LSI Corporation
Reconciliations of Non-GAAP to GAAP measures
(In thousands, except percentages)
(Unaudited)

	Three Months Ended						Nine Months Ended			
	September 29, 2013	% of Rev	June 30, 2013	% of Rev	September 30, 2012	% of Rev	September 29, 2013		September 30, 2012	
Revenues:	$ 606,943		$ 589,583		$ 623,962		1,765,162		1,905,959	
% change in revenues-qtr./qtr.	3%		4%		-5%					
% change in revenues-yr./yr.	-3%		-11%		14%		-7%		25%	
Gross profit margin:										
Gross profit margin - GAAP	312,680	51.5%	299,259	50.8%	312,651	50.1%	901,443	51.1%	931,451	48.8%
Amortization of acquisition-related intangibles	19,746	3.3%	19,746	3.3%	21,348	3.4%	59,238	3.3%	64,086	3.4%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	-	0.0%	-	0.0%	14,458	0.8%
Stock-based compensation	2,059	0.3%	2,237	0.4%	2,573	0.4%	7,171	0.4%	9,088	0.5%
Gross profit margin - Non GAAP	334,485	55.1%	321,242	54.5%	336,572	53.9%	967,852	54.8%	1,019,083	53.5%
Research and development										
Research and development - GAAP	172,296	28.4%	176,448	29.9%	167,488	26.9%	520,049	29.5%	512,923	27.0%
less:										
Stock-based compensation	8,810	1.5%	9,619	1.6%	11,170	1.8%	30,838	1.8%	35,451	1.9%
Research and development - Non GAAP	163,486	26.9%	166,829	28.3%	156,318	25.1%	489,211	27.7%	477,472	25.1%
Selling, general and administrative										
Selling, general and administrative - GAAP	85,422	14.1%	87,432	14.8%	92,032	14.8%	262,349	14.9%	271,046	14.2%
less:										
Amortization of acquisition-related intangibles	9,883	1.7%	9,883	1.7%	8,667	1.4%	29,649	1.7%	26,001	1.4%
Stock-based compensation	9,340	1.5%	10,009	1.6%	13,643	2.2%	29,611	1.7%	38,999	2.0%
Selling, general and administrative - Non GAAP	66,199	10.9%	67,540	11.5%	69,722	11.2%	203,089	11.5%	206,046	10.8%
Operating expenses:										
Operating expenses - GAAP	264,457	43.6%	271,687	46.1%	263,741	42.3%	817,396	46.3%	810,143	42.6%
less:										
Stock-based compensation	18,150	3.1%	19,628	3.3%	24,813	4.0%	60,449	3.4%	74,450	3.9%
Amortization of acquisition-related intangibles	9,883	1.6%	9,883	1.7%	8,667	1.4%	29,649	1.7%	26,001	1.4%
Restructuring of operations and other items, net	6,739	1.1%	7,807	1.3%	4,221	0.7%	34,998	2.0%	26,174	1.4%
Operating expenses - Non-GAAP	229,685	37.8%	234,369	39.8%	226,040	36.2%	692,300	39.2%	683,518	35.9%
Income/(loss) from operations:										
Income from operations - GAAP	48,223	7.9%	27,572	4.7%	48,910	7.8%	84,047	4.8%	121,308	6.3%
Add:										
Stock-based compensation	20,209	3.3%	21,865	3.7%	27,386	4.4%	67,620	3.8%	83,538	4.4%
Amortization of acquisition-related intangibles	29,629	5.0%	29,629	5.0%	30,015	4.8%	88,887	5.0%	90,087	4.7%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	-	0.0%	-	0.0%	14,458	0.8%
Restructuring of operations and other items, net	6,739	1.1%	7,807	1.3%	4,221	0.7%	34,998	2.0%	26,174	1.4%
Income/(loss) from operations - Non-GAAP	104,800	17.3%	86,873	14.7%	110,532	17.7%	275,552	15.6%	335,565	17.6%

