

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 27, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-5560  
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ALPHA INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

04-2302115  
(I.R.S. Employer  
Identification No.)

20 SYLVAN ROAD, WOBURN, MASSACHUSETTS  
(Address of principal executive offices)

01801  
(Zip Code)

Registrant's telephone number, including area code: (781) 935-5150

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No   
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT OCTOBER 25, 1998
COMMON STOCK, PAR VALUE \$.25 PER SHARE	10,541,089

TABLE OF CONTENTS

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	PAGE
PART 1 FINANCIAL INFORMATION	
Item 1 - Financial Statements	
Consolidated Balance Sheets - September 27, 1998 and March 29, 1998 .....	3
Consolidated Statements of Income - Quarters and Six Months Ended September 27, 1998 and September 28, 1997 .....	4
Consolidated Statements of Cash Flows - Six Months Ended September 27, 1998 and September 28, 1997 .....	5
Notes to Consolidated Financial Statements .....	6
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations .....	8
PART 2 OTHER INFORMATION	
Item 1 - Legal Proceedings .....	11
Item 4 - Submission of Matters to a Vote of Security Holders .....	11
Item 6 - Exhibits and Reports on Form 8-K .....	11

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Alpha Industries, Inc. and Subsidiaries  
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CONSOLIDATED BALANCE SHEETS

(In thousands except share and per share amounts)

	SEPTEMBER 27, 1998 (UNAUDITED)	MARCH 29, 1998 (AUDITED)
-----		
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 7,148	\$14,356
Short-term investments (Note 2).....	11,239	1,493
Accounts receivable.....	20,174	18,500
Inventories (Note 3).....	9,594	7,941
Prepayments and other current assets.....	1,599	883
	-----	-----
Total current assets.....	49,754	43,173
	-----	-----
Property, plant and equipment, less accumulated depreciation and amortization of \$64,630 and \$60,824.....	33,989	32,664
Other assets.....	1,116	1,092
	-----	-----
	\$84,859	\$76,929
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt.....	\$ 1,739	\$ 1,876
Current maturities of capital lease obligations.....	--	8
Accounts payable.....	6,143	5,725
Payroll and related expenses.....	5,898	6,724
Other accrued liabilities.....	3,175	2,779
	-----	-----
Total current liabilities.....	16,955	17,112
	-----	-----
Long-term debt.....	825	1,625
	-----	-----
Other long-term liabilities.....	2,240	2,370
	-----	-----
Commitments and contingencies (Note 6)		
Stockholders' equity		
Common stock par value \$.25 per share: authorized 30,000,000 shares; issued 10,588,769 and 10,545,167 shares.....	2,647	2,636
Additional paid-in capital.....	57,495	56,758
Retained earnings (accumulated deficit).....	4,976	(3,214)
Less - Treasury shares 68,433 and 100,195 shares at cost.....	219	315
Unearned compensation-restricted stock.....	60	43
	-----	-----
Total stockholders' equity.....	64,839	55,822
	-----	-----
	\$84,859	\$76,929
	=====	=====
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The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF INCOME  
(Unaudited)  
(In thousands except per share data)

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	SEPT. 27, 1998	SEPT. 28, 1997	SEPT. 27, 1998	SEPT. 28, 1997
Net sales.....	\$29,626	\$28,571	\$59,581	\$54,276
Cost of sales.....	16,763	17,942	33,895	34,750
Research and development expenses.....	2,891	2,422	5,913	4,741
Selling and administrative expenses.....	5,422	5,513	10,919	10,775
Operating income.....	4,550	2,694	8,854	4,010
Interest expense.....	(81)	(126)	(170)	(271)
Interest income and other, net.....	215	37	416	99
Income before income taxes.....	4,684	2,605	9,100	3,838
Provision for income taxes.....	468	261	910	384
Net income.....	\$ 4,216	\$ 2,344	\$ 8,190	\$ 3,454
Net income per share diluted.....	\$ 0.39	\$ 0.22	\$ 0.76	\$ 0.34
Net income per share basic.....	\$ 0.40	\$ 0.23	\$ 0.78	\$ 0.34
Weighted average common shares diluted.....	10,754	10,436	10,744	10,296
Weighted average common shares basic.....	10,514	10,138	10,494	10,065

