January 27, 2009

RF Micro Devices Announces December 2008 Quarterly Results

RFMD(R) Generated Approximately $46 Million In Operating Cash Flow In December Quarter

Business Highlights:

- Quarterly Revenue Totaled $202 Million In December 2008 Quarter

- Cash And Short-Term Investments Increased Approximately $19 Million Sequentially

- Company Repurchased Approximately $33 Million Par Value Of Its Convertible Bonds

- Company Recorded Approximately $750 Million In Asset Impairment And Inventory-Related Charges

- Quarterly GAAP Diluted Loss Per Share (LPS) Totaled ($3.09), And Quarterly Non-GAAP Diluted Loss Per Share Totaled ($0.05)

- RFMD Surpassed Its Previously Announced Target Of $75 Million In Annualized Expense Reductions

GREENSBORO, N.C., Jan. 27 /PRNewswire-FirstCall/ -- RF Micro Devices, Inc. (Nasdaq: RFMD), a global leader in the design and manufacture of high-performance semiconductor components, today reported financial results for its fiscal 2009 third quarter ended December 27, 2008. RFMD's December quarterly revenue decreased approximately 25.6% sequentially to $202 million, reflecting a rapidly declining demand environment. GAAP gross margin decreased sequentially from 28.3% to 19.0%, and non-GAAP gross margin decreased from 31.6% to 22.6% during the same period, primarily as a result of the sequential decrease in revenue, low factory utilization rates and inventory-related charges of approximately ($25) million. Operating loss was approximately ($754) million on a GAAP basis, reflecting asset impairment and inventory-related charges, and approximately ($8.3) million on a non-GAAP basis, reflecting reduced revenue and gross profit, partially offset by a reduction in operating expenses. Net loss was approximately ($813.3) million on a GAAP basis and approximately ($12.9) million on a non-GAAP basis. The asset impairment and inventory-related charges for the quarter were consistent with the amounts previously disclosed by RFMD on January 21, 2009.

RFMD® Product Group Highlights

CPG

-- Shipments of cellular components decreased sequentially, due primarily to reduced handset demand and excess inventories at handset original equipment manufacturers (OEMs) -- CPG supported the launch of multiple 2G and 3G multimode handsets at a leading Korean handset OEM and added the OEM as a 10% customer -- Sales to another top-five handset OEM continued to ramp and more than doubled sequentially -- RFMD shipped production volumes of cellular front ends to all five of the world's top-five handset OEMs -- RFMD secured major GSM/GPRS design wins at leading OEMs and platform providers in Korea, Taiwan and China -- RFMD launched multiple new RF front end and switch products targeting GPRS, WCDMA, CDMA and WiMAX -- RFMD supported the launch of two new mass-market EDGE handsets featuring POLARIS®

MPG

-- Shipments of RF components decreased sequentially, due primarily to reduced end-market demand and excess inventories -- MPG expects to be a beneficiary of the increasing content opportunity in 3G cellular infrastructure in China, beginning in the March quarter -- RFMD signed a new government contract for additional funding for its gallium nitride (GaN) process technology development -- RFMD anticipates increasing GaN-based revenue in calendar year 2009 related to CATV line amplifiers and defense radar applications -- MPG released 20 new products and more than 50 derivative products in the December quarter and is on track to release 100 new products and more than 250 derivative products during RFMD's 2009 fiscal year

GAAP RESULTS (in millions, except percentages and per share data) Q3 Fiscal Q2 Fiscal % Change Q3 Fiscal % Change 2009 2009 vs. Q2 2008 vs. Q3 2009 2008

Revenue $202.0 $271.7 (25.6)% $268.2 (24.7)% Gross Margin 19.0% 28.3% (9.3)ppt 26.2% (7.2)ppt Operating Loss $(754.0) $(19.0) 3,859.1% $(24.4) 2,988.3% Net Loss $(813.3) $(11.8) 6,804.9% $(15.1) 5,294.6% Diluted (LPS) $(3.09) $(0.04) 6,775.1% $(0.06) 4,920.9%

