest rate	0.70%	0.65%	0.38%
Dividend yield	—%	—%	—%

As of April 2, 2017 , the total market-based stock units outstanding were approximately 0.8 million .

As of April 2, 2017 , market-based stock units vested and expected to vest totaled approximately 0.7 million with a weighted-average remaining contract life of 0.91 years. The aggregate intrinsic value was approximately $16.4 million .

As of April 2, 2017 , the unrecognized compensation cost related to market-based stock units granted under the Company's equity incentive plans was approximately $7.1 million , net of estimated forfeitures, and is expected to be recognized over a weighted-average period of 0.97 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 2017	Fiscal 2016	Fiscal 2015
Number of shares issued	508	606	641
Average issuance price	$ 18.24	$ 17.05	$ 12.89
Number of shares available at year-end	3,264	3,772	4,378

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 . In fiscal 2015, the Company repurchased 5.3 million shares for $79.2 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 .

As of April 2, 2017 , approximately $92.1 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.

Note 11. Balance Sheet Detail

(in thousands)		**April 2, 2017**		**April 3, 2016**
Inventories, net				
Raw materials	$	2,017	$	3,251
Work-in-process		35,192		29,408
Finished goods		15,079		21,584
Total inventories, net	$	52,288	$	54,243
Accounts receivable, net				
Accounts receivable, gross	$	94,396	$	79,015
Allowances		(5,084)		(4,629)
Total accounts receivable, net	$	89,312	$	74,386
Property, plant and equipment, net				
Land	$	11,535	$	11,535
Machinery and equipment		268,683		250,628
Building and leasehold improvements		49,022		49,015
Total property, plant and equipment, gross		329,240		311,178
Less: accumulated depreciation (1)		(248,279)		(237,301)
Total property, plant and equipment, net	$	80,961	$	73,877
Other current liabilities				
Accrued restructuring costs (2)	$	4,841	$	2,816
Other (3)		15,364		12,158
Total other current liabilities	$	20,205	$	14,974
Other long-term obligations				
Deferred compensation related liabilities	$	15,024	$	13,052
Other (4)		3,870		8,212
Total other long-term liabilities	$	18,894	$	21,264

(1) Depreciation expense was $20.8 million , $18.3 million and $18.8 million for fiscal years 2017, 2016 and 2015, respectively.

(2) Includes accrued severance costs related to integration, 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 supplier obligations, current portion of capital lease payable, and other accrued unbilled expenses.

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

Note 12. Deferred Income on Shipments to Distributors

Included in the caption " *Deferred income on shipments to distributors* " on the Consolidated Balance Sheets are amounts related to shipments to certain distributors for which revenue is not recognized until the Company's product has been sold by the distributor to an end customer . The components of deferred income on shipments to distributors as of April 2, 2017 and April 3, 2016 were as follows:

(in thousands)	April 2, 2017	April 3, 2016
Gross deferred revenue	$ 2,335	$ 9,460
Gross deferred costs	(350)	(2,454)
Deferred income on shipments to distributors	$ 1,985	$ 7,006

The gross deferred revenue represents the gross value of shipments to distributors at the list price billed to the distributor less any price protection credits provided to them in connection with reductions in list price while the products remain in their inventory. The amount ultimately recognized as revenue will be lower than this amount as a result of ship from stock pricing credits which are issued in connection with the sell through of the Company's products to end customers. Based on the last four quarters, this amount has ranged from an average of approximately 25% to 31% of the list price billed to the customer. The gross deferred costs represent the standard costs (which approximate actual costs) of products the Company sells to the distributors. Although the Company monitors the levels and quality of inventory in the distribution channel, the Company's experience is that products returned from these distributors may be sold to a different distributor or in a different region of the world. As such, inventory write-downs or products in the distribution channel have not been significant. The decrease in deferred income in fiscal 2017 was due to lower inventory balances for distributors where the Company cannot reliably estimate the related credits and allowances.

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, March 29, 2015	$ (3,721)	$ 860	$ 680	$ (2,181)
Other comprehensive loss before reclassifications	(280)	(983)	—	(1,263)
Amounts reclassified out of accumulated other comprehensive income (AOCI)	—	345	(615)	(270)
Net current-period other comprehensive loss	(280)	(638)	(615)	(1,533)
Balance, April 3, 2016	(4,001)	222	65	(3,714)
Other comprehensive loss before reclassifications	(2,042)	(1,392)	—	(3,434)
Amounts reclassified out of AOCI	—	363	—	363
Net current-period other comprehensive loss	(2,042)	(1,029)	—	(3,071)
Balance, April 2, 2017	$ (6,043)	$ (807)	$ 65	$ (6,785)

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

(in thousands)	April 2, 2017	April 3, 2016	March 29, 2015	Location
Unrealized holding gains or losses on available-for-sale investments	$ 363	$ 345	$ (127)	interest and other, net
Change in unrealized gains or losses on post-employment and post-retirement benefit plans	—	(615)	(52)	operating expense
Total amounts reclassified out of accumulated other comprehensive gains or losses	$ 363	$ (270)	$ (179)	

Note 14. Goodwill and Intangible Assets, Net

Goodwill activity for fiscal 2017 and 2016 is summarized as follows:

	Reportable Segments		
(in thousands)	Communications	Computing, Consumer and Industrial	Total
Balance as of March 29, 2015	$ 122,248	$ 13,396	$ 135,644
Additions - ZMDI acquisition (see Note 3)	600	169,489	170,089
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

Goodwill balance as of April 2, 2017 and April 3, 2016 was net of $920.3 million in accumulated impairment losses.

Intangible asset balances as of April 2, 2017 and April 3, 2016 are summarized as follows:

	April 2, 2017			
(in thousands)	Gross Assets	Impairment	Accumulated Amortization	Net Assets
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

	April 3, 2016		
(in thousands)	Gross Assets	Accumulated Amortization	Net Assets
Purchased intangible assets:			
Developed technology	$ 279,514	$ (205,307)	$ 74,207
Trademark	5,211	(4,576)	635
Customer relationships	172,787	(130,745)	42,042
Order backlog	5,800	(4,504)	1,296
Intellectual property licenses	11,400	(1,819)	9,581
Total purchased intangible assets	$ 474,712	$ (346,951)	$ 127,761

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 . In fiscal 2016, the Company individually purchased intangible assets with a total cost of $11.4 million and estimated useful life of 3 to 7.5 years. These intangible assets are comprised of intellectual property licenses that are being used by the Company in the development, manufacture and sale of certain products.

As a result of the acquisition of ZMDI, the Company recognized additional intangible assets with total original value of $126.2 million during fiscal 2016 (see Note 3).

Amortization expense for identified intangibles is summarized below:

	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Existing technology	$ 12,625	$ 6,052	$ 4,534
Trademarks	775	726	916
Customer relationships	6,486	2,253	1,123
Backlog	1,286	4,504	—
Intellectual property licenses	2,481	1,819	—
Total	$ 23,653	$ 15,354	$ 6,573

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

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.

During fiscal 2015, the Company recorded an impairment charge relating to the HSC assets held for sale of $5.6 million , which consisted of existing technology of $4.6 million , customer relationships of $0.9 million and non-compete agreements of $0.1 million . Refer to Note 4 for additional information.

Based on the intangible assets recorded as of April 2, 2017 , 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**
2018	$ 19,998
2019	19,884
2020	19,657
2021	19,289
2022 and thereafter	29,990
Total	$ 108,818

Note 15. Restructuring

The following table shows the provision of the restructuring charges and the remaining liabilities as of April 2, 2017 :

(in thousands)	HSC (Discontinued Operations)	Others (Continuing Operations) Cost of Revenues	Operating Expenses	Total
Balance as of March 30, 2014	$ —	$ —	$ 638	$ 638
Provision	18,305	—	1,078	19,383
Cash payments	(6,073)	—	(1,421)	(7,494)
Foreign exchange impact	(2,015)	—	—	(2,015)
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

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 were primarily of: (i) severance and termination benefit costs related to the reduction of its workforce; and (ii) lease termination costs and costs associated with permanently vacating certain facilities.

Integration-related Restructuring Plan

During 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 during fiscal 2017 and the remaining $0.1 million will be paid in fiscal 2018.

In fiscal 2016, the Company began the implementation of planned cost reduction 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 during fiscal 2017.

Radio Frequency Business

During fiscal 2017, the Company prepared a workforce-reduction plan with respect to employees of its Radio Frequency business in France. The plan which sets forth the general parameters, terms and benefits for employee dismissals, was submitted to the French Works Council. The Company initially determined that an ongoing benefit arrangement existed as the affected employees are being protected under the provisions of prior plan and the minimum statutory requirement. Subsequent to this, the Company and the affected employees signed agreements with regards to the timing and payment of severance benefits. Accordingly, the Company accrued restructuring charges in accordance with ASC 420, *Exit and Disposal Cost Obligations*. During fiscal 2017, the Company recorded in the Consolidated Statement of Operations approximately $7.5 million of severance benefits, for a total of 13 employees. During fiscal 2017, the Company paid $4.1 million related to this action. As of April 2, 2017, the total accrued balance for employee severance costs related to this action was $2.9 million . The Company expects to complete this action by December 2017.