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The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)  
(In thousands)

	SIX MONTHS ENDED	
	SEPT. 27, 1998	SEPT. 28, 1997
-----		
Cash flows from operating activities:		
Net income.....	\$ 8,190	\$ 3,454
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization of property, plant and equipment.....	3,806	3,309
Contribution of treasury shares to Savings and Retirement Plan.....	481	407
Amortization of unearned compensation - restricted stock, net.....	45	20
Decrease in other liabilities and long-term benefits.....	(130)	(161)
Increase in other assets.....	(18)	(95)
Change in assets and liabilities:		
Accounts receivable.....	(1,674)	(1,917)
Inventories.....	(1,653)	1,118
Other current assets.....	(716)	(824)
Accounts payable.....	418	472
Repositioning reserve.....	--	(522)
Other accrued liabilities and expenses.....	(430)	2,532
	-----	-----
Net cash provided by operations.....	8,319	7,793
	-----	-----
Cash flows from investing activities:		
Purchases of short-term investments.....	(12,724)	(843)
Maturities of short-term investments.....	2,978	827
Additions to property, plant and equipment.....	(5,131)	(4,583)
	-----	-----
Net cash used in investing activities.....	(14,877)	(4,599)
	-----	-----
Cash flows from financing activities:		
Payments on long-term debt.....	(937)	(2,107)
Deferred charges related to long-term debt.....	(6)	8
Payments on capital lease obligations.....	(8)	(163)
Proceeds from sale of stock.....	98	66
Exercise of stock options.....	203	316
	-----	-----
Net cash used in financing activities.....	(650)	(1,880)
	-----	-----
Net (decrease) increase in cash and cash equivalents.....	(7,208)	1,314
Cash and cash equivalents, beginning of period.....	14,356	5,815
	-----	-----
Cash and cash equivalents, end of period.....	\$ 7,148	\$ 7,129
	=====	=====

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The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (unaudited)

NOTE 1 BASIS OF PRESENTATION

The interim financial information included herein is unaudited. In addition, the financial information does not include all disclosures required under generally accepted accounting principles because certain note information included in the Company's annual report to shareholders has been omitted and such information should be read in conjunction with the prior year's annual report. However, the financial information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods. The Company considers the disclosures adequate to make the information presented not misleading.

NOTE 2 SHORT-TERM INVESTMENTS

The Company's short-term investments are classified as held-to-maturity. These investments consist primarily of commercial paper and bonds with original maturities of more than 90 days. Such short-term investments are carried at amortized cost, which approximates fair value, due to the short period of time to maturity. Gains and losses are included in investment income in the period they are realized.

NOTE 3 INVENTORIES

Inventories consist of the following (in thousands):	SEPTEMBER 27, 1998	MARCH 29, 1998
-----		
Raw materials.....	\$5,061	\$3,916
Work-in-process.....	2,646	2,259
Finished goods.....	1,887	1,766
	-----	-----
	\$9,594	\$7,941
	=====	=====

NOTE 4 SIGNIFICANT CUSTOMER

During the six months ended September 27, 1998 and September 28, 1997, one customer accounted for approximately 25% and 21%, respectively, of the Company's sales.

NOTE 5 EARNINGS PER SHARE

Effective December 28, 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (FAS 128) which changed the method of computing and presenting earnings per common share. All periods presented have been restated in accordance with FAS 128.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
(unaudited)

NOTE 5 EARNINGS PER SHARE (CONTINUED)

A reconciliation of the weighted average number of shares outstanding used in the computation of the basic and diluted earnings per share for the quarters and six months ended September 27, 1998 and September 28, 1997 is as follows (in thousands):

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	SEPT. 27, 1998	SEPT. 28, 1997	SEPT. 27, 1998	SEPT. 28, 1997
Weighted average shares (basic)....	10,514	10,138	10,494	10,065
Effect of dilutive stock options...	240	298	250	231
	-----	-----	-----	-----
Weighted average shares (diluted)..	10,754	10,436	10,744	10,296
	=====	=====	=====	=====

The net income used in the calculation of basic and diluted earnings per share agrees with the net income appearing in the financial statements.