NON-GAAP RESULTS (excluding share-based compensation, amortization of intangibles, impairment of goodwill and intangibles, amortization of acquisition-related inventory step-up, acquired in process research and development charge, manufacturing start-up costs, gain on retirement of convertible subordinated notes, restructuring charges, and tax adjustment)

(in millions, except percentages and per share data) Q3 Fiscal Q2 Fiscal % Change Q3 Fiscal % Change 2009 2009 vs. Q2 2008 vs. Q3 2009 2008

Gross Margin 22.6% 31.6% (9.0)ppt 29.6% (7.0)ppt Operating (Loss) Income $(8.3) $18.0 (146.5)% $6.1 (236.6)% Net (Loss) Income $(12.9) $18.6 (169.2)% $15.4 (183.4)% Diluted (LPS) EPS $(0.05) $0.07 (174.9)% $0.06 (174.4)%

Financial Guidance And Business Outlook

RFMD believes that current market conditions have created a high degree of uncertainty regarding customer demand. As a result, RFMD is suspending its practice of providing detailed quarterly guidance and is instead providing the following insight into its internal planning assumptions related to its anticipated cash flows.

-- RFMD currently expects March quarterly revenue will decline more than seasonally, as end-demand remains weak and customers continue to reduce their inventory levels. -- RFMD currently anticipates a significant reduction in its inventory levels in the March quarter, which is expected to favorably impact cash flow from operations and negatively impact gross margin as a result of the lower factory utilization rates. -- RFMD currently expects its net cash and short-term investments will increase in the March quarter, although it may utilize a portion of its available cash to repurchase its outstanding convertible notes on an opportunistic basis. -- RFMD continues to anticipate $80-$120 million in free cash flow (cash flow from operations less capital expenditures) during its 2010 fiscal year, which begins on March 29, 2009.

RFMD's actual quarterly and annual results may differ, and such differences may be material.

Comments From Management

Bob Bruggeworth, president and CEO of RFMD, said, "The fiscal discipline underlying our strategic restructuring three quarters ago is not only intact, it is central to our operating plan and execution as we manage through the current economic downturn. RFMD today is flexible and agile, and we are actively managing our manufacturing capacities and our expense structure to match what we anticipate to be the near-term demand environment.

"Despite the decreasing end-market demand, design activity for our products has remained strong. RFMD is firmly committed to customer and end-market diversification and continued investments in new products and new enabling technologies. We are confident this focus will serve us well in the current environment and as global markets begin to recover."

Dean Priddy, CFO and corporate vice president of administration of RFMD, said, "RFMD's flexibility and agility allow us to proactively manage for cash flow and improve RFMD's balance sheet. Despite the rapidly declining demand environment in the December quarter, RFMD delivered $40 million in free cash flow and reduced net debt (long-term debt less cash, cash equivalents and short-term investments) by $52 million. We are structuring RFMD for superior financial leverage and significantly improved return on invested capital."

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with United States (U.S.) generally accepted accounting principles (GAAP), RFMD's earnings release contains the following non-GAAP financial measures: (i) non-GAAP gross margin, (ii) non-GAAP operating (loss) income, (iii) non-GAAP net (loss) income, (iv) non-GAAP net (loss) income per diluted share, (v) free cash flow, and (vi) net debt. Each of these non-GAAP financial measures is either adjusted from GAAP results to exclude certain expenses or derived from multiple GAAP measures, which are outlined in the "Reconciliation of GAAP to Non-GAAP Financial Measures" table on pages 10 and the "Additional Selected Non-GAAP Financial Measures And Reconciliations" table on page 11.

