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October 29, 2008

RFMD® Achieves Significantly Improved Operating Margin and Cash Flow in September Quarter

Business Highlights:
- Quarterly Revenue Increased 12.0% Sequentially To $271.7 Million
- Company Generated Approximately $40 Million In Operating Cash Flow, Reduced Net Short Term Investments Increased $21.2 Million Sequentially
- GAAP Operating Margin Improved 900 Basis Points, and Non-GAAP Operating Margin Improved 1,000 Basis Points
- Quarterly GAAP Diluted Loss Per Share Totaled [$0.02], And Quarterly Non-GAAP Diluted Earnings Per Share [$0] Totaled $0.07
- Company Expects Q3 Non-GAAP Gross Margin Improvement Expense Reductions
- Company Ramping Top Tier RF Engineer Resources to Deliver Innovative User Global Standards Conditions
- Company Expects Revenue In The December [2008 Quarter] Revenue To Be Flat To Down 7%, And Operating Margin Is Expected To Increase Sequentially
- Company Expects GAAP Diluted EPS Is Expected To Be In The Range Of $0.05 To $0.07
- December Quarterly Non-GAAP Diluted EPS Is Expected To Be In The Range Of $0.09 To $0.11

GREENSBORO, N.C. Oct.29 /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 second quarter ended September 27, 2008. RFMD's September quarterly revenue increased approximately 13.0% sequentially to $271.7 million, reflecting market share gains in cellular front ends and growth in POLARIS™ transceivers. GAAP gross margin decreased sequentially from 30.0% to 28.9%, and non-GAAP gross margin decreased from 33.0% to 31.6% during the same period, primarily as a result of the sequential increase in POLARIS™ transceiver revenue. Operating loss was approximately [$19.0] million on a GAAP basis, reflecting restructuring charges related to the strategic restructuring announced on May 6, 2008, and non-GAAP operating income was approximately $18.3 million.

RFMD® Product Group Highlights
CPG:
- RFMD expanded its market share in cellular front ends in the September quarter, driven by the ramp of its POLARIS transceiver platform, industry growth rates, and share gains
- RFMD shipped cellular camera or cellular handsets, as increasing mobile adoption increased and as leading handset manufacturers continued to introduce cellular handsets with camera features
- RFMD secured major GE design wins at multiple top five handset original Equipment Manufacturers (OEMs)
- RFMD maintained its leadership in cellular front ends to all five of the world's top-five handset OEMs
- RFMD has completed its previously stated goal of eliminating $75 million in annualized expense reductions

WPG:
- RFMD expects to exceed its previously stated goal of $250 million in WPG revenue this fiscal year
- RFMD successfully completed the integration of recently announced acquisitions and continues to recognize synergies
- RFMD received government funding for its Gallium Nitride (GaN) process development and production capabilities, and participates lighting a new government contract in the December quarter
- RFMD currently anticipates revenue from GaN-based CATV line amplifiers in the December quarter
- RFMD released 10 new products in the September quarter and 45 new products in the first half of Fiscal 2009
- RFMD is on track to release more than 100 new products in this fiscal year

GAAP and non-GAAP financial measures are presented in the tables below, and non-GAAP financial measures are reconciled to the corresponding GAAP financial measures in the financial statement portion of this press release.

GAAP RESULTS
(in millions, except percentages and per share)

	Q2 Fiscal 2009	Q1 Fiscal 2009	% Change vs. Q1 2009	Q2 Fiscal 2008	% Change vs. Q2 2008
Revenue	$ 271.7	$ 240.4	13.0%	$ 256.4	6.0%
Gross Margin	28.9%	30.0%	(1.0)ppt	32.3%	(3.4)ppt
Operating Income	$ (18.8)	$ (20.7)	$2.0%	$ 6.1	(308.4)%
Net Income	$ (14.8)	$ (24.1)	$9.3%	$ 14.5	(169.4)%
Diluted EPS	$ (0.06)	$ (0.09)	(34.2)%	$ 0.07	(187.0)%

NON-GAAP RESULTS (excluding share-based compensation, amortization of intangibles, amortization of acquisition-related inventory step-up, acquired in-process research and development charge, manufacturing start-up costs, gain on investment, restructuring charges, and the tax effect on non-GAAP restructuring adjustments)

(in millions, except percentages and per share)	Q2 Fiscal 2009	Q1 Fiscal 2009	% Change vs. Q1 2009	Q2 Fiscal 2008	% Change vs. Q2 2008
Gross Margin	31.6%	33.0%	(1.4)ppt	32.5%	(0.9)ppt
Operating Income	$ 18.8	$ 2.3	678.4%	$ 47.2	-6.4%
Net Income	$ 16.5	$ 7.9	104.4%	$ 23.4	(29.4)%
Diluted EPS	$ 0.07	$ 0.03	122.0%	$ 0.14	(38.2)%

Financial Guidance and Business Outlook

RFMD experienced strong order flow in the September quarter and currently sees customer demand to support revenue growth in the December quarter. However, the Company believes it is prudent to factor down customer demand forecasts given the uncertainty currently surrounding the global macroeconomic environment.