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Company is party to suits and claims arising in the normal course of business. Management believes these are adequately provided for or will result in no significant additional liability to the Company.

PART I - ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Sales for the first six months of fiscal 1999 totaled \$59.6 million compared with sales of \$54.3 million for the same period last year. Sales for the second quarter of fiscal 1999 totaled \$29.6 million compared with \$28.6 million for the comparable period last year. New orders received for the first half of fiscal 1999 were \$57.3 million, compared with \$57.0 million for the same period last year. The increase in sales and orders continues to be the result of higher sales volumes due to increased penetration into several handset platforms. The Company's Wireless Semiconductor sector had sales of \$28.4 million while the Application Specific Products (ASP) sector had sales of \$19.8 million and the Ceramics Products sector had sales of \$11.4 million for the first six months of fiscal 1999. For the second quarter of fiscal 1999, these groups reported sales of \$14.3 million for the Wireless Semiconductor sector, \$9.9 million for the ASP sector and \$5.4 million for the Ceramics Products sector. Deliveries to one customer represented approximately 25% of the Company's total sales for the first six months of fiscal 1999 compared with 21% for the first six months of fiscal 1998.

Gross profit for the first half of fiscal 1999 totaled \$25.7 million or 43% of sales compared with \$19.5 million or 36% of sales for the comparable period last year. Gross profit for the second quarter of fiscal 1999 was \$12.9 million or 43% of sales compared with \$10.6 million or 37% of sales for the same period last year. Gross margins continue to increase quarter over quarter primarily as the result of increased sales volumes and the leveraging of capacity of the Company's Wireless Semiconductor and ASP operations, as well as reduced manufacturing costs and improved operating efficiencies for the Ceramics Products group. The Wireless Semiconductor sector reported gross margins of 41% while ASP reported gross margins of 53% and the Ceramics Products sector reported gross margins of 31% for the first six months of fiscal 1999. Gross margins for the second quarter of fiscal 1999 were 43% for the Wireless Semiconductor sector, 51% for the ASP sector and 31% for the Ceramics Products sector.

Research and development expenses for the first six months of fiscal 1999 were \$5.9 million or 10% of sales compared with \$4.7 million or 9% of sales for the same period last year. For the second quarter of fiscal 1999, research and development expenses increased 19% to \$2.9 million as compared with the same quarter last year. The increased research and development is due mainly to the development of processes and applications related to high volume products in the Wireless Semiconductor Products group, which are targeted at the rapidly-growing wireless markets. Over 75% of the Company's total research and development expenditures support this dynamic sector. The Company is strongly committed to continuing its investment in the GaAs IC and high volume wireless products to better serve its targeted markets, particularly as it continues to introduce new products that its key customers need.

Selling and administrative expenses totaled \$10.9 million or 18% of sales for the first six months of fiscal 1999 compared with \$10.8 million or 20% of sales for the same period last year. For the second quarter of fiscal 1999, selling and administrative expenses totaled \$5.4 million or 18% of sales, as compared to \$5.5 million or 19% of sales for the comparable quarter last year. The year-to-date increase in selling and administrative expenses reflects increased sales commissions related to higher sales volumes offset by short-term cost reduction initiatives. During the second quarter of fiscal 1999, the \$91 thousand decrease in selling and administrative costs was primarily the result of the short-term cost reduction initiatives.

Interest expense for the first six months and second quarter of fiscal 1999 decreased \$101 thousand and \$45 thousand respectively over the comparable periods last year due to a decline in borrowings. Interest income for the first six months and quarter ended September 27, 1998 increased \$317 thousand and \$178 thousand, respectively, over the comparable periods last year as a result of increased levels of short-term investments.



The Company's effective tax rate for the first half of fiscal 1999 was 10%. This rate differed from statutory rates primarily as a result of the utilization of net operating loss carryforwards. At September 27, 1998, the Company had available net operating loss carryforwards of approximately \$18 million which expire commencing in 2004.

