



October 17, 2001

Alpha Reports Fiscal 2002 Second-Quarter Financial Results; Wireless Handset Business Increases 60% Sequentially Company Meets Previous Guidance

WOBURN, Mass.--(BUSINESS WIRE)--Oct. 17, 2001--Alpha Industries (Nasdaq: AHAA) today reported financial results for the fiscal 2002 second quarter ended September 30, 2001.

Net sales for the second quarter were \$33.0 million, compared with \$32.2 million in the first quarter of fiscal 2002 and \$73.2 million for the same period a year earlier. The net loss for the second quarter was \$2.6 million, or \$0.06 per diluted share, compared with a net loss of \$3.9 million, or \$0.09 per share, in the first quarter of fiscal 2002 and net income of \$10.6 million, or \$0.24 per diluted share, in the second quarter of fiscal 2001.

"Driven primarily by orders from top-tier OEMs, our wireless handset revenue exceeded our expectations, increasing 60 percent from the first quarter," said David Aldrich, Alpha's president and CEO. "These orders reflect the working down of inventory in the channel and our strong participation in new models across multiple standards including GSM, CDMA and GPRS-enabled phones.

"While we are extremely pleased with the performance of our handset business, we continue to experience softness and low visibility in our infrastructure business," Aldrich said. "We had anticipated that orders from infrastructure customers would stabilize in the September quarter and resume moderate growth in the December quarter. Given the economic uncertainties that have prevailed in recent weeks, these infrastructure and broadband orders have been delayed. Although visibility remains clouded, Alpha is well positioned when these markets rebound, with products on virtually all of the leading OEM platforms."

Recent Highlights

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Alpha introduced in August its advanced InP-based HBT (Indium Phosphide heterojunction bipolar transistor) process for high-performance wireless and optical applications. InP extends the Company's semiconductor process technology arsenal, which includes InGaP HBT, GaAs MESFET, GaAs PHEMT, silicon and ceramics, opening up emerging markets for extremely high-speed fiber optic, Ethernet and other high performance wireless applications. Alpha's InP process uses the automated production line at the Company's Sunnyvale, California wafer fabrication facility. Initially Alpha intends to use its InP HBT technology to develop integrated circuits for the transmission and receive path in 40 Gb/s networks.

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Alpha opened a design center in the Chicago suburb of Mundelein, Illinois. The center will focus on development of wide band code division multiple access (W-CDMA) and other linear power amplifier modules for next-generation wireless applications. These modules will leverage Alpha's process technology breadth, particularly InGaP and the Company's Alpha Integration Platform. The new R&D center puts Alpha in close geographic proximity to its largest customer. The Company has recruited a talented group of design engineers for this location.

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Alpha's aiP™ integration platform technology drove several key design wins for the Company's InGaP HBT power amplifier modules on a variety of handset model platforms that are slated for production by major OEMs next year. The Company's expanding line of integrated RF modules dramatically reduces design complexity and time to market for new wireless handset products.

"Alpha's solution-driven module strategy continues to generate important design wins with the world's leading handset OEMs,"

Aldrich said. "These advances bring us ever closer to achieving full RF front-end integration. Coupled with our use of internally produced semiconductor content and our industry-leading cycle times, this strategy allows us to offer critical time-to-market advantages to wireless handset OEMs around the world.

Business Outlook

"Looking ahead to the December quarter, we expect continued strong order flow for Alpha's wireless handset products - including InGaP PA and multi-function front-end modules - in line with OEM product roadmaps for calendar year 2002. In our infrastructure and broadband markets, however, we expect low visibility to persist for the next one or two quarters."

"On balance, we expect rising handset sales to generate modest overall revenue growth in our fiscal 2002 third quarter and a more substantial increase in Q4," Aldrich continued. "We estimate that our bottom line will improve, with our net loss ranging from \$0.02 to \$0.04 per share in the December quarter and a return to profitability in the March quarter. We continue to make strategic investments in next generation products. Alpha has established an enviable record of success in translating these R&D investments into design wins, and we fully expect to extend this record in the future."

Conference Call

Alpha will discuss its second-quarter fiscal 2002 financial results with investors in a conference call that will be broadcast at 5:15 p.m. (ET) today, October 17, 2001. Investors also can hear the call live by dialing 719-457-2633. A replay of the call will be available from 8:15 p.m. (ET) October 17 through midnight (ET) Wednesday, October 24. The replay phone number is 719-457-0820. Please refer to confirmation code 493188.