- Revenue in the December 2008 quarter is currently expected to be flat to down 7%, as compared to the September 2008 quarter, and operating margin is expected to increase sequentially
- GAAP net income in the December 2008 quarter is currently expected to be in the range of $0.05 to $0.07 per diluted share, including approximately $2 million to $3 million in share-based compensation, related to the strategic restructuring announced on May 6, 2008 - Non-GAAP net income in the December 2008 quarter is currently expected to be in the range of $0.09 to $0.07 per diluted share, excluding estimated share-based compensation expense, amortization of intangible assets, and restructuring charges
- RFMD Expects to realize the full annual siximent benefits and improved cash flow from approximately $75 million in annualized expense reductions in the December quarter

The methodology used by RFMD to estimate share-based compensation expense does not factor in items such as new grants, terminations or amounts that may be capitalized in inventory, and the methodology used to estimate amortization of intangibles assumes no additional intangible assets are recorded. RFMD does not estimate the impact of share-based compensation expense on gross margin or operating expenses and will provide this information with its December 2008 quarterly results. Accordingly, actual quarterly results may differ from these estimates, and such differences may be material.

Comments From Management

Bob Bruggeworth, president and CEO of RFMD, said, "Two quarters ago we announced a strategic restructuring that positioned RFMD to deliver the largest increase in profitability in our Company's history. Today, we are announcing another very favorable assessment of our progress to date, including expense reductions, market share gains and non-GAAP operating income of 5.6 percent, an improvement of 12.7 percentage points during that time frame.

"With the efforts related to our strategic restructuring complete, we've improved both our operating model and our competitive position. We've reduced our operating expenses by approximately $75 million on an annualized basis, while at the same time improving our outlook for increases in free cash flow.

"We expect our restructuring to serve as well regardless of the market environment, both in the face of an apparent global slow down and as markets ultimately return to strength. Clearly, no company is immune to macroeconomic conditions. However, on the strength of our restructuring, and given our scale, and market diversity, improving product portfolio and low cost structure, we believe we are well positioned to execute on our growth plan and create shareholder value."

Dave Priede, CFO and corporate vice president of administration of RFMD, said, "RFMD has delivered on its commitments to increase revenue, operating margin and cash flow over the past two quarters. [Crude, RFMD's free cash flow exceeded non-GAAP earnings in the September quarter.

"Our December quarterly guidance is for revenue to be flat to down seven percent. While the trend is still rate for the September quarter and current customer demand could suggest potentially higher revenue, we believe conservatism is prudent given the uncertainty currently surrounding global economic conditions. Based upon projected customer and product mix along with reduced expenses, we anticipate operating margin will improve in the December quarter.

"The current macroeconomic environment coupled with our recent restructuring present RFMD with an opportunity to leverage our market, product and customer diversity, along with our manufacturing scale to increase our market share and dollar content, maintain profitability and increase cash significantly."

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 income; and (iv) non-GAAP net income per diluted share. Each of these non-GAAP financial measures is adjusted from GAAP results to exclude certain expenses that are outlined in the "Reconciliation of GAAP to Non-GAAP Financial Measures" table on page 8.

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 net 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 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 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 our use of non-GAAP gross margin. We believe that restructuring charges, 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 revenue in the period, 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 in 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) 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 gross 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 income. Non-GAAP operating income excludes share-based compensation expense, amortization of intangible assets, restructuring charges, 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, 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 revenue in the period, 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 in 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) 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 gross management and investors, a more effective means of evaluating our historical and projected performance.

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, restructuring charges, manufacturing start-up costs, acquired in-process research and development, amortization of acquisition related inventory step up and gain on investment and also reflect an adjustment of income tax associated with the exclusion of non-GAAP restructuring adjustments. 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 margin and non-GAAP operating income. 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 non-recurring in nature or do not represent current cash expenditures.

Limitations of non-GAAP financial measures. The primary material limitations associated with the use of non-GAAP gross margin, non-GAAP operating income, non-GAAP net income and non-GAAP net income per diluted share as compared to the more directly comparable GAAP financial measures of gross margin, operating (loss) income, net (loss) income and net (loss) income per diluted share 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 the impact of these items on our results of operations.

RF Micro Devices will conduct a conference call at 5:30 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 Investor Info). 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 11120306.

About RFMD: RF Micro Devices, Inc. (Nasdaq: 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 contains 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 expectations 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 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, 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 and diverse employees, 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.