In managing RFMD's business on a consolidated basis, management develops an annual operating plan, which is approved by our Board of Directors, using non-GAAP financial measures. In developing and monitoring performance against this plan, management considers the actual or potential impacts on these non-GAAP financial measures from actions taken to reduce unit costs with the goal of increasing gross margin. In addition, management relies upon these non-GAAP financial measures to assess whether research and development efforts are at an appropriate level, and when making decisions about product spending, administrative budgets, and marketing programs. In addition, we believe that non-GAAP financial measures provide useful supplemental information to investors and enable investors to analyze the results of operations in the same way as management. We have chosen to provide this supplemental information to enable investors to perform additional comparisons of operating results, to assess our liquidity and capital position and to analyze financial performance excluding the effect of certain non-cash expenses, unusual items and share-based compensation expense, which may obscure trends in RFMD's underlying performance.

We believe that these non-GAAP financial measures offer an additional view of RFMD's operations that, when coupled with the GAAP results and the reconciliations to corresponding GAAP financial measures, provide a more complete understanding of RFMD's results of operations and the factors and trends affecting RFMD's business. However, these non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Our rationale for using these non-GAAP financial measures, as well as their impact on the presentation of RFMD's operations, are outlined below:

Non-GAAP gross margin. Non-GAAP gross margin excludes share-based compensation expense, amortization of intangible assets, an adjustment for adverse macroeconomic conditions, an adjustment for restructuring charges, an adjustment for manufacturing facility relocation and related costs and an adjustment for amortization of acquisition-related inventory step-up. We believe that exclusion of these costs in presenting non-GAAP gross margin gives management and investors a more effective means of evaluating RFMD's historical performance and projected costs and the potential for realizing cost efficiencies. We believe that the majority of RFMD's purchased intangibles are not relevant to analyzing current operations because they generally represent costs incurred by the acquired company to build value prior to acquisition, and thus are effectively part of transaction costs rather than ongoing costs of operating RFMD's business. In this regard, we note that (i) once the intangibles are fully amortized, the intangibles will not be replaced with cash costs and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time, and (ii) although we set the amortization expense based on useful life of the various assets at the time of the transaction, we cannot influence the timing and amount of the future amortization expense recognition once the lives are established. Similarly, we believe that presentation of non-GAAP gross margin and other non-GAAP financial measures that exclude the impact of share-based compensation expense assists management and investors in evaluating the period-over-period performance of RFMD's ongoing operations because (i) the expenses are non-cash in nature, and (ii) although the size of the grants is within our control, the amount of expense varies depending on factors such as short-term fluctuations in stock price volatility and prevailing interest rates, which can be unrelated to the operational performance of RFMD during the period in which the expense is incurred and generally is outside the control of management. Moreover, we believe that the exclusion of share-based compensation expense in presenting non-GAAP gross margin and other non-GAAP financial measures is useful to investors to understand the impact of the expensing of share-based compensation to RFMD's gross margins and other financial measures in comparison to both prior periods as well as to its competitors. We also believe that the adjustments to margin related to business acquisitions (amortization of acquisition-related inventory step-up), restructuring charges, manufacturing facility relocation and related costs and adverse macroeconomic conditions do not constitute part of RFMD's ongoing operations and therefore the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance.

We believe disclosure of non-GAAP gross margin has economic substance because the excluded expenses do not represent continuing cash expenditures and, as described above, we have little control over the timing and amount of the expenses in question.

Non-GAAP operating (loss) income. Non-GAAP operating (loss) income excludes share-based compensation expense, amortization of intangible assets, restructuring charges, impairment of goodwill and intangibles, acquired in-process research and development, amortization of acquisition-related inventory step-up and manufacturing start-up costs. We believe that presentation of a measure of operating income that excludes amortization of intangible assets and share-based compensation expense is useful to both management and investors for the same reasons as described above with respect to our use of non-GAAP gross margin. We believe that restructuring charges, impairment of goodwill and intangibles, manufacturing start-up costs, acquired in-process research and development and amortization of acquisition-related inventory step-up do not constitute part of RFMD's ongoing operations and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of non-GAAP operating income has economic substance because the excluded expenses are either non-recurring in nature or do not represent current cash expenditures.

