



April 24, 2012

RFMD® Announces March Quarterly Results And Forecasts Diversified Revenue Growth In The June Quarter

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Quarterly Highlights:

- Quarterly Revenue Totals \$187.9 Million
- Sales Of 3G/4G Components Grow Year-Over-Year 160% And Represent More Than Two-Thirds Of Quarterly Cellular Revenue
- Sales Of PowerSmart® And Ultra-High Efficiency 3G/4G Power Amplifiers Increase Sequentially
- MPG Sees Order Stabilization And MPG Revenue Is Approximately Flat Sequentially
- GAAP Operating Loss Is (\$11.0) Million, And GAAP Diluted LPS Is (\$0.05)
- Non-GAAP Operating Loss Is (\$2.9) Million, And Non-GAAP Diluted LPS Is (\$0.02)

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 fourth quarter, ended March 31, 2012.

RFMD's fourth quarter revenue was \$187.9 million, a decrease of approximately 16.6% sequentially, versus \$225.4 million in the December 2011 quarter. The sequential decline in revenue reflected greater-than-seasonal declines among manufacturers of handsets in China and at a leading European handset manufacturer. These were offset partially by sequential increases in sales of RFMD's PowerSmart power platforms and RFMD's ultra-high efficiency 3G/4G power amplifiers (PAs), as well as better-than-seasonal performance in MPG revenue. On a GAAP basis, gross margin equaled 30.1%, quarterly operating loss totaled (\$11.0) million, and quarterly net loss was (\$13.0) million, or (\$0.05) per diluted share. On a non-GAAP basis, gross margin equaled 32.4%, quarterly operating loss totaled (\$2.9) million, and quarterly net loss was (\$5.4) million, or (\$0.02) per diluted share.

During the March quarter, RFMD generated approximately \$20.5 million in cash flow from operations and \$10.9 million in free cash flow.

Strategic Highlights

- CPG achieved greater than 15% sequential growth in sales of both PowerSmart power platforms and ultra-high efficiency 3G/4G PAs
- CPG unveiled its second-generation ultra-high efficiency LTE PAs and its second-generation PowerSmart LTE power platform and secured majority LTE share on an upcoming smartphone family
- CPG launched multiple new 3G/4G antenna control solutions and gained significant design win momentum in this emerging category
- CPG demonstrated industry-leading performance in an advanced envelope tracking (ET) power management system for LTE power amplifiers
- CPG achieved multiple design wins at leading OEMs with highly integrated RF semiconductor solutions containing all 2G PA, 3G PA, and switch content for the entire cellular RF front end
- MPG reorganized to drive growth in three major markets: Wi-Fi front end modules, wireless infrastructure and GaN power
- MPG released six new Wi-Fi front end modules for consumer premises equipment (CPE) and mobile applications
- MPG revenue offset seasonality during the March quarter, with particular strength in smart grid, CATV broadband, and catalog products

GAAP RESULTS

(in millions, except percentages and per share data)	Q4 Fiscal 2012	Q3 Fiscal 2012	Change vs. Q3 2012	Q4 Fiscal 2011	Change vs. Q4 2011
Revenue	\$ 187.9	\$ 225.4	(16.6)%	\$ 213.3	(11.9)%
Gross Margin	30.1%	28.2%	1.9 ppt	35.4%	(5.3) ppt
Operating (Loss) Income	\$ (11.0)	\$ (2.2)	\$ (8.8)	\$ 13.2	\$ (24.2)
Net (Loss) Income	\$ (13.0)	\$ (9.4)	\$ (3.6)	\$ 24.1	\$ (37.1)

Diluted (LPS) EPS \$ (0.05) \$ (0.03) \$ (0.02) \$ 0.08 \$ (0.13)

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

(in millions, except percentages and per share data)	Q4 Fiscal 2012	Q3 Fiscal 2012	Change vs. Q3 2012	Q4 Fiscal 2011	Change vs. Q4 2011
Gross Margin	32.4%	30.2%	2.2 ppt	37.5%	(5.1) ppt
Operating (Loss) Income	\$ (2.9)	\$ 8.8	\$ (11.7)	\$ 23.7	\$ (26.6)
Net (Loss) Income	\$ (5.4)	\$ 5.1	\$ (10.5)	\$ 21.7	\$ (27.1)
Diluted (LPS) EPS	\$ (0.02)	\$ 0.02	\$ (0.04)	\$ 0.08	\$ (0.10)

Financial Outlook and Business Commentary

RFMD is winning share on multiple flagship smartphones and projects continued sequential growth in 3G/4G components during the June quarter. Among handset manufacturers headquartered in China, RFMD sees strengthening demand and projects sequential growth during the June quarter. In the markets served by MPG, RFMD sees stabilizing demand and improving order visibility and expects MPG revenue in the June quarter to be approximately flat, versus the March quarter.

