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

	Three Months Ended						Twelve Months Ended		Twelve Months Ended	
	December 31, 2010		October 3, 2010		December 31, 2009		December 31, 2010		December 31, 2009	
Consolidated revenues:	$ 664,476		$ 628,984		$ 637,796		$ 2,570,047		$ 2,219,159	
% change in revenues-qtr./qtr.	6%		-2%		10%					
% change in revenues-yr./yr.	4%		9%		5%		16%		-17%	
Semiconductor revenues:	$ 392,511		$ 390,043		$ 380,809		$ 1,615,741		$ 1,421,463	
% change in revenues-qtr./qtr.	1%		-6%		2%					
% change in revenues-yr./yr.	3%		5%		2%		14%		-21%	
Storage Systems revenues:	$ 271,965		$ 238,941		$ 256,987		$ 954,306		$ 797,696	
% change in revenues-qtr./qtr.	14%		7%		24%					
% change in revenues-yr./yr.	6%		16%		9%		20%		-10%	
Consolidated gross profit margin:										
Gross profit margin - GAAP	285,463	43.0%	276,526	44.0%	266,850	41.8%	1,108,865	43.1%	843,401	38.0%
Amortization of acquisition related intangibles	31,367	4.7%	31,288	5.0%	33,448	5.2%	125,231	4.9%	135,102	6.1%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	56	0.0%	-	0.0%	4,498	0.2%
Stock based compensation	2,104	0.3%	2,109	0.3%	1,650	0.3%	8,217	0.3%	7,382	0.3%
Gross profit margin-Non GAAP	318,934	48.0%	309,923	49.3%	302,004	47.4%	1,242,313	48.3%	990,383	44.6%
Semiconductor gross profit margin:										
Gross profit margin - GAAP	179,959	45.8%	185,374	47.5%	164,872	43.3%	746,691	46.2%	564,098	39.7%
Amortization of acquisition related intangibles	28,529	7.3%	28,450	7.4%	31,326	8.2%	113,879	7.0%	127,764	9.0%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Stock based compensation	1,659	0.4%	1,716	0.4%	1,400	0.4%	6,783	0.4%	6,276	0.4%
Gross profit margin - Non GAAP	210,147	53.5%	215,540	55.3%	197,598	51.9%	867,353	53.6%	698,138	49.1%
Storage Systems gross profit margin:										
Gross profit margin - GAAP	105,504	38.8%	91,152	38.1%	101,978	39.6%	362,174	37.9%	279,303	35.0%
Amortization of acquisition related intangibles	2,838	1.0%	2,838	1.2%	2,122	0.8%	11,352	1.2%	7,338	0.9%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	56	0.0%	-	0.0%	4,498	0.6%
Stock based compensation	445	0.2%	393	0.2%	250	0.1%	1,434	0.2%	1,106	0.1%
Gross profit margin - Non GAAP	108,787	40.0%	94,383	39.5%	104,406	40.6%	374,960	39.3%	292,245	36.6%
Consolidated R&D:										
R&D - GAAP	165,525	24.9%	166,272	26.4%	153,062	24.0%	669,822	26.1%	608,312	27.4%
less:										
Stock based compensation	6,258	0.9%	7,714	1.2%	6,536	1.0%	30,514	1.2%	27,979	1.3%
R&D - Non GAAP	159,267	24.0%	158,558	25.2%	146,526	23.0%	639,308	24.9%	580,333	26.2%
Consolidated SG&A:										
SG&A - GAAP	85,515	12.9%	85,355	13.6%	78,355	12.3%	343,013	13.3%	326,014	14.7%
less:										
Amortization of acquisition related intangibles	8,949	1.4%	8,948	1.5%	9,123	1.4%	35,793	1.4%	36,492	1.6%
Stock based compensation	6,195	0.9%	7,135	1.1%	5,993	0.9%	27,710	1.1%	28,622	1.3%
SG&A - Non GAAP	70,371	10.6%	69,272	11.0%	63,239	9.9%	279,510	10.8%	260,900	11.8%
Consolidated operating expenses:										
Operating expenses - GAAP	299,545	45.1%	255,320	40.6%	233,703	36.6%	1,071,720	41.7%	972,572	43.8%
less:										
Stock based compensation	12,453	1.8%	14,849	2.4%	12,529	2.0%	58,224	2.3%	56,601	2.6%
Amortization of acquisition related intangibles	8,949	1.3%	8,948	1.4%	9,123	1.4%	35,793	1.4%	36,492	1.6%
Restructuring of operations and other items, net	48,505	7.3%	3,693	0.6%	2,286	0.4%	58,885	2.3%	38,246	1.7%
Operating expenses - Non-GAAP	229,638	34.7%	227,830	36.2%	209,765	32.9%	918,818	35.7%	841,233	37.9%
Consolidated operating income/(loss):										
Operating gain/(loss) - GAAP	(14,082)	-2.1%	21,206	3.4%	33,147	5.2%	37,145	1.4%	(129,171)	-5.8%
Add:										
Stock based compensation	14,557	2.1%	16,958	2.7%	14,179	2.2%	66,441	2.6%	63,983	2.9%
Amortization of acquisition related intangibles	40,316	6.1%	40,236	6.4%	42,571	6.7%	161,024	6.3%	171,594	7.7%
Purchase accounting effect on inventory	-	0.0%	-	0.0%	56	0.0%	-	0.0%	4,498	0.2%
Restructuring of operations and other items, net	48,505	7.3%	3,693	0.6%	2,286	0.4%	58,885	2.3%	38,246	1.7%
Operating income/(loss) - Non-GAAP	89,296	13.4%	82,093	13.1%	92,239	14.5%	323,495	12.6%	149,150	6.7%