



January 24, 2012

RFMD® Announces December Quarterly Results

GREENSBORO, N.C., Jan. 24, 2012 /PRNewswire/ --

Quarterly Highlights:

- Quarterly Revenue Totals \$225.4 Million
- Sales Of 3G/4G Components Increase Sequentially, Outpacing Smartphone Market Growth
- GAAP Operating Loss Is (\$2.2) Million, And GAAP Diluted LPS Is (\$0.03)
- Non-GAAP Operating Income Is \$8.8 Million, And Non-GAAP Diluted EPS Is \$0.02
- Quarterly Shipments Of Switch And Signal Conditioning Products Exceed \$25 Million

RF Micro Devices, Inc. (Nasdaq GS: RFMD), a global leader in the design and manufacture of high-performance radio frequency components and compound semiconductor technologies, today reported financial results for its fiscal 2012 third quarter ended December 31, 2011.

RFMD's third quarter revenue was \$225.4 million, a decrease of approximately 8% sequentially versus \$243.8 million in the September 2011 quarter, highlighted by market share gains in smartphones, offset by below-forecast sales to manufacturers of cellular handsets in China. On a GAAP basis, gross margin equaled 28.2%, quarterly operating loss totaled (\$2.2) million, and quarterly net loss was (\$9.4) million, or (\$0.03) per diluted share. On a non-GAAP basis, gross margin equaled 30.2%, quarterly operating income totaled \$8.8 million, and quarterly net income was \$5.1 million, or \$0.02 per diluted share.

During the December quarter, RFMD generated approximately \$46.2 million in cash flow from operations and \$37.5 million in free cash flow. RFMD repurchased approximately 2.3 million shares of common stock during the quarter and purchased and retired \$6.0 million principal amount of convertible debt.

Strategic Highlights

- RFMD continued to diversify its customer base, with approximately 100% year-over-year revenue growth during the quarter at Foxconn, HTC, Huawei, Motorola, and Research In Motion
- Shipments of switch and signal conditioning products surpassed \$25 million in quarterly revenue, in support of Foxconn, HTC, Samsung, LG, Research In Motion, and others
- CPG continued to ramp its ultra-high efficiency 3G/4G PAs across a broad range of leading smartphone manufacturers
- CPG ramped PowerSmart® with an additional baseband supplier and is engaged with leading LTE baseband suppliers to deliver PowerSmart LTE to their customers
- CPG secured a major PA design win on a reference design for the 3G entry market
- MPG released a broad range of new products during the quarter, including 15 new high frequency MMICs operating from 6 to 27 GHz for microwave backhaul
- RFMD secured major GaN-based design wins and commenced volume shipments of GaN-based components to a major defense contractor

GAAP RESULTS

(in millions, except percentages and per share data)	Q3 Fiscal 2012	Q2 Fiscal 2012	Change vs. Q2 2012	Q3 Fiscal 2011	Change vs. Q3 2011
Revenue	\$ 225.4	\$ 243.8	(7.5)%	\$ 278.8	(19.2)%
Gross Margin	28.2%	37.1%	(8.9) ppt	37.0%	(8.8) ppt
Operating (Loss) Income	\$ (2.2)	\$ 23.0	\$ (25.2)	\$ 43.3	\$ (45.5)
Net (Loss) Income	\$ (9.4)	\$ 14.3	\$ (23.7)	\$ 36.7	\$ (46.1)
Diluted (LPS) EPS	\$ (0.03)	\$ 0.05	\$ (0.08)	\$ 0.13	\$ (0.16)

NON-GAAP RESULTS (excluding share-based compensation, amortization of intangibles, integration charges, start-up costs, loss on retirement of convertible subordinated notes, restructuring charges, (gain) loss on PP&E, (income) loss from equity investment, and non-cash interest expense on convertible subordinated notes and tax adjustments)