RF MICRO DEVICES® and RFMD® are registered 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)

	Three Months Ended September 27, 2008	Three Months Ended September 29, 2007
Total revenue	$ 271,688	$ 256,343
Costs and expenses:		
Cost of revenue	193,001	173,589
Research and development	45,993	49,543
Marketing and selling	17,153	12,542
General and administrative	17,268	14,568
Other operating expense	17,268	1,568
Total costs and expenses	290,683	251,810
Operating (loss) income	(18,995)	6,142
Other (loss) income	(1,000)	2,000
(Loss) income before income taxes	$ (19,995)	$ 8,272
Income tax benefit (expense)	7,554	(1,842)
Net (loss) income	$ (14,779)	$ 14,402
Net (loss) income per share, diluted	$ (0.06)	$ 0.07
Shares used in per-share calculation - diluted shares	262,884	227,154

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

	Six Months Ended September 27, 2008	Six Months Ended September 29, 2007
Total revenue	$ 512,100	$ 487,164
Costs and expenses:		
Cost of revenue	365,363	343,484
Research and development	95,147	98,588
Marketing and selling	35,475	25,142
General and administrative	34,536	29,136
Other operating expense	35,535	2,136
Total costs and expenses	570,056	498,487
Operating (loss) income	(57,956)	11,677
Other (loss) income	(1,000)	15,345
(Loss) income before income taxes	$ (58,956)	$ 27,022
Income tax benefit	22,143	10,275
Net (loss) income	$ (36,813)	$ 36,864
Net (loss) income per share, diluted	$ (0.14)	$ 0.17
Shares used in per-share calculation - diluted shares	264,479	227,180

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

	Three Months Ended September 27, 2008	June 28, 2008	September 29, 2007
GAAP operating (loss) income	$ (18,845)	$ (20,703)	$ 6,142
Share-based compensation expense	8,280	8,491	7,147
Amortization of intangible assets	7,245	7,774	325
Acquired in process research and development	-	1,480	-
Amortization of acquisition-related inventory step-up	2,699	684	-
Fiscal 2008 strategic restructuring	17,638	26,588	-
Manufacturing start-up costs	467	474	1,487
Non-GAAP operating income	467	827	360
Gain on investment	17,991	2,300	47,200
Non-GAAP net income	(14,779)	(36,863)	14,402
Share-based compensation expense	8,280	8,491	7,147
Amortization of intangible assets	7,245	7,774	325
Acquired in process research and development	-	1,480	-
Amortization of acquisition-related inventory step-up	2,699	684	-
Fiscal 2008 strategic restructuring	17,638	26,588	-
Manufacturing start-up costs	467	474	1,487
Gain on investment	(9,991)	(9,944)	-
Tax effect on non-GAAP restructuring	10,628	7,345	25,484
Plus: Income impact of assumed conversion of			
Convertible Notes for interest on 1.00% Convertible Notes	994	999	669
Non-GAAP net income			
Non-GAAP net income attributable to common stockholders	$ 10,287	$ 8,685	$ 24,875
GAAP weighted average shares outstanding diluted	262,884	264,348	227,154
Plus:			
Diluted stock options	2,645	4,745	-
Diluted shares of 1.00% convertible notes	38,444	38,444	-
Non-GAAP weighted average outstanding diluted shares	264,859	265,438	227,154
Non-GAAP net income per share, diluted	$ 0.07	$ 0.05	$ 0.14
GAAP gross margin percentage	28.9%	30.0%	32.3%
Share-based compensation expense	0.4%	0.3%	0.2%
Amortization of acquisition-related inventory step-up	1.0%	0.3%	-
Share-based compensation adjustment for intangible assets	2.3%	2.3%	0.1%
Non-GAAP gross margin percentage	31.6%	32.9%	32.5%

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

	September 27, 2008 (unaudited)	March 29, 2008 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 448,274	$ 429,750
Restricted cash	4,000	500
Short-term investments	21,200	100,000
Accounts receivable, net	143,582	143,925
Inventories	143,582	143,925
Other current assets	147,782	92,500
Total current assets	1,108,420	910,600
Property and equipment, net	491,505	459,157
Goodwill	749,480	754,317
Other intangible investments	149,000	149,000
Intangible assets, net	436,004	385,972
Other assets	35,600	32,100
Total assets	$ 4,004,009	$ 2,917,195
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 438,564	$ 430,750
Current portion long-term debt	4,429	4,524
Other current liabilities, net	143,582	143,925
Total current liabilities	143,582	143,925
Long-term debt, net	643,429	643,000
Other long-term liabilities	143,582	143,925
Total liabilities	775,429	775,500
Shareholders' equity:		
Total shareholders' equity	4,245,754	4,250,037
Total liabilities and shareholders' equity	$ 4,004,009	$ 2,917,195

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