For the first six months of fiscal 1999, the Company reported net income of \$8.2 million or \$0.76 per share diluted up more than 137% compared with net income of \$3.5 million or \$0.34 per share diluted for the comparable period last year. For the second quarter of fiscal 1999, the Company reported net income of \$4.2 million or \$0.39 per share diluted up 80% compared with net income of \$2.3 million or \$0.22 per share diluted for the same period last year.

#### FINANCIAL CONDITION

At September 27, 1998, working capital totaled \$32.8 million and included \$18.4 million in cash, cash equivalents, and short-term investments, compared with \$26.1 million of working capital at the end of fiscal 1998. Cash, cash equivalents, and short-term investments increased \$2.5 million for the first half of fiscal 1999 as operations generated \$8.3 million of cash principally from net income and depreciation. Uses of cash included \$5.1 million for capital expenditures and approximately \$900 thousand for the repayment of long-term debt. The Company continued its investment in capital expenditures particularly for the semiconductor wafer fab operation and the IC and discrete semiconductor assembly and test areas, as well as for improved manufacturing capabilities at the ceramics manufacturing facility. The Company remains strongly committed to adding the required capacity needed to service the wireless markets as demand continues to grow. During fiscal 1999, the Company anticipates committing approximately \$18 million in capital expenditures for the high volume Wireless Semiconductor Products sector since this group is expected to be the primary engine for growth. These capital expenditures are expected to be disbursed over the next 6 to 12 months.

The Company expects to generate sufficient cash from operations to fund the necessary projected levels of growth. With cash, cash equivalents, and short-term investments of \$18.4 million, a \$7.5 million line of credit and a \$7.5 million equipment line of credit currently available, the Company believes it has adequate funds to support its current operating needs.

#### NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income" and No. 131, "Disclosure about Segments of an Enterprise and Related Information", which are effective for fiscal years beginning after December 15, 1997. The Company has complied with SFAS No. 130 and determined there was no effect on the Company's consolidated financial statements, and the Company is currently evaluating the effects of SFAS No. 131.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" establishes accounting and reporting standards for derivatives and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999.

The AICPA issued Statement of Position ("SOP") 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use" during fiscal 1998. SOP 98-1 requires that companies capitalize certain internal-use software costs upon meeting certain criteria. This SOP is effective for fiscal years beginning after December 15, 1998.

The Company is currently evaluating SFAS No. 133 and SOP 98-1 and has not yet determined their impact on the Company's consolidated financial statements.

YEAR 2000

The Year 2000 issue relates to the inability of certain computer software programs to properly recognize and process date-sensitive information relative to the Year 2000 and beyond. To address this issue, the Company has initiated a company-wide Year 2000 project under the direction of senior management.

The Company has evaluated its products and has determined that its current and past products are not date-sensitive. The Company does not expect Year 2000 exposure for products sold.

The Company has completed a comprehensive inventory of its internal information systems. Over the last several years, the Company has invested in new computer hardware and software to improve its business operations. All such systems were required to be Year 2000 compliant as a condition of purchase. The Company is currently developing a plan for testing critical information systems to ensure compliance. This testing is expected to be completed by April 1999.

The Company has also completed a comprehensive inventory of its equipment and facilities. The Company is in the process of developing a plan for testing critical items to ensure that they are compliant. Testing is expected to be completed by April 1999.

Upon completion of the testing of systems, facilities, and equipment, the Company will formulate contingency plans to handle the most reasonably likely worst-case scenarios.

The Company has begun formal communication with significant suppliers, customers, financial institutions, and other third parties with which the Company has a material relationship in order to determine whether those entities have adequate plans in place to ensure their Year 2000 preparedness. The Company has not yet completed its assessment of its exposure to risks relating to the Year 2000 issues of those entities with which it has a material relationship. Upon completion of this assessment, the Company will formulate contingency plans to handle the most reasonably likely worst-case scenarios.