(in millions, except percentages and per share data)	Q3 Fiscal 2012	Q2 Fiscal 2012	Change vs. Q2 2012	Q3 Fiscal 2011	Change vs. Q3 2011
Gross Margin	30.2%	39.1%	(8.9) ppt	38.7%	(8.5) ppt
Operating Income	\$ 8.8	\$ 37.4	\$ (28.6)	\$ 54.0	\$ (45.2)
Net Income	\$ 5.1	\$ 31.1	\$ (26.0)	\$ 52.6	\$ (47.5)
Diluted EPS	\$ 0.02	\$ 0.11	\$ (0.09)	\$ 0.19	\$ (0.17)

Financial Outlook and Business Commentary

For the March quarter, RFMD anticipates share gains in smartphones and projects 3G/4G products will represent approximately two-thirds of total cellular revenue. The Company currently forecasts a greater-than-seasonal decline in sales to cellular handset manufacturers in China, primarily as a result of the impact of lunar new year on order visibility and the projected impact of channel inventory.

RFMD currently believes the demand environment in its end markets supports the following expectations and projections for the March 2012 quarter:

- RFMD expects March quarter revenue of approximately \$185 million
- RFMD expects gross margin to improve 200-300 basis points
- RFMD expects non-GAAP per share results of breakeven to (\$.02)
- RFMD expects to reduce inventory levels and generate positive free cash flow

RFMD's actual quarterly results may differ from these expectations and projections, and such differences may be material.

Comments From Management

Bob Bruggeworth, president and chief executive officer of RFMD, said, "Although RFMD's December quarter clearly did not live up to our expectations, RFMD's growth drivers are very much intact, led by industry-leading new products and the release of exciting new product categories, like RFMD's antenna control solutions. In the March 2012 quarter, we anticipate sales of 3G/4G components will continue to increase as a percentage of CPG revenue, and we expect MPG will outperform its underlying markets. We have begun to see signs of stabilization in customer order activity, and we believe RFMD will return to growth in the June 2012 quarter."

Dean Priddy, CFO and vice president of administration of RFMD, said, "During the December quarter, RFMD's market share gains in smartphones were offset by less than forecasted demand from manufacturers of handsets in China. Despite this, RFMD was able to generate cash flow from operations of approximately \$46 million and free cash flow of approximately \$38 million. In the March 2012 quarter, we currently expect sequential improvement in gross margin, and we anticipate RFMD's gross margin will return to historical levels as revenue growth resumes."

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 some or all of the following non-GAAP financial measures: (i) non-GAAP gross profit and gross margin, (ii) non-GAAP operating income and operating margin, (iii) non-GAAP net income, (iv) non-GAAP net income per diluted share, (v) non-GAAP operating expenses (research and development, marketing and selling and general and administrative), (vi) free cash flow, (vii), EBITDA, (viii) return on invested capital (ROIC), and (ix) net debt or positive net cash. 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" tables on page 10 and the "Additional Selected Non-GAAP Financial Measures And Reconciliations" tables on pages 11 and 12.

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 and operating 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 expenses unrelated to operations, certain non-cash expenses 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 profit and gross margin. Non-GAAP gross profit and gross margin exclude share-based compensation expense, amortization of intangible assets, other non-cash expenses and adjustments for restructuring and integration charges. We believe that exclusion of these costs in presenting non-GAAP gross profit and 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 profit and 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 profit and 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 profit and 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 profit and margin related to other non-cash expenses and restructuring and integration charges 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 profit and 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 income and operating margin. Non-GAAP operating income and operating margin exclude share-based compensation expense, amortization of intangible assets, other non-cash expenses, restructuring and integration charges, (gain) loss on PP&E and start-up costs. We believe that presentation of a measure of operating income and operating margin 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 profit and gross margin. We believe that other non-cash expenses, restructuring and integration charges, (gain) loss on PP&E and start-up costs 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 and operating margin has economic substance because the excluded expenses are either unrelated to operations or do not represent current cash expenditures.