HSC Business

In fiscal 2015, the Company prepared a workforce-reduction plan (the Plan) with respect to employees of its HSC business in France and the Netherlands. The Plan sets forth the general parameters, terms and benefits for employee dismissals. The Plan was approved by the French Works Council and Labor Administrator and the related Plan details were communicated to the affected employees in France and the Netherlands. No works council consultation was required in the Netherlands. The Company has not historically offered similar termination benefits as defined in the Plan for these locations. The Plan identified the number of employees to be terminated, their job classification or function, their location and the date that the Plan was 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 to the employees. Accordingly, the Company accrued restructuring charges in accordance with ASC 420, *Exit or Disposal Cost Obligations* . 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 $1.4 million as of April 2, 2017. The Company expects to complete this action by December 2017.

Other

During fiscal 2017, the Company recorded charges of $4.0 million and reduced headcount by 59 employees. During fiscal 2017, the Company paid $3.6 million related to these actions. As of April 2, 2017, the total accrued balance for employee severance costs related to these actions was $0.4 million . The Company expects to complete these actions by the second quarter of 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 recorded other restructuring charges of $1.1 million and reduced headcount by 28 employees in multiple reduction in workforce actions. Approximately $0.8 million of the $1.1 million of employee termination cost was paid in fiscal 2015 and the remaining $0.3 million was paid in fiscal 2016. In fiscal 2015, the Company also paid $0.6 million regarding the remaining severance liabilities for certain actions in fiscal 2014.

Note 16. Commitments and Contingencies

Guarantees

As of April 2, 2017 , 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 $1.7 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 2, 2017 , aggregate future minimum commitments for the next five fiscal years and thereafter under all operating leases were as follows (in thousands):

Fiscal Year	Amount
2018	$ 5,796
2019	5,648
2020	4,994
2021	3,285
2022 and thereafter	3,605
Total	$ 23,328

Rent expense for the fiscal years ended April 2, 2017 , April 3, 2016 and March 29, 2015 totaled approximately $5.9 million , $3.2 million and $4.2 million , respectively. Other supplier obligations including payments due under various software design tool and technology license agreements totaled $7.1 million , $11.6 million , and 4.6 million as of April 2, 2017 , April 3, 2016 and March 29, 2015 , respectively.

The Company has machinery and equipment that are accounted for as capital leases. The related liabilities are apportioned between current and long-term other liabilities on the Consolidated Balance Sheets based on the contractual timing of payments. These capital leases will expire in fiscal 2019. As of April 2, 2017 , aggregate future commitments for fiscal 2018 and 2019 were $1.4 million and $0.3 million , respectively.

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 2, 2017 and April 3, 2016 .

Litigation

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 November 2016, North Star Innovations, Inc. (“NSI”), an IP licensing non-practicing entity and subsidiary of Wi-Lan, Inc., filed a complaint against the Company in the federal courts of the Central District of California, alleging the Company infringed three U.S. patents assigned to and owned by NSI. The Company did not file an Answer or other responsive pleading in this litigation. On or about January 13, 2017, RPX Corporation, a membership-based defensive patent aggregator, entered a license agreement with NSI, to which the Company is a beneficiary based on the Company’s membership in RPX. Based on this license, the Company and NSI signed a Release Agreement effective January 31, 2017, releasing the Company from liability under the claims for infringement of the three asserted patents. On January 31, 2017, the court ordered the litigation against IDT to be formally dismissed.

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 these or future litigation 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 the Maxim lawsuit or any other 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.

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 $2.6 million , $2.6 million and $2.1 million in matching contributions under the plan in fiscal 2017 , 2016 , and 2015 , 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 2, 2017 and April 3, 2016 , obligations under the plan totaled approximately $15.0 million and $13.1 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 2, 2017 and April 3, 2016 , the deferred compensation plan assets were approximately $16.0 million and $14.6 million , respectively. The costs incurred by the Company for this plan for insurance, administration and other support were not material for fiscal 2017 , 2016 and 2015 .

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 2, 2017 and April 3, 2016 , the deferred compensation plan assets were approximately $ 0.4 million and $0.8 million , respectively. As of April 2, 2017 and April 3, 2016 , the liabilities under this plan were approximately $0.9 million and $1.8 million , respectively.

International Employee Benefit Plans

The Company sponsors defined-benefit pension plans, defined-contribution plans, multi-employer plans and other post-employment benefit plans covering employees in certain of the Company's international locations. As of April 2, 2017 and April 3, 2016 , the net liability for all of these international benefit plans totaled $0.7 million and $0.8 million , respectively.

Pension plan benefits are based primarily on participants' compensation and years of service credited as specified under the terms of each country's plan. The funding policy is consistent with the local requirements of each country. The Company does not have defined-benefit pension plans for its United States-based employees. The projected obligations of international employee defined-benefit pension plans and related offsetting plan assets were determined based on actuarial calculations. As of April 2, 2017 , the net accumulated liability for these defined-benefit plans was not material. In fiscal 2015, as a result of a workforce-reduction plan under the HSC business in France, the related pension liability decreased by $0.6 million and long-term pension asset increased by $0.4 million . The net period expense was insignificant during fiscal 2017, 2016 and 2015. Distributions made from plans during fiscal 2017, 2016, and 2015 were not material. The Company includes accrued net defined-benefit plan obligations in other long-term liabilities on its Consolidated Balance Sheets.

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 2, 2017, none of the conditions allowing holders of the Notes to convert had been met.

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 2, 2017 and April 3, 2016 (in thousands):

	Fiscal Year Ended	
	April 2, 2017	April 3, 2016
Contractual interest expense	$ 3,307	$ 1,363
Amortization of debt issuance costs	1,081	450
Amortization of debt discount	12,239	4,904
	$ 16,627	$ 6,717

The net liability component of Convertible Notes is comprised of the following as of April 2, 2017 and April 3, 2016 (in thousands):

	Fiscal Year Ended	
	April 2, 2017	April 3, 2016
Net carrying amount at beginning of the period / issuance date	$ 272,221	$ 266,867
Amortization of debt issuance costs during the year	1,081	450
Amortization of debt discount during the year	12,239	4,904
	$ 285,541	$ 272,221

In fiscal 2017, the Company paid contractual interest on the Convertible Note of approximately $3.4 million .

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.

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 ($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 2, 2017 and April 3, 2016, no warrants have been exercised.

Note 19. Income Taxes

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

	Fiscal Year Ended		
(in thousands)	April 2, 2017	April 3, 2016	March 29, 2015
Income before income taxes from continuing operations:			
United States	$ (16,736)	$ 5,431	$ 6,113
Foreign	116,021	128,433	109,825
Income before income taxes	$ 99,285	$ 133,864	$ 115,938
Income tax expense (benefit) from continuing operations:			
Current:			
United States	$ (146)	$ 5,694	$ —
State	103	154	47
Foreign	1,611	38	1,312
	1,568	5,886	1,359
Deferred:			
United States	(6,363)	(59,944)	79
State	7	26	2
Foreign	(5,111)	(7,403)	(83)
	(11,467)	(67,321)	(2)
Income tax expense (benefit) from continuing operations	$ (9,899)	$ (61,435)	$ 1,357

For fiscal year 2017 stock-based compensation excess tax benefits of $2.5 million were reflected in the income tax benefit as a result of the early 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.

Reconciliation between the statutory U.S. income tax rate of 35% and the effective rate is as follows:

	Fiscal Year Ended		
(in thousands)	April 2, 2017	April 3, 2016	March 29, 2015
Provision from continuing operations at 35% U.S. statutory rate	$ 34,750	$ 46,852	$ 40,579
State tax, net of federal benefit	(389)	198	160
Effect of foreign operations	(48,018)	(55,331)	(35,740)
Repatriation of foreign earnings	10,121	32,957	—
Valuation allowance	1,424	(81,553)	3,372
Research tax credits	(7,801)	(6,150)	(4,439)
Stock-based compensation	(1,785)	1,028	(2,740)
Other	1,799	564	165
Income tax expense (benefit) from continuing operations	$ (9,899)	$ (61,435)	$ 1,357

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 Malaysia Industrial Development Board 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 $31.6 million , $25.0 million , and $9.7 million for fiscal 2017, 2016, and 2015, respectively. The benefit of the tax incentives on net income per share (diluted) was approximately $0.24 , $0.17 , and $0.06 , for fiscal 2017, 2016, and 2015, respectively.

In fiscal 2016, after examination of the Company's projected offshore cash flows, and global cash requirements, the Company determined that beginning in fiscal year 2016, the Company would no longer require 100% of its foreign-generated cash to support its foreign operations. The Company plans to continue to repatriate a portion of its offshore earnings generated after March 29, 2015 to the U.S. for domestic operations, and the Company has accrued for the related tax impacts accordingly.

In the fourth quarter of fiscal 2016, the Company repatriated $85 million of its offshore earnings to the U.S. for domestic operations, bringing the total repatriation in fiscal 2016 to $101 million , which included a distribution above and beyond the anticipated annual amount. This repatriation, during the fourth quarter of fiscal 2016, reflected the Company's objectives of increasing its available U.S. cash and providing liquidity to meet its cash needs in the U.S., including, among other things, servicing debt, potentially funding strategic investments, and potentially funding opportunistic share repurchases on an accelerated basis, while evaluating the future cash needs in the Company's foreign jurisdictions after our recent foreign acquisition.