Non-GAAP net (loss) income and non-GAAP net (loss) income per diluted share. Non-GAAP net (loss) income and non-GAAP net (loss) income per diluted share exclude the effects of share-based compensation expense, amortization of intangible assets, restructuring charges, impairment of goodwill and intangibles, manufacturing start-up costs, acquired in-process research and development, amortization of acquisition-related inventory step-up and gain on retirement of convertible subordinated notes and also reflect an adjustment of income taxes. We believe that presentation of measures of net (loss) income and net (loss) income per diluted share that exclude these items is useful to both management and investors for the reasons described above with respect to non-GAAP gross margin and non-GAAP operating (loss) income. We believe disclosure of non-GAAP net (loss) income and non-GAAP net (loss) income per diluted share has economic substance because the excluded expenses are either non-recurring in nature, do not represent current cash expenditures, or are variable in nature and thus unlikely to become recurring expenses.

Free cash flow. RFMD defines free cash flow as net cash provided by operating activities during the period minus property and equipment expenditures made during the period. We use free cash flow as a supplemental financial measure in our evaluation of liquidity and financial strength. Management believes that this measure is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow should be considered in addition to, rather than as a substitute for, net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity. Additionally, our definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statement of cash flows.

Net debt. RFMD defines net debt as total long-term debt less cash, cash equivalents and short-term investments. Management believes that this measure provides useful information regarding the level of RFMD's indebtedness by reflecting cash and investments that could be used to repay debt at or prior to maturity.

Limitations of non-GAAP financial measures. The primary material limitations associated with the use of non-GAAP gross margin, non-GAAP operating (loss) income, non-GAAP net (loss) income, non-GAAP net (loss) income per diluted share, free cash flow and net debt as compared to the most directly comparable GAAP financial measures of gross margin, operating (loss) income, net (loss) income, net (loss) income per diluted share, net cash provided by operating activities and total long-term debt are (i) they may not be comparable to similarly titled measures used by other companies in RFMD's industry, and (ii) they exclude financial information that some may consider important in evaluating our performance. We compensate for these limitations by providing full disclosure of the differences between these non-GAAP financial measures and the corresponding GAAP financial measures, including a reconciliation of the non-GAAP financial measures to the corresponding GAAP financial measures, to enable investors to perform their own analysis of our gross margin, operating (loss) income, net (loss) income, net (loss) income per diluted share, net cash provided by operating activities and total long-term debt.

RF Micro Devices will conduct a conference call at 5:00 p.m. EST today to discuss today's press release. The conference call will be broadcast live over the Internet and can be accessed by any interested party at http://www.earnings.com or http://www.rfmd.com (under Investor Info). A telephone playback of the conference call will be available approximately one hour after the call's completion by dialing 303-590-3000 and entering pass code 11124588.

About RFMD: About RFMD: RF Micro Devices, Inc. (Nasdaq GS: RFMD) is a global leader in the design and manufacture of high-performance semiconductor components. RFMD's products enable worldwide mobility, provide enhanced connectivity and support advanced functionality in the cellular handset, wireless infrastructure, wireless local area network (WLAN), CATV/broadband and aerospace and defense markets. RFMD is recognized for its diverse portfolio of semiconductor technologies and RF systems expertise and is a preferred supplier to the world's leading mobile device, customer premises and communications equipment providers.

Headquartered in Greensboro, N.C., RFMD is an ISO 9001- and ISO 14001-certified manufacturer with worldwide engineering, design, sales and service facilities. RFMD is traded on the NASDAQ Global Select Market under the symbol RFMD. For more information, please visit RFMD's web site at www.rfmd.com.