Although the Company believes its planning efforts are adequate to address its Year 2000 compliance concerns, there can be no assurances that the Company will not experience unanticipated negative consequences or material costs caused by undetected errors or defects in the technology used in its internal systems or that third parties upon which the Company relies will be compliant in a timely manner and will not have any material effect on the Company.

OTHER MATTERS

Safe Harbor Statement - Except for the historical information contained herein, this Form 10-Q contains forward-looking statements that are inherently subject to risks and uncertainties. The Company's results could differ materially based on various factors, including without limitation: cancellation or deferral of customer orders, difficulties in the timely development and market acceptance of new products, market developments that vary from the current public expectations concerning the growth of wireless communications, difficulties in manufacturing new or existing products in sufficient quantity or quality, increased competitive pressures, decreasing selling prices for the Company's products, or changes in economic conditions. Further information on factors that could affect the Company's financial results is included in the Company's periodic reports filed with the S.E.C., including the most recent Form 10-K for the fiscal year ended March 29, 1998 and any subsequent Form 10-Qs.

PART II - OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

The Company does not have any material pending legal proceedings other than routine litigation incidental to its business.

The Company has been notified by federal and state environmental agencies of its potential liability with respect to the Spectron, Inc. Superfund site in Elkton, Maryland. Several hundred other companies have also been notified about their potential liability regarding this site. The Company continues to deny that it has any responsibility with respect to this site other than as a de minimis

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party. Management is of the opinion that the outcome of the aforementioned environmental matter will not have a material effect on the Company's operations or financial position.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- a) On September 14, 1998, Alpha Industries, Inc. held its Annual Meeting of Stockholders.
- b) At the Meeting, the Stockholders elected George S. Kariotis and Timothy R. Furey as Class 3 Directors each to hold office for a three-year term until the 2001 Annual Meeting of Stockholders and until their successors have been duly elected and qualified. Votes were cast as follows: Mr. Kariotis 8,755,674 for and 781,772 withheld, and Mr. Furey 8,755,674 for and 781,772 withheld.
- c) At the Meeting, the Stockholders voted to amend the Alpha Industries, Inc. 1996 Long-Term Incentive Plan. A total of 5,925,383 shares were voted in favor of amending the Alpha Industries, Inc. 1996 Long-Term Incentive Plan, 1,490,542 shares were voted against, 66,412 shares abstained from voting and 3,024,573 shares did not vote.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

- (3) Certificate of Incorporation and By-laws.
  - (a) Restated Certificate of Incorporation (Filed as Exhibit 3(a) to Registration Statement on Form S-3 (Registration No. 33-63857))\*.
  - (b) Amended and restated By-laws of the Corporation dated April 30, 1992 (Filed as Exhibit 3(b) to the Annual Report on Form 10-K for the year ended March 29, 1992)\*.
- (4) Instruments defining rights of security holders, including indentures.
  - (a) Specimen Certificate of Common Stock (Filed as Exhibit 4(a) to Registration Statement on Form S-3 (Registration No. 33-63857))\*.
  - (b) Frederick County Industrial Development Revenue Bond, Deed of Trust, Loan Agreement and Guaranty and Indemnification Agreement dated June 17, 1982 (Filed as Exhibit 4(g) to the Registration Statement on Form S-8 filed July 29, 1982)\*. Bond and Loan Document Modification Agreement dated December 9, 1993 (Filed as Exhibit 4(c) to the Quarterly Report on Form 10-Q for the quarter ended December 26, 1993)\*.
  - (c) Loan and Security Agreement dated December 15, 1993 between Trans-Tech, Inc., and County Commissioners of Frederick County (Filed as Exhibit 4(h) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)\*.