Non-GAAP net income and non-GAAP net income per diluted share. Non-GAAP net income and non-GAAP net income per diluted share exclude the effects of share-based compensation expense, amortization of intangible assets, other non-cash expenses, restructuring and integration charges, (gain) loss on PP&E, start-up costs, loss on retirement of convertible subordinated notes, non-cash interest expense on convertible subordinated notes, loss (income) from equity investment and also reflect an adjustment of income taxes for cash basis. We believe that presentation of measures of net income and net 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 profit and gross margin and non-GAAP operating income and operating margin. We believe disclosure of non-GAAP net income and non-GAAP net income per diluted share has economic substance because the excluded expenses are either unrelated to operations or do not represent current cash expenditures.

Non-GAAP research and development, marketing and selling and general and administrative expenses. Non-GAAP research and development, marketing and selling and general and administrative expenses exclude share-based compensation expense, amortization of intangible assets, other non-cash expenses and restructuring and integration charges. We believe that presentation of measures of these operating expenses that exclude 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 profit and gross margin. We believe that other non-cash expenses and restructuring and integration charges 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 these non-GAAP operating expenses has economic substance because the excluded expenses are either unrelated to operations or do not represent current cash expenditures.

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.

EBITDA. RFMD defines EBITDA as earnings before interest expense and interest income, income tax expense (benefit), depreciation and intangible amortization. Management believes that this measure is useful to evaluate our ongoing operations and as a general indicator of our operating cash flow (in conjunction with a cash flow statement which also includes among other items, changes in working capital and the effect of non-cash charges). The amounts shown for EBITDA as presented herein differ from the amounts calculated under the definition of EBITDA used in our equipment term loan agreement. The definition of EBITDA as used in the loan agreement is further adjusted for certain cash and non-cash charges, including stock compensation expense, and is used to determine compliance with financial covenants.

Non-GAAP ROIC. Return on invested capital (ROIC) is a non-GAAP financial measure that management believes provides useful supplemental information for management and the investor by measuring the effectiveness of our operations' use of invested capital to generate profits. We use ROIC to track how much value we are creating for our shareholders. Non-GAAP ROIC is calculated by dividing annualized non-GAAP operating income, net of cash taxes, by average invested capital. Average invested capital is calculated by subtracting the average of the beginning balance and the ending balance of current liabilities (excluding the current portion of long-term debt and other short-term financings) from the average of the beginning balance and the ending balance of net accounts receivable, inventories, other current assets, net property and equipment and a cash amount equal to seven days of quarterly revenue.

Net debt or positive net cash. Net debt or positive net cash is defined as unrestricted cash, cash equivalents and short-term investments minus the principal amount of RFMD's convertible subordinated notes due 2012 and 2014. Management believes that net debt or positive net cash provides useful information regarding the level of RFMD's indebtedness by reflecting cash and investments that could be used to repay debt.

Limitations of non-GAAP financial measures. The primary material limitations associated with the use of non-GAAP gross profit and gross margin, non-GAAP operating expenses, non-GAAP operating income and operating margin, non-GAAP net income, non-GAAP net income per diluted share, free cash flow, EBITDA, non-GAAP ROIC and net debt or positive net cash, as compared to the most directly comparable GAAP financial measures of gross profit and gross margin, operating expenses, operating income, net income, net income per diluted share and net cash provided by operating activities 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 profit and gross margin, operating expenses, operating income, net income, net income per diluted share and net cash provided by operating activities.

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.rfmd.com> (under "Investors"). A telephone playback of the conference call will be available approximately one hour after the call's completion by dialing 303-590-3030 and entering pass code 4500529.

About RFMD

RF Micro Devices, Inc. (Nasdaq:RFMD) is a global leader in the design and manufacture of high-performance radio frequency components and compound semiconductor technologies. 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.