This press release includes "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations and contentions and are not historical facts and typically are identified by use of terms such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" and similar words, although some forward-looking statements are expressed differently. You should be aware that the forward-looking statements included herein represent management's current judgment and expectations, but our actual results, events and performance could differ materially from those expressed or implied by forward-looking statements. We do not intend to update any of these forward-looking statements or publicly announce the results of any revisions to these forward-looking statements, other than as is required under the federal securities laws. RF Micro Devices' business is subject to numerous risks and uncertainties, including variability in quarterly operating results, the impact of global macroeconomic and credit conditions on our business, the rate of growth and development of wireless markets, risks associated with our planned exit from our wireless systems business, including cellular transceivers and GPS solutions, the risk that restructuring charges may be greater than originally anticipated and that the cost savings and other benefits from the restructuring may not be achieved, the risk that the actual amount and impact of the non-cash impairment charges may vary from estimates, risks associated with the operation of our wafer fabrication facilities, molecular beam epitaxy facility, assembly facility and test and tape and reel facilities, our ability to complete acquisitions and integrate acquired companies, including the risk that we may not realize expected synergies from our business combinations, our ability to attract and retain skilled personnel and develop leaders, variability in production yields, our ability to reduce costs and improve gross margins by implementing innovative technologies, our ability to bring new products to market, our ability to adjust production capacity in a timely fashion in response to changes in demand for our products, dependence on a limited number of customers, and dependence on third parties. These and other risks and uncertainties, which are described in more detail in RF Micro Devices' most recent Annual Report on Form 10-K and other reports and statements filed with the Securities and Exchange Commission, could cause actual results and developments to be materially different from those expressed or implied by any of these forward-looking statements.

Tables To Follow

RF MICRO DEVICES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share data) (Unaudited)

Three Months Ended December 27, 2008 December 29, 2007

Total revenue $202,025 $268,182

Costs and expenses: Cost of goods sold 163,613 197,872 Research and development 38,617 53,921 Marketing and selling 15,511 14,371 General and administrative 10,613 11,015 Other operating expense 727,697 15,419

Total costs and expenses 956,051 292,598

Operating loss (754,026) (24,416) Other income 3,815 5,970

Loss before income taxes $(750,211) $(18,446) Income tax (expense) benefit (63,132) 3,369

Net loss $(813,343) $(15,077)

Net loss per share, diluted $(3.09) $(0.06)

Weighted average outstanding diluted shares 263,227 244,985

RF MICRO DEVICES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except per share data) (Unaudited)

Nine Months Ended December 27, 2008 December 29, 2007

Total revenue $714,186 $735,626

Costs and expenses: Cost of goods sold 526,676 516,353 Research and development 135,034 150,421 Marketing and selling 51,186 39,513 General and administrative 39,453 29,620 Other operating expense 774,611 17,788

Total costs and expenses 1,526,960 753,695

Operating loss (812,774) (18,069) Other income 3,448 19,411

(Loss) income before income taxes $(809,326) $1,342 Income tax (expense) benefit (39,919) 21,645

Net (loss) income $(849,245) $22,987

Net (loss) income per share, diluted $(3.24) $0.10

Weighted average outstanding diluted shares 262,186 244,818

RF MICRO DEVICES, INC. AND SUBSIDIARIES RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (In thousands, except per share data) (Unaudited)

Three Months Ended December 27, September 27, December 29, 2008 2008 2007

GAAP operating loss $(754,026) $(19,045) $(24,416) Share-based compensation expense 5,328 8,600 4,711 Amortization of intangible assets 7,239 7,295 4,706 Acquired in process research and development - - 13,860 Amortization of acquisition-related inventory step-up - 2,699 3,980 Restructuring charges related to adverse macroeconomic conditions 54,660 - - Impairment of goodwill and Intangibles 673,027 - 1,221 Charges related to fiscal 2009 strategic restructuring 5,115 17,638 - Other restructuring and integration charges 308 407 1,210 Manufacturing start-up costs 2 367 838 Non-GAAP operating (loss) income (8,347) 17,961 6,110