- (d) Stock Purchase Warrant for 50,000 shares of the Registrant's Common Stock issued to Silicon Valley Bank as of April 1, 1994 (Filed as Exhibit 4(i) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)\*.
  - (e) Amended and restated Credit Agreement dated October 1, 1997 between Alpha Industries, Inc., and Trans-Tech, Inc. and Fleet Bank of Massachusetts and Silicon Valley Bank (Filed as Exhibit 4(f) to the Quarterly Report on Form 10-Q for the quarter ended December 28, 1997)\*.
- (10) Material Contracts.
- (a) Alpha Industries, Inc., 1986 Long-Term Incentive Plan as amended (Filed as Exhibit 10(a) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)\*. (1)
  - (b) Alpha Industries, Inc., Employee Stock Purchase Plan as amended October 22, 1992 (Filed as Exhibit 10(b) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)\* and amended August 22, 1995 (Filed as Exhibit 10(b) to the Annual Report on Form 10-K for the fiscal year ended March 31, 1996)\*. (1)
  - (c) SERP Trust Agreement between the Registrant and the First National Bank of Boston as Trustee dated April 8, 1991 (Filed as Exhibit 10(c) to the Annual Report on Form 10-K for the fiscal year ended March 31, 1991)\*. (1)
  - (d) Alpha Industries, Inc., Long-Term Compensation Plan dated September 24, 1990 (Filed as Exhibit 10(i) to the Annual Report on Form 10-K for the fiscal year ended March 29, 1992)\*; amended March 28, 1991 (Filed as Exhibit 10 (a) to the Quarterly Report on Form 10-Q for the quarter ended June 27, 1993)\* and as further amended October 27, 1994 (Filed as Exhibit 10(f) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)\*.(1)
  - (e) Master Equipment Lease Agreement between AT&T Commercial Finance Corporation and the Registrant dated June 19, 1992 (Filed as Exhibit 10(j) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)\*.
  - (f) Severance Agreement dated January 13, 1997 between the Registrant and Thomas C. Leonard (Filed as Exhibit 10(f) to the Annual Report on Form 10-K for the fiscal year ended March 30, 1997)\*. (1)
  - (g) Severance Agreement dated May 20, 1997 between the Registrant and David J. Aldrich (Filed as Exhibit 10(g) to the Annual Report on Form 10-K for the fiscal year ended March 30, 1997)\*. (1)
  - (h) Severance Agreement dated January 14, 1997 between the Registrant and Richard Langman (Filed as Exhibit 10(h) to the Annual Report on Form 10-K for the fiscal year ended March 30, 1997)\*. (1)
  - (i) Consulting Agreement dated August 13, 1992 between the Registrant and Sidney Topol (Filed as Exhibit 10(p) to the Annual Report on Form 10-K for the fiscal year ended April 3, 1994)\*.(1)
  - (j) Master Lease Agreement between Comdisco, Inc. and the Registrant dated September 16, 1994 (Filed as Exhibit 10(q) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)\*.
  - (k) Alpha Industries, Inc., 1994 Non-Qualified Stock Option Plan for Non-Employee Directors (Filed as Exhibit 10(r) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)\*.(1)
  - (l) Alpha Industries Executive Compensation Plan dated January 1, 1995 and Trust for the Alpha Industries Executive Compensation Plan dated January 3, 1995 (Filed as Exhibit 10(p) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)\*.(1)
  - (m) Alpha Industries, Inc. Savings and Retirement 401(k) Plan dated July 1, 1996 (Filed as Exhibit 10(n) to the Annual Report on Form 10-K for the fiscal year ended March 30, 1997)\*.
  - (n) Severance Agreement dated September 4, 1998 between the Registrant and Paul E. Vincent. (1)

(o) Change in Control Agreement between the Registrant and James C. Nemiah dated September 25, 1998. (1)

- (p) Lease Agreement between MIE Properties, Inc. and Trans-Tech, Inc. (Filed as Exhibit 10(r) to the Quarterly Report on Form 10-Q for the quarter ended September 29, 1996)\*.
- (q) Alpha Industries, Inc., 1997 Non-Qualified Stock Option Plan for Non-Employee Directors (Filed as Exhibit 10(r) to the Annual Report on Form 10-K for the fiscal year ended March 29, 1998)\*.(1)
- (11) Statement re computation of per share earnings\*\*.
- (27) Financial Data Schedules.
- (b) Reports on Form 8-K

No reports on Form 8-K were filed with the Securities and Exchange Commission during the fiscal quarter ended September 27, 1998.