For earnings accumulated as of March 29, 2015, the Company continues to indefinitely reinvest such amounts in its foreign jurisdictions, except to the extent there is any previously taxed income which is expected to be repatriated. No U.S. income taxes have been provided for approximately $933.7 million of undistributed earnings of foreign subsidiaries. As the Company currently has no plans to repatriate those earnings, no U.S. income taxes have been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company could be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to various foreign countries. As the Company does not know the time or manner in which the Company would repatriate those funds, it is not practical to determine the impact of local taxes, withholding taxes and foreign tax credits associated with the future repatriation of such earnings and therefore the Company cannot quantify the tax liability.

On January 16, 2017, the Malaysia Finance Act of 2017 (the "Act") was enacted. The Act contains a number of provisions including, most notably, the reimposition of withholding taxes on offshore services provided to Malaysian entities and is effective prospectively from the date of enactment. The Company has determined that it will not affect its intercompany activities and will not have a material adverse effect on the Company's results of operations and cash flows.

The Protecting Americans from Tax Hikes Act of 2015 (the "Act") was signed into law on December 18, 2015. The Act contains a number of provisions including, most notably, a permanent extension of the U.S. federal research tax credit. The Company's tax provision for fiscal 2016 reflects the benefit of the U.S. federal research credit.

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:

(in thousands)	**April 2, 2017**	**April 3, 2016**
Deferred tax assets:		
Deferred income on shipments to distributors	$ 307	$ 2,016
Non-deductible accruals and reserves	17,291	19,432
Net operating losses and credit carryforwards	148,941	112,380
Depreciation and amortization	14,005	14,473
Stock options	4,087	3,262
Other	2,046	1,747
Total deferred tax assets	186,677	153,310
Deferred tax liabilities:		
Purchased intangibles	(31,421)	(38,318)
Other	(9,997)	(10,975)
Total deferred tax liabilities	(41,418)	(49,293)
Valuation allowance	(73,263)	(62,800)
Net deferred tax assets	$ 71,996	$ 41,217

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.

As of April 2, 2017, 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 $10.5 million and decreased by $86.2 million in fiscal 2017 and 2016, respectively.

As of April 2, 2017, the Company had federal, state and foreign net operating loss (NOL) carryforwards of approximately $6.6 million and $69.5 million and $96.9 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 2020 through 2037, if not utilized. The state NOL carryforwards will expire in various years from fiscal 2018 through 2037, 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 2, 2017, the Company had approximately $66.8 million of federal research and development tax credit carryforwards, and $12.0 million of foreign tax credit carryforwards. The federal research and development tax credit carryforwards will expire in fiscal years 2019 through 2037, if not utilized, and the foreign tax credit carryforwards will expire in fiscal years 2018 to 2027, if not utilized. The Company also had, as of April 2, 2017, approximately $91.7 million of state income tax credit carryforwards, of which $10.6 million will expire in fiscal years 2019 through 2037, if not utilized. The Company also had, as of April 2, 2017, approximately $9.4 million of tax credit carryforwards in foreign jurisdictions, which will expire in fiscal years 2019 through 2037.

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.

In October 2015, the Company issued Convertible Notes which led to the establishment of $0.9 million of net deferred tax liability associated with the equity component of the Convertible Notes and its related debt issuance costs (see Note 18, “Convertible Senior Notes, Warrants and Hedges” for additional information on the Convertible Notes). This deferred tax liability led to a net reduction of valuation allowance of an equal amount in the third quarter of fiscal 2016.

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

	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Beginning balance	$ 33,075	$ 33,190	$ 32,237
Increases related to prior year tax positions	1,374	1,474	549
Decreases related to prior year tax positions	(87)	(719)	(296)
Increases related to current year tax positions	2,864	938	803
Decrease related to settlement	—	(1,758)	—
Decreases related to the lapsing of statute of limitations	(233)	(50)	(103)
Ending balance	$ 36,993	$ 33,075	$ 33,190

The amount of unrecognized tax benefits that would favorably impact the effective tax rate were approximately $19.1 million and $16.0 million as of April 2, 2017 and April 3, 2016, respectively. As of April 2, 2017, approximately $12.8 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 $0.1 million for these items in fiscal 2017 and 2016, respectively.

During the quarter ended June 28, 2015, the Company reached an understanding regarding the terms for settling with the U.S. Internal Revenue Service ("IRS") and closed out all positions as part of the examination of its income tax returns for the fiscal years 2010 through 2012. As a result, the Company remeasured its tax positions based on the facts, circumstances, and information available at the reporting date. The outcome did not have a material effect on the Company’s financial position, cash flows or results of operations due to its tax attributes.

During the quarter ended October 2, 2016, the Company closed out all positions as part of the examination of the Company's Singapore income tax returns for the fiscal years 2009 through 2012. The outcome did not have a material effect on the Company’s financial position, cash flows or results of operations.

During the quarter ended April 2, 2017, the Company closed out all positions as part of the examination of the Company's German income tax returns for the fiscal years 2012 through 2014. The outcome did not have a material effect on the Company’s financial position, cash flows or results of operations.

As of April 2, 2017, the Company is under examination in Malaysia for fiscal years 2012 through 2015, in India for fiscal year 2015, and in the State of New York for fiscal years 2013 through 2016. Although the final outcome is uncertain, based on currently available information, the Company believes that the ultimate outcome will not have a material adverse effect on its financial position, cash flows or results of operations.

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 2, 2017. 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 2014 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 2010 and later.

Note 20. 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, flow-control management devices including Serial RapidIO ® switching solutions, multi-port products, telecommunications products, high-speed static random access memory, first in and first out, digital logic, radio frequency, and frequency control solutions.

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

The tables below provide information about these segments:

Revenues by segment	Fiscal Year Ended		
(in thousands)	**April 2, 2017**	**April 3, 2016**	**March 29, 2015**
Communications	$ 265,421	$ 302,188	$ 313,630
Computing, Consumer and Industrial	462,822	395,188	259,275
Total revenues	$ 728,243	$ 697,376	$ 572,905

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, Uniquest, represented approximately 11% , 16% and 16% of the Company's revenues in fiscal 2017 , 2016 and 2015 , respectively. Sales through a distributor, Avnet and its affiliates, represented approximately 10% , 15% and 14% of the Company’s revenues in fiscal 2017 , 2016 and 2015 , respectively. 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 our total revenues in fiscal 2017, 2016 and 2015.

At April 2, 2017 , two distributors represented approximately 11% and 10% , respectively, of the Company's accounts receivable. At April 3, 2016 , two distributors represented approximately 12% and 10% , respectively, of the Company's accounts receivable.

Income (Loss) by segment from continuing operations	Fiscal Year Ended		
(in thousands)	April 2, 2017	April 3, 2016	March 29, 2015
Communications	$ 105,016	$ 115,888	$ 116,018
Computing, Consumer and Industrial	91,911	88,101	29,301
Unallocated expenses:			
Amortization of intangible assets	(21,360)	(13,662)	(6,573)
Inventory fair market value adjustment	(4,079)	(5,531)	—
Loss on divestitures	(710)	—	—
Asset impairment and other	(1,026)	(147)	(2,968)
Stock-based compensation	(39,869)	(34,158)	(22,453)
Severance, retention and facility closure costs	(16,335)	(11,701)	(1,250)
Acquisition-related income (costs) and other	(2,295)	(2,591)	125
Deferred compensation plan benefit, net	(54)	(26)	(50)
Interest income (expense) and other, net	(11,914)	(2,309)	3,788
Income from continuing operations, before income taxes	$ 99,285	$ 133,864	$ 115,938

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

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

	Fiscal Year Ended		
(in thousands)	April 2, 2017	April 3, 2016	March 29, 2015
Hong Kong	$ 258,970	$ 304,392	$ 262,274
Rest of Asia Pacific	229,059	173,408	137,066
Korea	77,269	75,402	42,873
Americas (1)	69,419	74,631	68,373
Europe	93,526	69,543	62,319
Total revenues	$ 728,243	$ 697,376	$ 572,905

(1) Revenues from the customers in the U.S. were $63.0 million , $65.2 million and $61.7 million in fiscal 2017 , 2016 and 2015 , 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 2, 2017	April 3, 2016
United States	$ 37,996	$ 38,735
Malaysia	24,386	20,150
Germany	12,477	9,235
Canada	3,512	3,781
All other countries	2,590	1,976
Total property, plant and equipment, net	$ 80,961	$ 73,877

Note 21. Interest Income and Other, Net

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

	Fiscal Year Ended		
(in thousands)	April 2, 2017	April 3, 2016	March 29, 2015
Interest income	$ 2,916	$ 3,616	$ 2,724
Other income, net	2,906	652	2,094
Interest income and other, net	$ 5,822	$ 4,268	$ 4,818

Interest income is derived from earnings on cash and short term investments. Other income, net primarily consists of gains or losses in the fair value of deferred compensation plan assets, foreign currency gains or losses and other non-operating gains or losses.

Note 22. Derivative Financial Instruments

As a result of its international operations, sales and purchase transactions, the Company is subject to risks associated with fluctuating currency exchange rates. The Company may use derivative financial instruments to hedge these risks when instruments are available and cost effective, in an attempt to minimize the impact of currency exchange rate movements on its operating results and on the cost of capital equipment purchases.

As of April 2, 2017 and April 3, 2016 , the Company did not have any outstanding foreign currency contracts that were designated as hedges of forecasted cash flows or capital equipment purchases. The Company did not enter into derivative financial instruments for speculative or trading purposes. The Company also has foreign exchange facilities used for hedging arrangements with banks that allow the Company to enter into foreign exchange contracts totaling approximately $32.0 million and $20 million , all of which were available as of April 2, 2017 and April 3, 2016.