The RF Micro Devices, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=6436>

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 operating results, risks associated with the impact of global macroeconomic and credit conditions on our business and the business of our suppliers and customers, our reliance on a few large customers for a substantial portion of our revenue, the rate of growth and development of wireless markets, our ability to bring new products to market, our reliance on inclusion in third party reference designs for a portion of our revenue, our ability to manage channel partner and customer relationships, risks associated with the operation of our wafer fabrication, molecular beam epitaxy, assembly 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, raw material costs and availability, our ability to reduce costs and improve margins in response to declining average selling prices, our ability to adjust production capacity in a timely fashion in response to changes in demand for our products, dependence on gallium arsenide (GaAs) for the majority of our products, dependence on third parties, and substantial reliance on international sales and operations. 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.

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

	Three Months Ended	
	December 31, 2011	January 1, 2011
Total revenue	\$ 225,425	\$ 278,794
Costs and expenses:		
Cost of goods sold	161,864	175,705
Research and development	37,455	33,920
Marketing and selling	16,047	14,621
General and administrative	12,238	11,036
Other operating expense	5	192
Total costs and expenses	227,609	235,474
Operating (loss) income	(2,184)	43,320
Other expense	(2,084)	(3,034)
(Loss) income before income taxes	\$ (4,268)	\$ 40,286
Income tax expense	(5,125)	(3,600)
Net (loss) income	\$ (9,393)	\$ 36,686
Net (loss) income per share, diluted	\$ (0.03)	\$ 0.13
Weighted average outstanding diluted shares	283,918	284,152

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

(Unaudited)

	Nine Months Ended	
	December 31, 2011	January 1, 2011
Total revenue	\$ 683,427	\$ 838,430
Costs and expenses:		
Cost of goods sold	451,305	524,280
Research and development	110,999	105,626
Marketing and selling	46,901	44,083
General and administrative	38,396	36,941
Other operating expense	136	1,229
Total costs and expenses	647,737	712,159
Operating income	35,690	126,271
Other expense	(8,013)	(11,851)
Income before income taxes	\$ 27,677	\$ 114,420
Income tax expense	(13,829)	(13,996)
Net income	\$ 13,848	\$ 100,424
Net income per share, diluted	\$ 0.05	\$ 0.36
Weighted average outstanding diluted shares	283,079	279,493

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

	Three Months Ended		
	December 31, 2011	October 1, 2011	January 1, 2011
GAAP operating (loss) income	\$ (2,184)	\$ 23,021	\$ 43,320
Share-based compensation expense	6,409	9,784	5,615
Amortization of intangible assets	4,598	4,597	4,614
Other expenses (income) (restructuring, (gain) loss on PP&E, start-up costs and other non-cash expenses)	5	(45)	454
Non-GAAP operating income	8,828	37,357	54,003
GAAP net (loss) income	(9,393)	14,310	36,686
Share-based compensation expense	6,409	9,784	5,615
Amortization of intangible assets	4,598	4,597	4,614
Other expenses (income) (restructuring, (gain) loss on PP&E, start-up costs and other non-cash expenses)	5	(45)	454
Loss on retirement of convertible subordinated notes	20	-	-
Non-cash interest expense on convertible subordinated notes	2,388	2,332	3,046
(Income) loss from equity investment	(497)	13	(34)
Tax adjustments	1,555	112	2,257
Non-GAAP net income	\$ 5,085	\$ 31,103	\$ 52,638
GAAP and Non-GAAP weighted average outstanding diluted shares	283,918	282,711	284,152
Non-GAAP net income per share, diluted	\$ 0.02	\$ 0.11	\$ 0.19