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\*Not filed herewith. In accordance with Rule 12b-32 promulgated pursuant to the Securities Exchange Act of 1934, as amended, reference is hereby made to documents previously filed with the Commission, which are incorporated by reference herein.

\*\*Reference is made to Note 5 of the notes to Consolidated Financial Statements on Page 6 of this Quarterly Report on Form 10-Q which Note 5 is hereby incorporated by reference herein.

(1) Management Contracts.

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Alpha Industries, Inc. and Subsidiaries  
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SIGNATURES  
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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 7, 1998  
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Alpha Industries, Inc., and Subsidiaries  
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Registrant

/s/ Thomas C. Leonard  
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Thomas C. Leonard  
Chief Executive Officer  
President

/s/ Paul E. Vincent  
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Paul E. Vincent  
Chief Financial Officer  
Principal Financial Officer  
Principal Accounting Officer

September 4, 1998

Paul E. Vincent  
10 Leary Drive  
Tewksbury, MA 01876

Re: Severance Agreement

Dear Paul:

This letter is to confirm the severance arrangements that we have offered to you as a Vice President of Alpha Industries, Inc. ("Alpha").

1. If: (i) a Change in Control occurs while you are employed by Alpha, and (ii) your employment with Alpha is voluntarily or involuntarily terminated within two (2) years thereafter, then: (a) Alpha will pay you two (2) years of salary continuation (and any bonus guaranteed or earned prior to the date of termination) in accordance with the terms and conditions of this letter, and (b) all Alpha stock options then outstanding and held by you, whether or not by their terms then exercisable, will, subject to their other terms and conditions, become immediately exercisable and remain exercisable for a period of ninety (90) days after the date of employment termination.

2. A "Change in Control" will be deemed to have occurred if the Continuing Board of Alpha shall have ceased for any reason to constitute a majority of the Board of Directors of Alpha. For this purpose, a "Continuing Director" will include any member of the Board of Directors of Alpha as a date of this letter and any person nominated for election to the Board of Directors of Alpha by a majority of the then Continuing Directors.

3. If, at any time, your employment with Alpha is involuntarily terminated without Cause, then: (a) Alpha will pay you two (2) years of salary continuation (and any bonus guaranteed or earned prior to the date of termination) in accordance with the terms and conditions of this letter, and (b) all Alpha stock options then outstanding and held by you, whether or not by their terms then exercisable, will, subject to their other terms and conditions, become immediately exercisable and remain exercisable for a period of ninety (90) days after the date of employment termination.

4. "Cause" will mean: (a) deliberate dishonesty detrimental to the best interests of Alpha or any subsidiary, or (b) conduct constituting moral turpitude, or (c) willful disloyalty to Alpha, or (d) refusal or failure to obey the directions of the CEO of Alpha, or (e) incompetent performance or substantial or continuing inattention to or neglect of duties and responsibilities assigned to you.



5. Salary continuation payments under this letter will: (a) be made at the same rate as you were receiving on the date of employment termination; (b) be paid in equal periodic installments at such intervals as Alpha shall generally pay its officers, and (c) be reduced by the amount of any compensation that you receive from any person for services rendered during the salary continuation period. Notwithstanding the foregoing, you will not receive any salary continuation payments for any period in which you fail to actively seek gainful employment.