Note 23. Subsequent Events

On April 4, 2017, the Company completed its purchase of all of the outstanding common stock, par value of $0.001 per share, of GigPeak, Inc. (GigPeak), in an all-cash transaction for approximately $250 million . GigPeak was a publicly listed company headquartered in San Jose, California that 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. At the time of the issuance of the Company's consolidated financial statements as of and for the fiscal year ended April 2, 2017, the initial accounting for the acquisition of GigPeak, including purchase price allocation, was yet to be completed.

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 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 (Initial Term B Loan). In addition, the Company may request incremental term loan and/or incremental revolving loan commitments in an aggregate amount not to exceed the 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 . The Company also used portion of the proceeds of the loan to pay off GigPeak's existing credit facility with Silicon Valley Bank and to pay acquisition-related expenses.

The maturity date of the Initial Term B Loan is April 4, 2024; provided that if any Convertible Notes (see Note 18) 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. For the initial three-month period through June 30, 2017, the interest rate on the Initial Term B Loan is approximately 4.15% .

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

QUARTERLY RESULTS OF OPERATIONS
(in thousands, except per share data)

	Fiscal Year Ended April 2, 2017			
	First Quarter	Second Quarter	Third Quarter (1)	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

	Fiscal Year Ended April 3, 2016			
	First Quarter	Second Quarter	Third Quarter (2)	Fourth Quarter (3)
Revenues	$ 160,907	$ 169,498	$ 177,610	$ 189,361
Gross profit	99,234	106,546	107,911	107,963
Net income from continuing operations	38,720	42,423	32,545	81,611
Net loss from discontinued operations	(562)	—	—	—
Net income	$ 38,158	$ 42,423	$ 32,545	$ 81,611
Basic net income per share – continuing operations	$ 0.26	$ 0.29	$ 0.23	$ 0.61
Basic net income per share	$ 0.26	$ 0.29	$ 0.23	$ 0.61
Diluted net income per share – continuing operations	$ 0.25	$ 0.28	$ 0.22	$ 0.59
Diluted net income per share	$ 0.25	$ 0.28	$ 0.22	$ 0.59

(1) 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.
(2) In the third quarter of fiscal 2016, the Company completed the acquisition of ZMDI. The results of operations of the ZMDI business have been included for the period of December 7, 2015 to April 3, 2016.
(3) In the fourth quarter of fiscal 2016, the Company 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, the Company concluded that it was appropriate to release the valuation allowance against its deferred tax assets, with the exception of deferred tax assets related to certain foreign and state jurisdictions.

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 2, 2017 . 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 2, 2017 .

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 2, 2017 , which report appears under Item 8 of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our executive officers, and their respective ages as of April 2, 2017 , are as follows:

Name	Age	Position
Gregory L. Waters	56	President and Chief Executive Officer
Brian C. White (1)	52	Vice President, Chief Financial Officer
Sailesh Chittipeddi	54	Executive Vice President of Operations and Chief Technical Officer
Chris Allexandre	42	Senior Vice President of Global Sales and Marketing
Mario Montana (1)	55	Vice President and General Manager, Automotive and Industrial Products Division
Sean Fan (1)	51	Vice President and General Manager, Computing and Communications Division
Frantz Saintellemy (2)	43	Vice President and General Manager, IoT Systems Division
Dave Shepard (1)	55	Vice President and General Manager, Consumer Products Division
Anja Hamilton (1)	46	Vice President, Global Human Resources
Matthew D. Brandalise (1)	51	Vice President, General Counsel 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 Systems (now Avago Technologies) (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. Prior to his current role, he served as Vice President Finance and Treasurer. Before joining IDT, Mr. White held management positions with Nvidia, Hitachi GST and IBM. He started his career in public accounting with Deloitte & Touche and Arthur Andersen and maintains credentials as both a CPA and CFP. Mr. White has over 25 years of professional experience in finance, business line management, strategy and business development. Mr. White holds an M.B.A. from the University of Notre Dame and a Bachelor's degree in Business Administration from Seattle University.

Dr. Chittipeddi joined IDT as Vice President of Global Operations and Chief Technical Officer in March 2014. Dr. Chittipeddi was promoted to Executive Vice President of Global Operations and Chief Technical Officer in February 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 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 as Senior Vice President of Global Sales and Marketing in February 2017. Prior to joining IDT, Mr. Allexandre worked for NXP Semiconductors as Senior Vice President Worldwide Sales for Mass Market and Global Distribution. Before that, he was Senior Vice President of Worldwide Sales, Marketing and Supply Chain at Fairchild Semiconductors. Prior to Fairchild, he held various positions at Texas Instruments, up to vice president of EMEA Regional Sales & Applications and Distribution. Mr. Allexandre holds a MSc. in electrical engineering from the Engineering High School of North (ISEN).

Mr. Montana joined IDT in 1997 and became Vice President and General Manager, Automotive and Industrial in 2017. Prior to his current role, Mr. Montana was various management positions with IDT including Vice President, Chief Sales Officer, 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.

Mr. Fan joined IDT in 1999 and became Vice President and General Manager of IDT's Computing and Communications Division in August 2013. 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 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. Saintellemy joined IDT through the acquisition of Zentrum Mikroelektronik Dresden AG ("ZMD AG") in December 2015 and served as Vice President of IDT's IoT Systems Division from February, 2017 to April 24, 2017. Prior to that, Mr. Saintellemy was Vice President of IDT's Automotive and Industrial division. Prior to IDT's acquisition of ZMD AG, Mr. Saintellemy served both as President of ZMD America Inc., and as Executive Vice President of Global Sales and Marketing for ZMD AG. Prior to that, Mr. Saintellemy was ZMD AG's Executive Vice President of Corporate Strategy and Business Development and Sales for North America. Before joining ZMD AG, Mr. Saintellemy was Chief Technical Officer and Corporate Vice President of Technical Marketing at Future Electronics. Prior to that, Mr. Saintellemy held various product line management positions at Analog Devices. Mr. Saintellemy holds a B.S.E.E. from Northeastern University, an M.S.E.E. from MIT and a B.S. in commerce and marketing from HEC (University of Montreal) and has completed various engineering leadership development programs from MIT Sloan.

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. 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.

Ms. Hamilton joined IDT in February 2011, and in October 2012 became our VP, Global Human Resources. Prior to joining IDT Ms. Hamilton was the Director of Global Compensation and HRIS at Atmel from August 2008 through January 2011.Prior to Atmel, Ms. Hamilton held various HR management positions at eBay and Electronic Arts. Ms. Hamilton has over 24 years of business management experience, with over 18 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 became Vice President, General Counsel, and Corporate Secretary in October 2012. Prior to his current role, Mr. Brandalise served as a Senior Director in IDT's Legal Department. Previously, Mr. Brandalise held Director, Senior Corporate Counsel, and Corporate Counsel positions in IDT's Legal Department. Mr. Brandalise joined IDT with 8 years of prior law firm experience focusing on the areas of commercial transactions, mergers & acquisitions, 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 2017 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 2017 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 2017 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 2017 Annual Meeting of Stockholders.

Note (1) Some executive officers' titles changed in May 2017. The details are as follows:
Brian C White: Senior Vice President, Chief Financial Officer
Mario Montana: Vice President and Corporate General Manager, Automotive and Industrial Group
Sean Fan: Senior Vice President and Corporate General Manager, Computing and Communications Group
Dave Shepard: Senior Vice President and Corporate General Manager, Mobility Products Group
Anja Hamilton: Vice President and Chief People Officer
Matthew D. Brandalise: Vice President, Chief Legal Officer and Corporate Secretary

Note (2) Mr. Saintellemy's employment with the Company ceased on April 24, 2017.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference from our Proxy Statement for the 2017 Annual Meeting of Stockholders.

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 2017 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 2017 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 2017 Annual Meeting of Stockholders.

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.