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

- RFMD expects June quarterly revenue to grow approximately 8% sequentially to approximately \$202 million
- RFMD expects gross margin to improve approximately 100-200 basis points
- RFMD expects non-GAAP per share results of breakeven to \$0.02, reflecting increased legal fees and incremental R&D investment targeting customer diversification

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, "RFMD is growing with the industry's leading smartphone manufacturers and diversifying across a broad set of customers serving all geographies and segments. We anticipate sequential growth in the June 2012 quarter, supported by increasing sales of our 3G/4G components and a resumption of growth among handset manufacturers in China.

"As we begin fiscal 2013, we are especially enthusiastic about RFMD's incremental growth drivers in new segments, including antenna control solutions, 802.11 ac front end modules and GaN power devices, where RFMD's proven technology leadership and early mover advantage position us to capture market share leadership as these markets grow."

Dean Priddy, CFO and vice president of administration of RFMD, said, "RFMD's March quarter reflected market share gains in smartphones, offset by forecasted weakness in China and at a leading European handset manufacturer. Despite the sequential revenue decline and lower factory utilization, RFMD expanded non-GAAP gross margin by 220 basis points and generated free cash flow of approximately \$10.9 million.

"In the June 2012 quarter, we expect a stronger, more diversified customer base will support a resumption of sequential revenue growth and continued margin expansion. We have structured the RFMD operating model to deliver significant leverage, and we anticipate our product portfolio and R&D investments will continue to drive revenue growth and margin expansion throughout calendar 2012. Importantly, we're confident the targeted, incremental R&D investments RFMD is making in 2012 will generate incremental revenue beginning as early as the September 2012 quarter."

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 (loss) income and operating margin, (iii) non-GAAP net (loss) income, (iv) non-GAAP net (loss) 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 9 and the "Additional Selected Non-GAAP Financial Measures And Reconciliations" tables on page 10 and 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 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 (loss) income and operating margin. Non-GAAP operating (loss) 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 (loss) 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 (loss) 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 (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, 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 (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 profit and gross margin and non-GAAP operating (loss) income and operating margin. 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 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 (loss) income and operating margin, non-GAAP net (loss) income, non-GAAP net (loss) 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 (loss) income, net (loss) income, net (loss) 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 (loss) income, net (loss) income, net (loss) income per diluted share and net cash provided by operating activities.

RF Micro Devices will conduct a conference call at 5:00 p.m. EDT 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 4529520#.

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-, ISO 14001-, and ISO/TS 16949-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 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.

RF MICRO DEVICES®, RFMD® and PowerSmart® are trademarks of RFMD, LLC. All other trade names, trademarks and registered trademarks are the property of their respective owners.

Tables To Follow

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

	Three Months Ended	
	March 31, 2012	April 2, 2011
Total revenue	\$ 187,925	\$ 213,326
Costs and expenses:		
Cost of goods sold	131,281	137,806
Research and development	40,697	35,471

Marketing and selling	16,316	15,386
General and administrative	11,710	11,062
Other operating (income) expense	<u>(1,032)</u>	<u>352</u>
Total costs and expenses	<u>198,972</u>	<u>200,077</u>
Operating (loss) income	(11,047)	13,249
Other expense	<u>(1,002)</u>	<u>(4,164)</u>
(Loss) income before income taxes	\$ (12,049)	\$ 9,085
Income tax (expense) benefit	<u>(942)</u>	<u>15,050</u>
Net (loss) income	<u>\$ (12,991)</u>	<u>\$ 24,135</u>
Net (loss) income per share, diluted	<u>\$ (0.05)</u>	<u>\$ 0.08</u>
Weighted average outstanding diluted shares	<u>276,313</u>	<u>285,248</u>

RF MICRO DEVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)
(Unaudited)

	Twelve Months Ended	
	March 31, 2012	April 2, 2011
Total revenue	\$ 871,352	\$ 1,051,756
Costs and expenses:		
Cost of goods sold	582,586	662,085
Research and development	151,697	141,097
Marketing and selling	63,217	59,470
General and administrative	50,107	48,003
Other operating (income) expense	<u>(898)</u>	<u>1,582</u>
Total costs and expenses	<u>846,709</u>	<u>912,237</u>
Operating income	24,643	139,519
Other expense	<u>(9,015)</u>	<u>(16,014)</u>
Income before income taxes	\$ 15,628	\$ 123,505
Income tax (expense) benefit	<u>(14,771)</u>	<u>1,053</u>
Net income	<u>\$ 857</u>	<u>\$ 124,558</u>
Net income per share, diluted	<u>\$ 0.00</u>	<u>\$ 0.44</u>
Weighted average outstanding diluted shares	<u>282,576</u>	<u>280,394</u>

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		
	March 31, 2012	December 31, 2011	April 2, 2011
GAAP operating (loss) income	\$ (11,047)	\$ (2,184)	\$ 13,249