Alpha also will provide a live audio Webcast of the call. Investors who want to listen to the Webcast should log on to the investor relations section of Alpha's Web site, www.alphaind.com, at least 15 minutes prior to the event's broadcast. Then, follow the instructions provided to assure that the necessary audio applications are downloaded and installed. The call will be archived on the Web site for two weeks.

About Alpha

Alpha Industries is a leading provider of RF integrated circuit-based solutions, including semiconductors and ceramic components, for the broadband and wireless communications markets. Alpha's GaAs and silicon switches, power amplifiers and discrete semiconductors are used by the world's leading broadband, infrastructure and wireless communications companies to enhance the speed, quality and performance of voice, data and video. The Company's Alpha Integration Platform™ (aiIP™) is a breakthrough manufacturing, packaging and design technique that reduces design complexity and improves the OEM's overall time to market for new products. For more information, please visit Alpha's Web site, www.alphaind.com.

Safe Harbor Statement - Except for historical information, this release contains forward-looking statements. These statements reflect the Company's current expectations and predictions of future results, accomplishments, intentions and other matters, all of which are inherently subject to risks and uncertainties. The Company's actual results may differ materially from those anticipated in the Company's forward-looking statements, based on various factors. Such factors include, but are not limited to: variations in projected financial results for FY 2002 and the remaining quarters of FY 2002, expected benefits from and timing and success of the Company's product development efforts, Alpha's ability to generate increased dollar content per platform, successful participation in new data services such as 3G, GPRS and 2.5G, the timing and extent of recovery in the infrastructure, broadband and wireless markets, the success of Alpha's various strategic relationships, Alpha's success in penetrating new markets, cancellation or postponement of customer orders, inability to predict customer orders, the disproportionate impact of Alpha's business relationships with its larger customers, erosion of selling prices or margins, modification of the Company's plans or intentions, and market developments, competitive pressures and changes in economic conditions that vary from the Company's expectations. Additional information on these and other factors that may cause actual results and the Company's performance to differ materially is included in the Company's periodic reports filed with the SEC, including but not limited to the Company's Form 10-K for the year ended April 1, 2001 and subsequently filed Form 10-Q. Copies may be obtained by contacting the Company or the SEC. The Company cautions readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. The Company does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations or any change in events, conditions or circumstance on which any such statement is based.

	Second Quarter Ended		Six Months Ended	
	Sept. 30, 2001	Oct. 1, 2000	Sept. 30, 2001	Oct. 1, 2000
Net sales	\$ 33,001	\$ 73,201	\$ 65,222	\$ 138,889
Cost of sales	22,358	39,454	45,783	75,604
Research and development expenses	9,906	8,814	19,709	16,709
Selling and administrative expenses	6,063	10,839	12,771	22,527
Operating (loss) income	(5,326)	14,094	(13,041)	24,049
Interest expense	(15)	(22)	(29)	(38)
Interest income and other, net	1,480	1,938	3,358	3,879
(Loss) income before income taxes	(3,861)	16,010	(9,712)	27,890
(Credit) provision for income taxes	(1,274)	5,443	(3,205)	9,482
Net (loss) income	\$ (2,587)	\$ 10,567	\$ (6,507)	\$ 18,408
Net (loss) income per share basic	\$ (0.06)	\$ 0.25	\$ (0.15)	\$ 0.43
Net (loss) income per share diluted	\$ (0.06)	\$ 0.24	\$ (0.15)	\$ 0.41
Weighted average common shares basic	44,037	42,867	43,819	42,765
Weighted average common shares diluted	44,037	44,737	43,819	44,761

COMPARATIVE BALANCE SHEET

(unaudited)
(in thousands)

Sept. 30,
2001

April 1,
2001

Assets

Current assets

Cash, cash equivalents and short-term investments	\$145,528	\$153,784
Accounts receivable, net	24,721	36,984
Inventories	10,984	15,661
Prepaid expenses and other current assets	21,957	13,572

Property, plant and equipment, less

accumulated depreciation and amortization	124,877	114,196
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Other assets	2,214	2,822
Total assets	\$330,281	\$337,019

Liabilities and Equity

Current liabilities

Current portion of long-term debt	\$ 129	\$ 129
Accounts payable	15,582	20,820
Accrued liabilities and other current liabilities	7,670	10,764
Long-term debt	139	235

Other long-term liabilities	4,933	5,893
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Stockholders' equity	301,828	299,178
Total liabilities and equity	\$330,281	\$337,019

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CONTACT: Alpha Industries, Inc
Paul Vincent
Chief Financial Officer
(781) 935-5150 Ext. 4438