GAAP net loss (813,343) (11,779) (15,077) Share-based compensation expense 5,328 8,600 4,711 Amortization of intangible assets 7,239 7,295 4,706 Acquired in process research and development - - 13,860 Amortization of acquisition- related inventory step-up - 2,699 3,980 Restructuring charges related to adverse macroeconomic conditions 54,660 - - Impairment of goodwill and Intangibles 673,027 - 1,221 Charges related to fiscal 2009 strategic restructuring 5,115 17,638 - Other restructuring and integration charges 308 407 1,210 Manufacturing start-up costs 2 367 838 Gain on retirement of convertible subordinated notes (10,667) - - Tax adjustments 65,439 (6,601) -

Non-GAAP net (loss) income (12,892) 18,626 15,449 Plus: Income impact of assumed conversions for interest on 1.50% convertible notes - 661 669 Non-GAAP net (loss) income plus assumed conversion of notes- Numerator for diluted income per share $(12,892) $19,287 $16,118

GAAP weighted average outstanding diluted shares 263,227 262,091 244,985 Adjustments: Diluted stock options - 2,615 4,408 Assumed conversion of 1.50% convertible notes - 30,144 30,144 Non-GAAP weighted average outstanding diluted shares 263,227 294,850 279,537

Non-GAAP net (loss) income per share, diluted $(0.05) $0.07 $0.06

GAAP gross margin percentage 19.0% 28.3% 26.2% Adjustment for intangible amortization 2.5% 1.9% 1.3% Adjustment for adverse macroeconomic conditions 0.7% - - Adjustment for amortization of acquisition-related inventory step-up - 1.0% 1.5% Adjustment for share-based Compensation 0.3% 0.4% 0.4% Other restructuring and integration charges 0.1% - - Adjustment for manufacturing facility relocation and related costs - - 0.2% Non-GAAP gross margin percentage 22.6% 31.6% 29.6%

RF MICRO DEVICES, INC. AND SUBSIDIARIES ADDITIONAL SELECTED NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS (In millions) (Unaudited)

Three Months Ended Three Months Ended Free Cash Flow (1) December 27, 2008 September 27, 2008 Net cash provided by operating activities $46 $39 Purchase of property and equipment (6) (18) Free cash flow $40 $21

Net Debt (2) December 27, 2008 September 27, 2008 Total long-term debt $582 $615 Cash and cash equivalents (145) (169) Short-term investments (93) (50) Net Debt $344 $396

(1) Free Cash Flow is calculated as net cash provided by operating activities minus property and equipment expenditures.

(2) Net Debt is calculated as total long-term debt less cash, cash equivalents and short-term investments.

RF MICRO DEVICES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (In thousands)

December 27, March 29, 2008 2008 (Unaudited) (Audited)

ASSETS Current assets: Cash and cash equivalents $145,402 $129,750 Restricted cash 63 504 Short-term investments 92,854 100,841 Accounts receivable, net 75,873 115,629 Inventories 151,290 190,753 Other current assets 42,909 84,556 Total current assets 508,391 622,033

Property and equipment, net 337,849 430,237 Goodwill 107,583 701,317 Long-term investments 19,343 26,336 Intangible assets, net 127,939 205,072 Other assets 20,163 32,200 Total assets $1,121,268 $2,017,195

LIABILITIES AND SHAREHOLDERS' EQUITY Current liabilities: Accounts payable and accrued liabilities $92,494 $130,785 Current portion - long-term debt 187 4,523 Other short-term liabilities, net 10,058 283 Total current liabilities 102,739 135,591

Long-term debt, net 581,984 616,698 Other long-term liabilities 28,098 26,269 Total liabilities 712,821 778,558

Shareholders' equity: Total shareholders' equity 408,447 1,238,637

Total liabilities and shareholders' Equity $1,121,268 $2,017,195

SOURCE RF Micro Devices, Inc.

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