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

	Three Months Ended					
	October 3, 2010		July 4, 2010		October 4, 2009	
Consolidated revenues:	$ 628,984		$ 639,405		$ 578,419	
% change in revenues-qtr./qtr.	-2%		0%		11%	
% change in revenues-yr./yr.	9%		23%		-19%	
Semiconductor revenues:	$ 390,043		$ 416,698		$ 371,834	
% change in revenues-qtr./qtr.	-6%		0%		8%	
% change in revenues-yr./yr.	5%		21%		-26%	
Storage Systems revenues:	$ 238,941		$ 222,707		$ 206,585	
% change in revenues-qtr./qtr.	7%		1%		17%	
% change in revenues-yr./yr.	16%		26%		-3%	
Consolidated gross profit margin:						
Gross profit margin - GAAP	276,526	44.0%	275,631	43.1%	225,586	39.0%
Amortization of acquisition related intangibles	31,288	5.0%	31,288	4.9%	34,177	5.9%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	1,892	0.3%
Stock based compensation	2,109	0.3%	2,292	0.4%	1,697	0.3%
Gross profit margin-Non GAAP	309,923	49.3%	309,211	48.4%	263,352	45.5%
Semiconductor gross profit margin:						
Gross profit margin - GAAP	185,374	47.5%	194,801	46.7%	152,508	41.0%
Amortization of acquisition related intangibles	28,450	7.4%	28,450	6.8%	32,146	8.6%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	-	0.0%
Stock based compensation	1,716	0.4%	1,906	0.5%	1,388	0.4%
Gross profit margin - Non GAAP	215,540	55.3%	225,157	54.0%	186,042	50.0%
Storage Systems gross profit margin:						
Gross profit margin - GAAP	91,152	38.1%	80,830	36.2%	73,078	35.3%
Amortization of acquisition related intangibles	2,838	1.2%	2,838	1.3%	2,031	1.0%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	1,892	0.9%
Stock based compensation	393	0.2%	386	0.2%	309	0.1%
Gross profit margin - Non GAAP	94,383	39.5%	84,054	37.7%	77,310	37.4%
Consolidated R&D:						
R&D - GAAP	166,272	26.4%	171,153	26.8%	151,047	26.1%
less:						
Stock based compensation	7,714	1.2%	8,644	1.4%	6,386	1.1%
R&D - Non GAAP	158,558	25.2%	162,509	25.4%	144,661	25.0%
Consolidated SG&A:						
SG&A - GAAP	85,355	13.6%	85,811	13.4%	82,175	14.2%
less:						
Amortization of acquisition related intangibles	8,948	1.5%	8,948	1.4%	9,123	1.6%
Stock based compensation	7,135	1.1%	7,559	1.2%	6,729	1.2%
SG&A - Non GAAP	69,272	11.0%	69,304	10.8%	66,323	11.5%
Consolidated operating expenses:						
Operating expenses - GAAP	255,320	40.6%	262,031	41.0%	237,967	41.1%
less:						
Stock based compensation	14,849	2.4%	16,203	2.5%	13,115	2.3%
Amortization of acquisition related intangibles	8,948	1.4%	8,948	1.4%	9,123	1.6%
Restructuring of operations and other items, net	3,693	0.6%	5,067	0.8%	4,745	0.8%
Operating expenses - Non-GAAP	227,830	36.2%	231,813	36.3%	210,984	36.5%
Consolidated operating income/(loss):						
Operating gain/(loss) - GAAP	21,206	3.4%	13,600	2.1%	(12,381)	-2.1%
Add:						
Stock based compensation	16,958	2.7%	18,495	2.9%	14,812	2.6%
Amortization of acquisition related intangibles	40,236	6.4%	40,236	6.3%	43,300	7.5%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	1,892	0.3%
Restructuring of operations and other items, net	3,693	0.6%	5,067	0.8%	4,745	0.8%
Operating income/(loss) - Non-GAAP	82,093	13.1%	77,398	12.1%	52,368	9.1%