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 19, 2017

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 19, 2017
/s/ BRIAN C. WHITE Brian C. White	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	May 19, 2017
/s/ JOHN SCHOFIELD John Schofield	Chairman of the Board	May 19, 2017
/s/ GORDON PARNELL Gordon Parnell	Director	May 19, 2017
/s/ UMESH PADVAL Umesh Padval	Director	May 19, 2017
/s/ KEN KANNAPPAN Ken Kannappan	Director	May 19, 2017
/s/ NORMAN TAFFE Norman Taffe	Director	May 19, 2017
/s/ ROBERT RANGO Robert Rango	Director	May 19, 2017
/s/ SELENA LOH LACROIX Selena Loh LaCroix	Director	May 19, 2017

INTEGRATED 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 March 29, 2015	$ 3,134	$ 1,680	$ (150)	$ 4,664
Fiscal Year Ended April 3, 2016	$ 4,664	$ 117	$ (152)	$ 4,629
Fiscal Year Ended April 2, 2017	$ 4,629	$ 544	$ (89)	$ 5,084
Tax valuation allowance				
Fiscal Year Ended March 29, 2015	$ 143,704	$ 12,427	$ (7,177)	$ 148,954
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

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit/ Appendix	Filing Date	Filed Herewith
2.1	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	
2.2	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	
2.3	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	
2.4	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	
3.1	Restated Certificate of Incorporation, as amended to date.	10-K	00-12695	3.1	5/21/2012	
3.2	Certificate of Designations specifying the terms of the Series A Junior Participating Preferred Stock of Integrated Device Technology, Inc., as filed with the Secretary of State of the State of Delaware.	8-A	00-12695	3.6	12/23/1998	
3.3	Amended and Restated Bylaws of the Company, effective as of July 23, 2013.	10-Q	00-12695	3.3	9/29/2013	
4.1	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	
10.1	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	(b)(2)	4/4/2017	
10.2	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	
10.3	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	
10.4	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	
10.5	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	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit/ Appendix	Filing Date	Filed Herewith
10.6	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	
10.7	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	
10.8	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	
10.9	Amendment to 1994 Stock Option Plan, September 22, 2000.#	10-Q	00-12695	10.10	11/15/2000	
10.10	1994 Directors Stock Option Plan and related documents.#	10-Q	00-12695	10.18	11/16/1994	
10.11	Form of Indemnification Agreement between the Company and its directors and officers.#	10-K	00-12695	10.68	4/2/1989	
10.12	Amended Form of Indemnification Agreement between the Company and its directors and officers.#	10-K	00-12695	10.40	5/19/2015	
10.13	Incentive Compensation Plan.#	10-Q	00-12695	10.27	8/11/2005	
10.14	Form of Change of Control Agreement between the Company and certain of its officers.#	10-K	00-12695	10.13	6/23/2003	
10.15	1997 Stock Option Plan.#	10-Q	00-12695	10.23	8/14/2002	
10.16	Non-Qualified Deferred Compensation Plan effective November 1, 2000.#	10-K	00-12695	10.21	6/29/2001	
10.17	1984 Employee Stock Purchase Plan, as amended and restated effective September 29, 2003.#	10-Q	00-12695	10.25	11/6/2003	
10.18	Amended and Restated 2004 Equity Plan.#					X
10.19	2009 Employee Stock Purchase Plan.#	DEF 14A	00-12695	A	8/7/2009	
10.20	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	
10.21	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	
10.22	Foundry Agreement dated August 3, 2009 between the Company and Taiwan Semiconductor Manufacturing Co., Ltd.	10-K	00-12695	10.35	5/21/2012	
10.23	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	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit/ Appendix	Filing Date	Filed Herewith
10.24	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	
10.25	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	
10.26	Integrated Device Technology, Inc. Fiscal 2014 Performance Equity Plan.#	8-K	00-12695	10.1	6/16/2013	
10.27	Separation Agreement, dated August 26, 2013, by and between Theodore L. Tewksbury, III, and Integrated Device Technology, Inc.#	8-K	00-12695	10.1	8/24/2013	
10.28	Offer Letter between Integrated Device Technology, Inc. and Sailesh Chittipeddi, entered into on February 19, 2014.#	8-K	00-12695	10.1	3/12/2014	
10.29	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	
10.30	Executive Retention Plan.#	8-K	00-12695	10.1	1/15/2013	
10.31	GigPeak, Inc. Amended and Restated 2008 Equity Incentive Plan.#	S-K	333-217128	10.1	4/4/2017	

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File Number	Exhibit/ Appendix	Filing Date	Filed Herewith
21.1	Subsidiaries of the Company.					X
23.1	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
31.1	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
31.2	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
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					X
32.2	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.

Exhibit 10.18

AMENDED AND RESTATED
INTEGRATED DEVICE TECHNOLOGY, INC.
2004 EQUITY PLAN

ARTICLE 1

PURPOSE

The purpose of the Amended and Restated Integrated Device Technology, Inc. 2004 Equity Plan (the " Plan ") is to promote the success and enhance the value of Integrated Device Technology, Inc. (the " Company ") by linking the personal interests of the members of the Board and Employees to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board and Employees upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 " Award " means an Option, a Restricted Stock award, a Stock Appreciation Right award, a Performance Share award, a Performance Stock Unit award, a Restricted Stock Unit award, an Other Stock-Based Award, or a Performance-Based Award granted to a Participant pursuant to the Plan.

2.2 " Award Agreement " means any written or electronic agreement, contract, or other instrument or document evidencing an Award.

2.3 " Board " means the Board of Directors of the Company.

2.4 " Change in Control " means and includes each of the following:

(a) The acquisition, directly or indirectly, by any "person" or "group" (as those terms are defined in Sections 3(a)(9), 13(d) and 14(d) of the Exchange Act and the rules thereunder) of "beneficial ownership" (as determined pursuant to Rule 13d-3 under the Exchange Act) of securities entitled to vote generally in the election of directors ("voting securities") of the Company that represent 50% or more of the combined voting power of the Company's then outstanding voting securities, other than

(i) An acquisition by a trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company or by any employee benefit plan (or related trust) sponsored or maintained by the Company or any person controlled by the Company, or

(ii) An acquisition of voting securities by the Company or a corporation owned, directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the stock of the Company, or

(iii) An acquisition of voting securities pursuant to a transaction described in Section 2.4(b) below that would not be a Change in Control under Section 2.4(b);

Notwithstanding the foregoing, the following event shall not constitute an "acquisition" by any person or group for purposes of this Section 2.4: an acquisition of the Company's securities by the Company which causes the Company's voting securities beneficially owned by a person or group to represent 50% or more of the combined voting power of the Company's then outstanding voting securities; *provided, however,* that if a person or group shall become the beneficial owner of 50% or more of the combined voting power of the Company's then outstanding voting securities by reason of share acquisitions by the Company as described above and shall, after such share acquisitions by the Company, become the beneficial owner of any additional voting securities of the Company, then such acquisition shall constitute a Change in Control; or

(b) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(i) Which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the " Successor Entity ")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however,* that no person or group shall be treated for purposes of this Section 2.4(b)(ii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(c) The Company's stockholders approve a liquidation or dissolution of the Company.

In addition, if a Change in Control constitutes a payment event with respect to any Award which provides for the deferral of compensation and is subject to Section 409A of the Code, the transaction or event described in subsection (a), (b), or (c) with respect to such Award must also constitute a "change in control event," as defined in Treasury Regulation §1.409A-3(i)(5) to the extent required by Section 409A. The Committee shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

2.5 " Code " means the Internal Revenue Code of 1986, as amended.

2.6 " Committee " means the committee of the Board described in Article 12.

2.7 " Covered Employee " means an Employee who is, or could be, a "covered employee" within the meaning of Section 162(m) of the Code.

2.8 " Disability " means that the Participant qualifies to receive long-term disability payments under the Company's long-term disability insurance program, as it may be amended from time to time.

2.9 " Effective Date " shall have the meaning set forth in Section 13.1.

2.10 " Employee " means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Subsidiary.

2.11 " Equity Restructuring " means a nonreciprocal transaction between the Company and its stockholders, such as a stock dividend, stock split, spin-off, or recapitalization through a large, nonrecurring cash dividend, that affects the shares of Stock (or other securities of the Company) or the share price of Stock (or other securities) and causes a change in the per share value of the Stock underlying outstanding Awards.

2.12 " Exchange Act " means the Securities Exchange Act of 1934, as amended.

2.13 " Fair Market Value " means, as of any given date, the fair market value of a share of Stock on the immediately preceding date determined by such methods or procedures as may be established from time to time by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of a share of Stock as of any date shall be the closing trading price for a share of Stock as reported on the national securities exchange on which the Stock is then listed for the immediately preceding date or, if no such price is reported for that date, the closing trading price on the next preceding date for which a trading price was reported.

2.14 " Full Value Award " means any Award other than an Option, SAR or other Award for which the Participant pays the intrinsic value (whether directly or by forgoing a right to receive a cash payment from the Company).

2.15 " Hostile Takeover " means and includes each of the following:

(a) a transaction or series of related transactions pursuant to which a person or related group of persons, other than the Company or a person that directly or indirectly controls, is controlled by or is under common control with the Company, becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 25% or more of the Company's outstanding voting stock pursuant to a tender or exchange offer that the Board does not recommend and that the stockholders of the Company accept; or

(b) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 2.4(a) or Section 2.4(b)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof.

2.16 " Incentive Stock Option " means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.17 " Independent Director " means a member of the Board who is not an Employee of the Company.

2.18 " Non-Employee Director " means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.19 " Non-Qualified Stock Option " means an Option that is not intended to be an Incentive Stock Option.

2.20 " Option " means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of shares of Stock at a specified price during specified time periods. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

2.21 " Other Stock-Based Award " means an Award granted or denominated in Stock or units of Stock pursuant to Section 8.4 of the Plan.

2.22 " Participant " means any member of the Board or any Employee.

2.23 " Performance-Based Award " means an Award granted to selected Covered Employees pursuant to Articles 6 and 8, but which is subject to the terms and conditions set forth in Article 9. All Performance-Based Awards are intended to qualify as Qualified Performance-Based Compensation.

2.24 " Performance Bonus Award " has the meaning set forth in Section 8.5.

2.25 " Performance Criteria " means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals are limited to the following: net earnings (either before or after interest, taxes, depreciation and amortization), economic value-added (as determined by the Committee), sales or revenue, net income (either before or after taxes), operating earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), cash flow return on capital, return on net assets, return on stockholders' equity, return on assets, return on capital, stockholder returns, return on sales, gross or net profit margin, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings per share, price per share of Stock, and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall, within the time prescribed by Section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.