6. During the term of your employment with Alpha and for the first twelve (12) months after the date on which your employment with Alpha is voluntarily or involuntarily terminated (the "Noncompete Period"), you will not, directly or indirectly, whether as owner, partner, shareholder, director, consultant, agent, employee, or otherwise, or through any person, engage in any employment, consulting or other activity which competes with the business of Alpha or any subsidiary or affiliate of Alpha (collectively, the "Company"). You acknowledge and agree that your direct or indirect participation in the conduct of such competing business alone or with any person will materially impair the business and prospects of Alpha. During the Noncompete Period, you will not (i) attempt to hire any director, officer, employee or agent of the Company, (ii) assist in such hiring by any other person, (iii) encourage any person to terminate his or her employment or business relationship with the Company, (iv) encourage any customer or supplier of the Company to terminate its relationship with the Company, or (v) obtain, or assist in obtaining, for your own benefit (other than indirectly as an employee of the Company) any customer of the Company. If any of the restrictions provided for in this Section 6 are adjudicated to be excessively broad as to scope, geographic area, time or otherwise, said restriction shall be reduced to the extent necessary to make the restriction reasonable and shall be binding on you as so reduced. Any provisions of this Section 6 not so reduced shall remain in full force and effect. It is understood that during the Noncompete Period, you will make yourself available to the Company for consultation on behalf of the Company, upon reasonable request and at a reasonable rate of compensation and at reasonable times in light of any commitment you may have to a new employer. You understand and acknowledge that the Company's remedies at law for breach of any of the restrictions in this Section are inadequate and that any such breach will cause irreparable harm to the Company. You therefore agree that in addition and as a supplement to such other rights and remedies as may exist in the Company's favor, the Company may apply to any court having jurisdiction to enforce the specific performance of the restrictions in this Section, and may apply for injunctive relief against any act which would violate those restrictions.

Please sign both copies of this letter and return one to me. If you have any questions, please feel free to call me or Jim Nemiah.

AGREED TO:

Sincerely,

\_\_\_\_\_

Thomas C. Leonard  
President and CEO

Date: \_\_\_\_\_

September 25, 1998

James Nemiah

Re: Change in Control Agreement  
Dear James:

This letter is to confirm the agreement that we reached with regard to your employment with Alpha Industries, Inc. ("Alpha"). If: (i) a Change in Control occurs within two years of the date of this letter, AND (ii) your employment with Alpha or a subsidiary of Alpha is involuntarily terminated within one year thereafter, THEN Alpha will pay you up to one year of salary continuation in accordance with the terms and conditions of this letter.

A "Change in Control" shall be deemed to have occurred if the Continuing Directors shall have ceased for any reason to constitute a majority of the Board of Directors of Alpha. For this purpose, a "Continuing Director" shall include any member of the Board of Directors of Alpha as of the date of this letter and any person nominated for election to the Board of Directors of Alpha by a majority of the then Continuing Directors.

Salary continuation payments under this letter will be reduced by the amount of any compensation that you receive from any person for services rendered during the salary continuation period. For any period in which you either: (i) engage in activities or enterprises (on behalf of yourself or others) that are directly competitive with any business activity of Alpha Industries, Inc. or any of its subsidiaries, OR (ii) fail to actively seek gainful employment, you will not receive any salary continuation payments.

Please sign both copies of this letter and return one copy to George LeVan. If you have any questions, please feel free to call George LeVan at (617) 824-4419 or Jim Nemiah at (617) 824-4426.

Sincerely,

Paul E. Vincent  
Vice President, CFO, Treasurer



THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF ALPHA INDUSTRIES, INC. AND SUBSIDIARIES AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 27, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS		
	MAR-28-1999	
	MAR-29-1998	
	SEP-27-1998	
		7,148
	11,239	
	20,801	
	627	
	9,594	
	49,754	
		98,619
	64,630	
	84,859	
16,955		
		825
0		
		0
		2,647
		62,192
84,859		
		59,581
	59,581	
		33,895
	50,727	
	(12)	
	110	
	(234)	
	9,100	
		910
8,190		
	0	
	0	
		0
	8,190	
	0.78	
	0.76	



THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF ALPHA INDUSTRIES, INC. AND SUBSIDIARIES AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 28, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THIS SCHEDULE HAS BEEN UPDATED TO REFLECT THE ADOPTION OF FINANCIAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 128 "EARNINGS PER SHARE".

6-MOS	MAR-29-1998	MAR-30-1997	SEP-28-1997
			7,129
		1,234	
		19,524	
		588	
		9,149	
	38,129		
		87,641	
	29,882		
	69,567		
18,013			
		2,580	
0		0	
		2,590	
		45,059	
69,567			
		54,276	
	54,276		
		34,750	
		50,266	
		32	
		120	
		140	
		3,838	
		384	
3,454			
		0	
		0	
		0	
		3,454	
		0.34	
		0.34	