	Three Months Ended					
	December 31, 2011		October 1, 2011		January 1, 2011	
GAAP gross margin	\$ 63,561	28.2%	\$ 90,393	37.1%	\$ 103,089	37.0%
Adjustment for intangible amortization	3,515	1.6%	3,514	1.4%	3,515	1.2%
Adjustment for share-based compensation	993	0.4%	1,455	0.6%	1,065	0.4%
Other expenses	-	0.0%	-	0.0%	262	0.1%
Non-GAAP gross margin	<u>\$ 68,069</u>	<u>30.2%</u>	<u>\$ 95,362</u>	<u>39.1%</u>	<u>\$ 107,931</u>	<u>38.7%</u>

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

	Three Months Ended
Non-GAAP Operating Income	December 31, 2011
<i>(as a percentage of sales)</i>	
GAAP operating loss	(1.0)%
Share-based compensation expense	2.9%
Amortization of intangible assets	2.0%
Other expenses (restructuring, (gain) loss on PP&E, start-up costs and other non-cash expenses)	<u>0.0%</u>
Non-GAAP operating income	<u><u>3.9%</u></u>

	Three Months Ended		
	December 31, 2011	October 1, 2011	January 1, 2011
GAAP research and development expense	\$ 37,455	\$ 36,961	\$ 33,920
Less:			
Share-based compensation expense	1,515	1,533	1,405
Amortization of intangible assets	<u>13</u>	<u>13</u>	<u>13</u>
Non-GAAP research and development expense	<u>\$ 35,927</u>	<u>\$ 35,415</u>	<u>\$ 32,502</u>

	Three Months Ended		
	December 31, 2011	October 1, 2011	January 1, 2011
GAAP marketing and selling expense	\$ 16,047	\$ 15,828	\$ 14,621
Less:			
Share-based compensation expense	1,339	1,546	1,255
Amortization of intangible assets	<u>1,070</u>	<u>1,070</u>	<u>1,086</u>
Non-GAAP marketing and selling expense	<u>\$ 13,638</u>	<u>\$ 13,212</u>	<u>\$ 12,280</u>

	Three Months Ended		
	December 31, 2011	October 1, 2011	January 1, 2011
GAAP general and administrative expense	\$ 12,238	\$ 14,629	\$ 11,036
Less:			
Share-based compensation expense	2,562	5,250	1,890

Non-GAAP general and administrative expense	<u>\$ 9,676</u>	<u>\$ 9,379</u>	<u>\$ 9,146</u>
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RF MICRO DEVICES, INC. AND SUBSIDIARIES
ADDITIONAL SELECTED NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
(Unaudited)

Free Cash Flow ⁽¹⁾	Three Months Ended	
<i>(In millions)</i>	December 31, 2011	
Net cash provided by operating activities	\$	46.2
Purchases of property and equipment		<u>(8.7)</u>
Free cash flow	<u>\$</u>	<u>37.5</u>

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

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

	<u>December 31, 2011</u>	<u>April 2, 2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 134,484	\$ 131,760
Restricted cash	519	422
Short-term investments	160,931	159,881
Accounts receivable, net	115,539	120,375
Inventories	147,887	149,813
Other current assets	<u>29,415</u>	<u>37,908</u>
Total current assets	588,775	600,159
Property and equipment, net	202,484	209,478
Intangible assets, net	69,888	83,685
Goodwill	95,628	95,628
Long-term investments	3,246	2,694
Other non-current assets	<u>30,310</u>	<u>33,749</u>
Total assets	<u>\$ 990,331</u>	<u>\$ 1,025,393</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	121,514	130,973
Current portion of long-term debt	39,947	3,852
Other short-term liabilities, net	<u>5,315</u>	<u>112</u>
Total current liabilities	166,776	134,937
Long-term debt, net	117,173	177,343
Other long-term liabilities	<u>27,437</u>	<u>36,758</u>
Total liabilities	311,386	349,038
Shareholders' equity	<u>678,945</u>	<u>676,355</u>
Total liabilities and shareholders' equity	<u>\$ 990,331</u>	<u>\$ 1,025,393</u>

SOURCE RF Micro Devices, Inc.

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