2.26 " Performance Goals " means, for a Performance Period, the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Committee, in its sole discretion, may provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in applicable accounting standards; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the sale or disposition of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under applicable accounting standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments, (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; (xix) items attributable to expenses incurred in connection with a reduction in force or early retirement initiative; or (xx) items relating to any other unusual or nonrecurring events or changes in applicable law, applicable accounting standards or business conditions. For all Awards intended to qualify as Qualified Performance-Based Compensation, such determinations shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code.

2.27 " Performance Period " means the one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance-Based Award.

2.28 " Performance Share " means a right granted to a Participant pursuant to Article 8, to receive Stock, the payment of which is contingent upon achieving certain performance goals established by the Committee.

2.29 " Performance Stock Unit " means a right granted to a Participant pursuant to Article 8, to receive Stock, the payment of which is contingent upon achieving certain performance goals established by the Committee.

2.30 " Plan " means this Integrated Device Technology, Inc. 2004 Equity Plan, as it may be amended from time to time.

2.31 " Qualified Performance-Based Compensation " means any compensation that is intended to qualify as "qualified performance-based compensation" as described in Section 162(m)(4)(C) of the Code.

2.32 " Restricted Stock " means Stock awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.33 " Restricted Stock Unit " means an Award granted pursuant to Section 8.3.

2.34 " Stock " means the common stock of the Company, par value $0.001 per share, and such other securities of the Company that may be substituted for Stock pursuant to Article 11.

2.35 " Stock Appreciation Right " or " SAR " means a right granted pursuant to Article 7 to receive a payment equal to the excess of the Fair Market Value of a specified number of shares of Stock on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award Agreement.

2.36 " Subsidiary " means any corporation or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

2.37 " Substitute Awards " means Awards granted or shares of Stock issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combined.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares .

(a) Subject to Article 11 and Section 3.1(b), the aggregate number of shares of Stock which may be issued or transferred pursuant to Awards under the Plan shall be 46,300,000 shares.

(b) The aggregate number of shares of Stock available for issuance under the Plan shall be reduced by 1.74 shares for each share of Stock delivered in settlement of any Full Value Award which is granted on or after September 23, 2010. Subject to Section 3.1(a), as well as the preceding sentence: (i) the Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards), and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award; (ii) shares of Stock that are potentially deliverable under any Award that expires or is canceled, forfeited, settled in cash or otherwise terminated without a delivery of such shares to the Participant will not be counted as issued or delivered under the Plan; and (iii) shares of Stock that have been issued in connection with any Award (e.g., Restricted Stock) that is canceled, forfeited, or settled in cash such that those shares are returned to the Company will again be available for Awards. Any shares of Stock that again become available for grant pursuant to this Section 3.1(b) shall be added back as (i) as 1.74 shares of Stock if such shares of Stock were subject to Full Value Awards granted on or after September 23, 2010, or (ii) one (1) share of Stock with respect to other Awards. This Section 3.1 shall apply to the share limit imposed to conform to the regulations promulgated under the Code with respect to Incentive Stock Options only to the extent consistent with applicable regulations relating to Incentive Stock Options under the Code and no shares of Stock may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an Incentive Stock Option under Section 422 of the Code. Because shares will count against the number reserved in Section 3.1 upon delivery, the Committee may, subject to the share counting rules under this Section 3.1, determine that Awards may be outstanding that relate to a greater number of shares than the aggregate remaining available under the Plan, so long as Awards will not result in delivery and vesting of shares in excess of the number then available under the Plan. Notwithstanding anything to the contrary contained herein, the following shares of Stock shall not be added to the shares of Stock authorized for grant under Section 3.1(a): (i) shares of Stock tendered by the Participant or withheld by the Company in payment of the exercise price of an Option, (ii) shares of Stock tendered by the Participant or withheld by the Company to satisfy any tax withholding obligation with respect to an Award, and (iii) shares of Stock subject to a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right on exercise thereof.

(c) Substitute Awards shall not reduce the shares of Stock authorized for grant under the Plan or authorized for grant to a Participant in any calendar year. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Stock authorized for grant under the Plan; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or members of the Board prior to such acquisition or combination.

3.2 Stock Distributed. Any Stock distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Stock, treasury Stock or Stock purchased on the open market.

3.3 Limitation on Number of Shares Subject to Awards. Notwithstanding any provision in the Plan to the contrary, and subject to Article 11, the maximum number of shares of Stock with respect to one or more Awards that may be granted to any one Participant during any fiscal year (measured from the date of any grant) shall be 3,000,000.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility.

(a) General. Persons eligible to participate in this Plan include Employees and all members of the Board, as determined by the Committee.

(b) Foreign Participants. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have Employees or members of the Board, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which eligible individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to eligible individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Sections 3.1 and 3.3 of the Plan; and (v) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Limitation on Independent Director Grants. Notwithstanding anything herein to the contrary, the grant of any Award to an Independent Director shall be made by the Board pursuant to a written non-discretionary formula established by the Committee, or any successor committee thereto carrying out its responsibilities on the date of grant of any such Award (the "Non-Employee Director Equity Compensation Policy"). The Non-Employee Director Equity Compensation Policy shall set forth the type of Award(s) to be granted to Independent Directors, the number of shares of Stock to be subject to Independent Director Awards, the conditions on which such Awards shall be granted, become exercisable and/or payable and expire, and such other terms and conditions as the Committee (or such other successor committee as described above) may determine; provided that the combined sum of any cash compensation, and the value of Awards (determined as of the date of grant under Generally Accepted Accounting Principles in the United States) that may be granted under the Plan to an Independent Director as compensation for services as a director during any fiscal year of the Company may not exceed $500,000. The Board may make exceptions to this limit for individual Independent Directors in extraordinary circumstances, such as serving on a special litigation or transactions committee of the Board, as the Committee (or such other successor committee as described above) may determine in its discretion, provided that the Independent Director receiving such additional compensation may not participate in the decision to award such compensation involving the Independent Director.

ARTICLE 5

STOCK OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per share of Stock subject to an Option shall be determined by the Committee and set forth in the Award Agreement; *provided* that the exercise price for any Option shall not be less than 100% of the Fair Market Value of a share of Stock on the date of grant. Notwithstanding the foregoing, Options that are Substitute Awards may be granted with a per share exercise price other than as required in the preceding sentence.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part; *provided* that the term of any Option granted under the Plan shall not exceed ten years. The Committee shall also determine the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation, cash; shares of Stock held for such period of time as may be required by the Committee having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof; or other property acceptable to the Committee (including through the delivery of a notice that the Participant has placed a market sell order with a broker with respect to shares of Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is made to the Company upon settlement of such sale), and the methods by which shares of Stock shall be delivered or deemed to be delivered to Participants. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate

Section 13(k) of the Exchange Act; further, no Participant shall be permitted to pay the exercise price of an Option with a loan from the Company or a loan arranged by the Company.

(d) Evidence of Grant. All Options shall be evidenced by a written or electronic Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Stock Options. Incentive Stock Options may be granted only to Employees of the Company or any parent or subsidiary corporation of the Company (within the meaning of Code Sections 424 (e) and (f)) and the terms of any Incentive Stock Options granted pursuant to the Plan must comply with the following additional provisions of this Section 5.2:

(a) Exercise Price. The exercise price per share of Stock shall be set by the Committee; *provided* that the exercise price for any Incentive Stock Option shall not be less than 100% of the Fair Market Value on the date of grant.

(b) Expiration of Option. An Incentive Stock Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement.

(ii) One year after the date of the Participant's termination of employment or service on account of Disability or death. Upon the Participant's Disability or death, any Incentive Stock Options exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Stock Option or dies intestate, by the person or persons entitled to receive the Incentive Stock Option pursuant to the applicable laws of descent and distribution.

(c) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Stock with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

(d) Ten Percent Owners. An Incentive Stock Option shall be granted to any individual who, at the date of grant, owns stock possessing more than ten percent of the total combined voting power of all classes of Stock of the Company or any parent or subsidiary corporation of the Company (within the meaning of Code Sections 424(e) and (f)) only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(e) Notice of Disposition. The Participant shall give the Company prompt notice of any disposition of shares of Stock acquired by exercise of an Incentive Stock Option within (i) two years from the date of grant of such Incentive Stock Option or (ii) one year after the transfer of such shares of Stock to the Participant.

(f) Right to Exercise. During a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant.

5.3 Substitution of Stock Appreciation Rights. The Committee may provide in the Award Agreement evidencing the grant of an Option that the Committee, in its sole discretion, shall have to right to substitute a Stock Appreciation Right for such Option at any time prior to or upon exercise of such Option, subject to the provisions of Section 7.2 hereof; *provided* that such Stock Appreciation Right shall be exercisable for the same number of shares of Stock as such substituted Option would have been exercisable for (and shall also have the same exercise price and remaining term as the substituted Option).

ARTICLE 6

RESTRICTED STOCK AWARDS

6.1 Grant of Restricted Stock. The Committee is authorized to make Awards of Restricted Stock to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Stock shall be evidenced by a written or electronic Restricted Stock Award Agreement.