LSI CORPORATION
Consolidated Statements of Operations (GAAP)
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended			Nine Months Ended	
	September 29, 2013	**June 30, 2013**	**September 30, 2012**	**September 29, 2013**	**September 30, 2012**
Revenues	$ 606,943	$ 589,583	$ 623,962	$ 1,765,162	$ 1,905,959
Cost of revenues	272,458	268,341	287,390	797,310	886,876
Amortization of acquisition-related intangibles	19,746	19,746	21,348	59,238	64,086
Purchase accounting effect on inventory	-	-	-	-	14,458
Stock-based compensation expense	2,059	2,237	2,573	7,171	9,088
Total cost of revenues	294,263	290,324	311,311	863,719	974,508
Gross profit	312,680	299,259	312,651	901,443	931,451
Research and development	163,486	166,829	156,318	489,211	477,472
Stock-based compensation expense	8,810	9,619	11,170	30,838	35,451
Total research and development	172,296	176,448	167,488	520,049	512,923
Selling, general and administrative	66,199	67,540	69,722	203,089	206,046
Amortization of acquisition-related intangibles	9,883	9,883	8,667	29,649	26,001
Stock-based compensation expense	9,340	10,009	13,643	29,611	38,999
Total selling, general and administrative	85,422	87,432	92,032	262,349	271,046
Restructuring of operations and other items, net	6,739	7,807	4,221	34,998	26,174
Income from operations	48,223	27,572	48,910	84,047	121,308
Interest income and other, net	836	2,248	5,855	10,964	30,105
Income before income taxes	49,059	29,820	54,765	95,011	151,413
Provision for/(benefit from) income taxes	12,500	5,200	15,100	15,400	(22,162)
Net income	$ 36,559	$ 24,620	$ 39,665	$ 79,611	$ 173,575
Net income per share:					
Basic	$ 0.07	$ 0.04	$ 0.07	$ 0.15	$ 0.31
Diluted	$ 0.06	$ 0.04	$ 0.07	$ 0.14	$ 0.30
Shares used in computing per share amounts:					
Basic	545,451	548,282	555,197	547,978	561,708
Diluted	563,621	561,801	572,022	565,570	582,296

Reconciliations of certain GAAP measures to non-GAAP measures are included below.

	Three Months Ended			Nine Months Ended	
Reconciliation of GAAP net income to non-GAAP net income:	**September 29, 2013**	**June 30, 2013**	**September 30, 2012**	**September 29, 2013**	**September 30, 2012**
GAAP net income	$ 36,559	$ 24,620	$ 39,665	$ 79,611	$ 173,575
Special items:					
a) Stock-based compensation expense - cost of revenues	2,059	2,237	2,573	7,171	9,088
b) Stock-based compensation expense - R&D	8,810	9,619	11,170	30,838	35,451
c) Stock-based compensation expense - SG&A	9,340	10,009	13,643	29,611	38,999
d) Amortization of acquisition-related intangibles - cost of revenues	19,746	19,746	21,348	59,238	64,086
e) Amortization of acquisition-related intangibles - SG&A	9,883	9,883	8,667	29,649	26,001
f) Purchase accounting effect on inventory	-	-	-	-	14,458
g) Restructuring of operations and other items, net	6,739	7,807	4,221	34,998	26,174
h) Gain on sale of investments	-	-	(2,550)	-	(2,550)
i) Gain on re-measurement of a pre-acquisition equity interest to fair value	-	-	-	-	(5,765)
j) Income tax effect	-	-	-	-	(43,198)
Total special items	56,577	59,301	59,072	191,505	162,744
Non-GAAP net income	$ 93,136	$ 83,921	$ 98,737	$ 271,116	$ 336,319
Non-GAAP income per share:					
Basic	$ 0.17	$ 0.15	$ 0.18	$ 0.49	$ 0.60
Diluted	$ 0.17	$ 0.15	$ 0.17	$ 0.48	$ 0.58
Shares used in computing non-GAAP per share amounts:					
Basic	545,451	548,282	555,197	547,978	561,708
Diluted	563,621	561,801	572,022	565,570	582,296

LSI Corporation
Reconciliations of Non-GAAP to GAAP measures
(In thousands, except percentages)
(Unaudited)

	Year Ended									
	December 31, 2008	**% of Rev**	**December 31, 2009**	**% of Rev**	**December 31, 2010**	**% of Rev**	**December 31, 2011**	**% of Rev**	**December 31, 2012**	**% of Rev**
Income/(loss) from operations:										
Income from operations/Operating margin - GAAP	$ (686,971)	-36.0%	$ (167,965)	-10.7%	$ 29,327	1.6%	$ 67,318	3.3%	$ 137,557	5.4%
Add:										
Stock-based compensation	61,447	3.2%	53,212	3.4%	54,002	2.9%	50,910	2.5%	108,300	4.3%
Amortization of acquisition-related intangibles	229,595	12.0%	165,283	10.5%	151,212	8.0%	115,935	5.6%	120,072	4.8%
Purchase accounting effect on inventory	-	0.0%	4,405	0.3%	-	0.0%	-	0.0%	14,458	0.6%
Restructuring of operations and other items, net	43,662	2.3%	36,458	2.3%	9,201	0.5%	23,719	1.2%	49,091	2.0%
Goodwill/Intangible assets impairment	541,586	28.4%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Income from operations/Operating margin - Non-GAAP	$ 189,319	9.9%	$ 91,393	5.8%	$ 243,742	13.0%	$ 257,882	12.6%	$ 429,478	17.1%