Share-based compensation expense	4,553	6,409	5,293
Amortization of intangible assets	4,593	4,598	4,614
Other (income) expenses (restructuring, (gain) loss on PP&E, start-up costs and other non-cash expenses)	(1,033)	5	590
Non-GAAP operating (loss) income	<u>(2,934)</u>	<u>8,828</u>	<u>23,746</u>
GAAP net (loss) income	(12,991)	(9,393)	24,135
Share-based compensation expense	4,553	6,409	5,293
Amortization of intangible assets	4,593	4,598	4,614
Other expenses (restructuring, (gain) loss on PP&E, start-up costs and other non-cash expenses)	(1,033)	5	590
Loss on retirement of convertible subordinated notes	110	20	766
Non-cash interest expense on convertible subordinated notes	2,215	2,388	3,074
(Income) loss from equity investment	(1,079)	(497)	30
Tax adjustments	(1,812)	1,555	(16,806)
Non-GAAP net (loss) income	<u>\$ (5,444)</u>	<u>\$ 5,085</u>	<u>\$ 21,696</u>
GAAP and Non-GAAP weighted average outstanding diluted shares	<u>276,313</u>	<u>283,918</u>	<u>285,248</u>
Non-GAAP net (loss) income per share, diluted	<u>\$ (0.02)</u>	<u>\$ 0.02</u>	<u>\$ 0.08</u>

	Three Months Ended					
	March 31, 2012		December 31, 2011		April 2, 2011	
GAAP gross margin	\$ 56,644	30.1 %	\$ 63,561	28.2 %	\$ 75,520	35.4 %
Adjustment for intangible amortization	3,515	1.9 %	3,515	1.6 %	3,514	1.6 %
Adjustment for share-based compensation	693	0.4 %	993	0.4 %	759	0.4 %
Other expenses	-	0.0 %	-	0.0 %	239	0.1 %
Non-GAAP gross margin	<u>\$ 60,852</u>	<u>32.4 %</u>	<u>\$ 68,069</u>	<u>30.2 %</u>	<u>\$ 80,032</u>	<u>37.5 %</u>

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

Non-GAAP Operating Loss	Three Months Ended	
	March 31, 2012	
<i>(as a percentage of sales)</i>		
GAAP operating loss		-5.9%
Share-based compensation expense		2.4%
Amortization of intangible assets		2.4%
Other expenses (restructuring, (gain) loss on PP&E, start-up costs and other non-cash expenses)		-0.5%
Non-GAAP operating loss		<u>-1.6%</u>

	Three Months Ended		
	March 31, 2012	December 31, 2011	April 2, 2011
GAAP research and development expense	\$ 40,697	\$ 37,455	\$ 35,471
Less:			
Share-based compensation expense	1,531	1,515	1,410
Amortization of intangible assets	8	13	13
Non-GAAP research and development expense	<u>\$ 39,158</u>	<u>\$ 35,927</u>	<u>\$ 34,048</u>

	Three Months Ended		
	March 31, 2012	December 31, 2011	April 2, 2011
GAAP marketing and selling expense	\$ 16,316	\$ 16,047	\$ 15,386
Less:			
Share-based compensation expense	791	1,339	1,249
Amortization of intangible assets	1,070	1,070	1,087

Non-GAAP marketing and selling expense	<u>\$ 14,455</u>	<u>\$ 13,638</u>	<u>\$ 13,050</u>
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	Three Months Ended		
	March 31, 2012	December 31, 2011	April 2, 2011
GAAP general and administrative expense	\$ 11,710	\$ 12,238	\$ 11,062
Less:			
Share-based compensation expense	1,538	2,562	1,875
Non-GAAP general and administrative expense	<u>\$ 10,172</u>	<u>\$ 9,676</u>	<u>\$ 9,187</u>

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

Free Cash Flow (1)	Three Months Ended	
	March 31, 2012	
<i>(In millions)</i>		
Net cash provided by operating activities	\$	20.5
Purchases of property and equipment		<u>(9.6)</u>
Free cash flow	<u>\$</u>	<u>10.9</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)

	March 31, 2012	April 2, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 135,524	\$ 131,760
Restricted cash	15	422
Short-term investments	164,863	159,881
Accounts receivable, net	100,446	120,375
Inventories	130,372	149,813
Other current assets	<u>38,147</u>	<u>37,908</u>
Total current assets	569,367	600,159
Property and equipment, net	197,921	209,478
Intangible assets, net	65,141	83,685
Goodwill	95,628	95,628
Long-term investments	4,325	2,694
Other non-current assets	<u>32,202</u>	<u>33,749</u>
Total assets	<u>\$ 964,584</u>	<u>\$ 1,025,393</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	110,580	130,973
Current portion of long-term debt	32,759	3,852
Other short-term liabilities, net	<u>4,846</u>	<u>112</u>
Total current liabilities	148,185	134,937
Long-term debt, net	118,949	177,343
Other long-term liabilities	<u>25,119</u>	<u>36,758</u>
Total liabilities	292,253	349,038

Shareholders' equity	<u>672,331</u>	<u>676,355</u>
Total liabilities and shareholders' equity	<u>\$ 964,584</u>	<u>\$ 1,025,393</u>

SOURCE RF Micro Devices, Inc.

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