6.2 Issuance and Restrictions. Subject to Section 10.6, Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends on the Restricted Stock). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 Forfeiture. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited; *provided, however*, that, except as otherwise provided by Section 10.6, the Committee may (a) provide in any Restricted Stock Award Agreement that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

6.4 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing shares of Restricted Stock are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

ARTICLE 7

STOCK APPRECIATION RIGHTS

7.1 Grant of Stock Appreciation Rights. A Stock Appreciation Right may be granted to any Participant selected by the Committee. A Stock Appreciation Right may be granted (a) in connection and simultaneously with the grant of an Option, (b) with respect to a previously granted Option, or (c) independent of an Option. A Stock Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement. The Committee shall determine the time or times at which a Stock Appreciation Right may be exercised in whole or in part; provided that the term of any Stock Appreciation Right granted under the Plan shall not exceed ten (10) years.

7.2 Terms of Stock Appreciation Rights.

(a) A Stock Appreciation Right may or may not be related to an Option and shall have a term set by the Committee. A Stock Appreciation Right shall be exercisable in such installments as the Committee may determine. A Stock Appreciation Right shall cover such number of shares of Stock as the Committee may determine. The exercise price per share of Stock subject to each Stock Appreciation Right shall be set by the Committee; *provided* that the exercise price for any Stock Appreciation Right shall not be less than 100% of the Fair Market Value on the date of grant; and *provided, further*, that, the Committee in its sole and absolute discretion may provide that the Stock Appreciation Right may be exercised subsequent to a termination of employment or service, as applicable, or following a Change in Control of the Company, or because of the Participant’s retirement, death or disability, or otherwise.

(b) A Stock Appreciation Right shall entitle the Participant (or other person entitled to exercise the Stock Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Stock Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Stock Appreciation Right from the Fair Market Value of a share of Stock on the date of exercise of the Stock Appreciation Right by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised, subject to any limitations the Committee may impose.

7.3 Payment and Limitations on Exercise.

(a) Payment of the amounts determined under Section 7.2 above shall be in cash, in Stock (based on its Fair Market Value as of the date the Stock Appreciation Right is exercised) or a combination of both, as determined by the Committee.

(b) To the extent any payment under Section 7.2 is effected in Stock it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

ARTICLE 8

OTHER TYPES OF AWARDS

8.1 Performance Share Awards. Any Participant selected by the Committee may be granted one or more Performance Share awards which shall be denominated in a number of shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.2 Performance Stock Units. Any Participant selected by the Committee may be granted one or more Performance Stock Unit awards which shall be denominated in unit equivalent shares of Stock and/or units of value including dollar value of shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Participant.

8.3 Restricted Stock Units. The Committee is authorized to make Awards of Restricted Stock Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Stock Units shall become fully vested and non-forfeitable, and may specify such conditions to vesting as it deems appropriate subject to Section 10.6. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Stock Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall transfer to the Participant one unrestricted, fully transferable share of Stock for each Restricted Stock Unit scheduled to be paid out on such date and not previously forfeited. The Committee shall specify the purchase price, if any, to be paid by the grantee to the Company for such shares of Stock.

8.4 Other Stock-Based Awards. Any Participant selected by the Committee may be granted one or more Awards that provide Participants with shares of Stock or the right to purchase shares of Stock or that have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in shares of Stock and which may be linked to any one or more of the Performance Criteria or other specific performance criteria determined appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee subject to Section 10.6. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of Award) the contributions, responsibilities and other compensation of the particular Participant.

8.5 Performance Bonus Awards. Any Participant selected by the Committee may be granted one or more Performance-Based Awards in the form of a cash bonus (a "Performance Bonus Award") payable upon the attainment of Performance Goals that are established by the Committee and relate to one or more of the Performance Criteria, in each case on a specified date or dates or over any period or periods determined by the Committee subject to Section 10.6. Any such Performance Bonus Award paid to a Covered Employee shall be based upon objectively determinable bonus formulas established in accordance with Article 9. The maximum amount of any Performance Bonus Award payable to a Covered Employee with respect to any calendar year shall not exceed $5,000,000.

8.6 Term. Except as otherwise provided herein, the term of any Award of Performance Shares, Performance Stock Units, Restricted Stock Units or Other Stock-Based Award shall be set by the Committee in its discretion.

8.7 Exercise or Purchase Price. The Committee may establish the exercise or purchase price, if any, of any Award of Performance Shares, Performance Stock Units, Restricted Stock Units or Other Stock-Based Award; *provided, however,* that such price shall not be less than the par value of a share of Stock on the date of grant, unless otherwise permitted by applicable state law.

8.8 Exercise Upon Termination of Employment or Service. An Award of Performance Shares, Performance Stock Units, Restricted Stock Units and Other Stock-Based Award shall only be exercisable or payable while the Participant is an Employee, or a member of the Board, as applicable; *provided, however,* that the Committee in its sole and absolute discretion may provide that an Award of Performance Shares, Performance Stock Units, Restricted Stock Units or Other Stock-Based Award may be exercised or paid subsequent to a termination of employment or service, as applicable, or following a Change in Control of the Company, or because of the Participant's retirement, death or disability, or otherwise; *provided*, *however,* that any such provision with respect to Performance Shares or Performance Stock Units shall be subject to the requirements of Section 162(m) of the Code that apply to Qualified Performance-Based Compensation.

8.9 Form of Payment. Payments with respect to any Awards granted under this Article 8 shall be made in cash, in Stock or a combination of both, as determined by the Committee.

8.10 Award Agreement. All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by a written or electronic Award Agreement.

ARTICLE 9

PERFORMANCE-BASED AWARDS

9.1 Purpose. The purpose of this Article 9 is to provide the Committee the ability to qualify Awards other than Options and SARs and that are granted pursuant to Articles 6 and 8 as Qualified Performance-Based Compensation. If the Committee, in its discretion, decides to grant a Performance-Based Award to a Covered Employee, the provisions of this Article 9 shall control over any contrary provision contained in Articles 6 or 8; *provided, however*, that the Committee may in its discretion grant Awards to Covered Employees that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Article 9.

9.2 Applicability. This Article 9 shall apply only to those Covered Employees selected by the Committee to receive Performance-Based Awards. The designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employees as a Participant in such period or in any other period.

9.3 Procedures with Respect to Performance-Based Awards. To the extent necessary to comply with the Qualified Performance-Based Compensation requirements of Section 162(m)(4)(C) of the Code, with respect to any Award granted under Articles 6 and 8 which may be granted to one or more Covered Employees, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by Section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. In determining the amount earned by a Covered Employee, the Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

9.4 Payment of Performance-Based Awards. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company or a Subsidiary on the day a Performance-Based Award for such Performance Period is paid to the Participant. Furthermore, a Participant shall be eligible to receive a payment pursuant to a Performance-Based Award for a Performance Period only if the Performance Goals for such period are achieved.

9.5 Additional Limitations. Notwithstanding any other provision of the Plan, any Award which is granted to a Covered Employee and is intended to constitute Qualified Performance-Based Compensation shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as qualified performance-based compensation as described in Section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

ARTICLE 10

PROVISIONS APPLICABLE TO AWARDS

10.1 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

10.2 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

10.3 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Stock Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish as well as any applicable federal, state, local or foreign securities laws or rules, including the instructions to use a Form S-8 Registration Statement under the Securities Act. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities. Notwithstanding anything to the contrary herein, no Award may be transferred by a Participant to a third-party for consideration absent stockholder approval.

10.4 Beneficiaries. Notwithstanding Section 10.3, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time *provided* the change or revocation is filed with the Committee.

10.5 Stock Certificates; Book Entry. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed or traded. All Stock certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Committee may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee. In addition, notwithstanding any other provision of the Plan, unless otherwise required by any applicable law, rule or regulation, the Company may not deliver to any Participant certificates evidencing shares of Stock issued in connection with any Award and instead record such shares of Stock in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

10.6 Full Value Award Vesting Limitations. Subject to Article 11 and except as may be determined by the Committee in the event of the Participant's death, Disability or retirement, notwithstanding any other provision of this Plan to the contrary, Full Value Awards made to Employees shall become vested over a period of not less than three years (or, in the case of vesting based upon the attainment of Performance Goals or other performance-based objectives, over a period of not less than one year) following the date the Award is made; *provided, however,* that, notwithstanding the foregoing, Full Value Awards that result in the issuance of an aggregate of up to 5% of the shares of Stock available pursuant to Section 3.1(a) (as may be amended from time to time and determined without regard to Section 3.1(b)) may be granted to any one or more Participants without respect to such minimum vesting provisions.

10.7 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

ARTICLE 11

CHANGES IN CAPITAL STRUCTURE

11.1 Adjustments.

(a) In the event of any combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Stock or the share price of the Stock other than an Equity Restructuring, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (i) the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3); (ii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iii) the grant or exercise price per share for any outstanding Awards under the Plan. Any adjustment affecting an Award intended as Qualified Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code.

(b) In the event of any transaction or event described in Section 11.1(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate (including without limitation any Change in Control), or of changes in applicable laws, regulations or accounting principles, the Committee, in its sole discretion and on such terms and conditions as it deems appropriate, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Participant's request, is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any Award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (A) termination of any such Award in exchange for an amount of cash, if any, equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested or (B) the replacement of such Award with other rights or property selected by the Committee in its sole discretion;

(ii) To provide that such Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices; and

(iii) To make adjustments in the number and type of shares of Stock (or other securities or property) subject to outstanding Awards and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and Awards and options, rights and Awards which may be granted in the future.

(c) In connection with the occurrence of any Equity Restructuring, and notwithstanding anything to the contrary in Sections 11.1(a) and 11.1(b):

(i) The number and type of securities subject to each outstanding Award and the exercise price or grant price thereof, if applicable, shall be equitably adjusted. The adjustments provided under this Section 11.1(c)(i) shall be nondiscretionary and shall be final and binding on the affected Participant and the Company.

(ii) The Committee shall make such equitable adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such Equity Restructuring with respect to the aggregate number and kind of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Sections 3.1 and 3.3).

11.2 Acceleration Upon Change in Control. Notwithstanding Section 11.1, if a Change in Control occurs, including by Hostile Takeover, and a Participant's Awards are not converted, assumed, or replaced by a successor, such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse not less than five (5) business days before the consummation of such Change in Control. Upon, or in anticipation of, a Change in Control, the Committee may cause any and all Awards outstanding hereunder to terminate at a specific time in the future, including but not limited to the date of such Change in Control, and shall give each Participant the right to exercise such Awards during a period of time (not to be less than five (5) days) as the Committee, in its sole and absolute discretion, shall determine. In the event that the terms of any agreement between the Company or any Company subsidiary or affiliate and a Participant contains provisions that conflict with and are more restrictive than the provisions of this Section 11.2, this Section 11.2 shall prevail and control and the more restrictive terms of such agreement (and only such terms) shall be of no force or effect.

11.3 Outstanding Awards-Certain Mergers. Subject to any required action by the stockholders of the Company, in the event that the Company shall be the surviving corporation in any merger or consolidation (except a merger or consolidation as a result of which the holders of shares of Stock receive securities of another corporation), each Award outstanding on the date of such merger or consolidation shall pertain to and apply to the securities that a holder of the number of shares of Stock subject to such Award would have received in such merger or consolidation.

11.4 Outstanding Awards - Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 11, the Committee may, in its absolute discretion, make such adjustments in the number and kind of shares or other securities subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

11.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to an Award or the grant or exercise price of any Award.

11.6 Restrictions on Exercise. In the event of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Stock or the share price of the Stock including any Equity Restructuring, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of 30 days prior to the consummation of any such transaction.

ARTICLE 12

ADMINISTRATION

12.1 Committee. The Plan shall be administered by the Compensation Committee of the Board. The Committee shall consist of at least two individuals, each of whom qualifies as (a) a Non-Employee Director, and (b) an "outside director" pursuant to Code Section 162(m) and the regulations issued thereunder. Reference to the Committee shall refer to the Board if the Compensation Committee ceases to exist and the Board does not appoint a successor Committee.

12.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

12.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of shares of Stock to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines; *provided, however*, that the Committee shall not have the authority to accelerate the vesting or waive the forfeiture of any Performance-Based Awards;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Stock, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

12.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

12.5 Delegation of Authority. To the extent permitted by applicable law, the Board or the Committee may from time to time delegate to a committee of one or more members of the Board the authority to grant or amend Awards to Participants other than (a) senior executives of the Company who are subject to Section 16 of the Exchange Act, (b) Covered Employees, or (c) officers of the Company (or members of the Board) to whom authority to grant or amend Awards has been delegated hereunder. Any delegation hereunder shall be subject to the restrictions and limits that the Board or the Committee specifies at the time of such delegation, and the Board or the Committee may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.5 shall serve in such capacity at the pleasure of the Board.

ARTICLE 13

EFFECTIVE AND EXPIRATION DATE

13.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's stockholders (the "Effective Date"). The Plan will be deemed to be approved by the stockholders if it receives the affirmative vote of the holders of a majority of the shares of stock of the Company present or represented and entitled to vote at a meeting duly held in accordance with the applicable provisions of the Company's Bylaws.

13.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of July 21, 2013, the date this Plan, as amended and restated, was approved by the Board. Any Awards that are outstanding on such date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 14

AMENDMENT, MODIFICATION, AND TERMINATION

14.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) stockholder approval is required for any amendment to the Plan that (i) increases the number of shares available under the Plan (other than any adjustment as provided by Article 11), (ii) permits the Committee to grant Options or Stock Appreciation Rights with an exercise price that is below Fair Market Value on the date of grant, or (iii) permits the Committee to extend the exercise period for an Option or Stock Appreciation Right beyond ten years from the date of grant or (iv) results in a material increase in benefits or a change in eligibility requirements. Notwithstanding any provision in this Plan to the contrary, absent approval of the stockholders of the Company,

(i) except as permitted by Article 11, no Option or Stock Appreciation Right may be amended to reduce the per share exercise price of the shares subject to such Option or Stock Appreciation Right below the per share exercise price as of the date the Option or Stock Appreciation Right is granted and, (ii) except as permitted by Article 11, no Award may be granted in exchange for, or in connection with, the cancellation or surrender of an Option or Stock Appreciation Right, having an exercise price per share that is less than the exercise price per share of the original Option or Stock Appreciation Right. Further notwithstanding any provision in this Plan to the contrary, except as permitted by Article 11, absent the approval of the stockholders of the Company, the Committee shall not offer to buy out for a payment in cash, an Option or Stock Appreciation Right previously granted.

14.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 15.14, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 15

GENERAL PROVISIONS

15.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

15.2 No Stockholders Rights. No Award gives the Participant any of the rights of a stockholder of the Company unless and until shares of Stock are in fact issued to such person in connection with such Award.

15.3 Withholding. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold shares of Stock otherwise issuable under an Award (or allow the return of shares of Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Stock which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award within six months (as such other period as may be determined by the Committee) after such shares of Stock were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

15.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Subsidiary.

15.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

15.6 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

15.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

15.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

15.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

15.10 Fractional Shares. No fractional shares of Stock shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

15.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

15.12 Government and Other Regulations. The obligation of the Company to make payment of awards in Stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register pursuant to the Securities Act of 1933, as amended, any of the shares of Stock paid pursuant to the Plan. If the shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act of 1933, as amended, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

15.13 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to any otherwise governing conflicts of law principles.

15.14 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section.

Exhibit 21.1

LIST OF REGISTRANT'S SUBSIDIARIES

	State of other jurisdiction or incorporation
Baccarat Silicon, Inc.	California
Bay Semiconductor, Inc.	California
IDT Asia, Limited	Hong Kong
IDT Bulgaria EOOD	Bulgaria
IDT Canada Inc.	Canada
IDT Europe GmbH	Germany
I.D.T. France S.A.R.L.	France
IDT Semiconductor India Private Limited	India
IDT Singapore Pte. Ltd.	Singapore
IDT Shanghai Co. Ltd.	China
Integrated Circuit Systems, Inc.	Pennsylvania
Integrated Device Technology AB	Sweden
Integrated Device Technology Chengdu Co. Ltd.	China
Integrated Device Technology GmbH	Germany
Integrated Device Technology Ireland Holding, Ltd.	Ireland
Integrated Device Technology (Israel) Ltd.	Israel
Integrated Device Technology Netherlands B.V.	The Netherlands
Integrated Device Technology S.r.l.	Italy
Integrated Device Technology Korea, Inc.	Korea
Integrated Device Technology (Malaysia) SDN. BHD	Malaysia
Integrated Device Technology UK Limited	United Kingdom
Integrated Device Technology Bermuda, Ltd.	Bermuda
Jet City Electronics Inc.	Washington
Nippon IDT G.K.	Japan
Newave Semiconductor Corporation	California
IDTI (Cayman) Limited Cayman	Cayman
IDTI (Cayman) Subsidiary Limited	Cayman
Stichting Voting Trust IDTI	The Netherlands
ZMD America Inc.	California
ZMD Fareast Ltd.	Hong Kong
Senterra Ltd.	Hong Kong
Shenteran Technology Ltd.	China

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-194629, 333-189936, 333-170748, 333-160687, 333-160501, 333-154776, 333-149751, 333-138205, 333-131423, 333-128376, 333-122231, 333-112148, 333-100978, 333-61742, 333-59162, 333-42446, 333-35124, 333-77559, 333-64279, 333-45245, 333-36601, 033-63133, 033-54937 and 333-217128) of Integrated Device Technology, Inc. of our report dated May 19, 2017 relating to the consolidated financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
San Jose, California
May 19, 2017

Exhibit 31.1

Certification of Chief Executive Officer

I, Gregory L. Waters, certify that:

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

By: /s/ GREGORY L. WATERS

Date: May 19, 2017

Gregory L.Waters
President and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer

I, Brian C. White, certify that:

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

By: /s/ BRIAN C. WHITE

Date: May 19, 2017

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

Exhibit 32.1

Certification of Chief Executive Officer

I, Gregory L. Waters, of Integrated Device Technology, Inc. (the “Company”), pursuant to the requirement set forth in Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350, certify to my knowledge that:

(i) the Annual Report on Form 10-K of the Company for the fiscal year ended April 2, 2017 (the "Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

		By:	/s/ GREGORY L. WATERS
Date:	May 19, 2017		Gregory L.Waters *President and Chief Executive Officer*

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

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

Exhibit 32.2

Certification of Chief Financial Officer

I, Brian C. White, of Integrated Device Technology, Inc. (the “Company”), pursuant to the requirement set forth in Rule 13a-14(b) or Rule 15d -14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350, certify to my knowledge that:

(i) the Annual Report on Form 10-K of the Company for the fiscal year ended April 2, 2017 (the "Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ BRIAN C. WHITE

Date: May 19, 2017

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

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

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