

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 June 30, 1996

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

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: (617) 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 X No
----- -----

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 JULY 28, 1996
COMMON STOCK, PAR VALUE \$.25 PER SHARE	9,754,439

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STATEMENT OF FAIR PRESENTATION

The 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.

Alpha Industries, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In thousands except share and per share amounts)

	JUNE 30, 1996 (UNAUDITED)	MARCH 31, 1996 (AUDITED)

ASSETS		
Current assets		
Cash and cash equivalents at cost (approximates market).....	\$ 4,369	\$ 11,326
Short-term investments.....	5,615	4,143
Accounts receivable.....	15,593	17,688
Inventories (Note 1).....	14,399	12,015
Prepayments and other current assets.....	1,044	1,379
	-----	-----
Total current assets.....	41,020	46,551
	-----	-----
Property, plant and equipment, less accumulated depreciation and amortization of \$51,226 and \$49,908.....	29,124	28,136
Other assets.....	720	736
	-----	-----
	\$ 70,864	\$ 75,423
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt.....	\$ 321	\$ 332
Current maturities of capital lease obligations.....	414	443
Accounts payable.....	5,921	7,075
Payroll, commissions and related expenses.....	5,141	4,898
Other accrued liabilities.....	993	1,156
	-----	-----
Total current liabilities.....	12,790	13,904
	-----	-----
Long-term debt.....	2,495	2,565
	-----	-----
Long-term capital lease obligations.....	494	565
	-----	-----
Other long-term liabilities.....	908	856
	-----	-----
Commitments and contingencies (Note 4)		
Stockholders' equity		
Common stock par value \$.25 per share: authorized 30,000,000 shares; issued 9,978,235 and 9,938,587 shares.....	2,495	2,484
Additional paid-in capital.....	53,509	53,468
Retained earnings (accumulated deficit).....	(1,368)	2,056
Less - Treasury shares 249,052 shares at cost.....	321	321
Unearned compensation-restricted stock.....	138	154
	-----	-----
Total stockholders' equity.....	54,177	57,533
	-----	-----
	\$ 70,864	\$ 75,423
	=====	=====

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

Alpha Industries, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands except per share data)

	First Quarter Ended	
	June 30, 1996	July 2, 1995

Net sales.....	\$ 20,066	\$ 22,434
Cost of sales.....	16,274	15,052
Research and development expenses.....	2,488	1,787
Selling and administrative expenses.....	5,387	4,429
Repositioning credit (Note 2).....	-	(320)
	-----	-----
Operating income (loss).....	(4,083)	1,486
Interest expense.....	(117)	(209)
Interest income and other, net.....	172	33
	-----	-----
Income (loss) before income taxes.....	(4,028)	1,310
Provision (credit) for income taxes.....	(604)	196
	-----	-----
Net income (loss).....	\$ (3,424)	\$ 1,114
	=====	=====
Net income (loss) per share.....	\$ (0.35)	\$ 0.14
	=====	=====
Weighted average common shares and common share equivalents (Note 3).....	9,703	8,171
	=====	=====

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

Alpha Industries, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	First Quarter Ended	
	June 30, 1996	July 2, 1995

Cash flows from operating activities:		
Net income (loss).....	\$ (3,424)	\$ 1,114
Adjustments to reconcile net income (loss) to net cash used for operations:		
Depreciation and amortization of property, plant and equipment....	1,318	1,163
Amortization of unearned compensation - restricted stock, net.....	16	15
Repositioning credit.....	-	(320)
Increase in other liabilities and long-term benefits.....	52	46
Decrease (increase) in other assets.....	12	(35)
Change in assets and liabilities:		
Accounts receivable.....	2,095	(1,917)
Inventories.....	(2,384)	(582)
Other current assets.....	335	(33)
Accounts payable.....	(1,154)	(1,186)
Other accrued liabilities and expenses.....	80	819
Repositioning reserve.....	-	(136)
	-----	-----
Net cash used for operations.....	(3,054)	(1,052)
	-----	-----
Cash flows from investing activities:		
Purchases of short-term investments.....	(2,475)	-
Maturities of short-term investments.....	1,003	-
Additions to property, plant and equipment.....	(2,306)	(1,329)
	-----	-----
Net cash used in investing activities.....	(3,778)	(1,329)
	-----	-----
Cash flows from financing activities:		
Proceeds from notes payable.....	-	1,150
Payments on long-term debt.....	(81)	(93)
Deferred charges related to long-term debt.....	4	2
Payments on capital lease obligations.....	(100)	(99)
Exercise of stock options.....	52	84
	-----	-----
Net cash (used in) provided from financing activities.....	(125)	1,044
	-----	-----
Net decrease in cash and cash equivalents.....	(6,957)	(1,337)
Cash and cash equivalents, beginning of period.....	11,326	3,510
	-----	-----
Cash and cash equivalents, end of period.....	\$ 4,369	\$ 2,173
	=====	=====

Supplemental Disclosures:

Capital lease obligations of \$206 thousand were incurred during the quarter ended July 2, 1995 when the Company entered into leases for new equipment.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

NOTE 1 INVENTORIES

Inventories consist of the following (in thousands):	JUNE 30, 1996	MARCH 31, 1996
Raw materials.....	\$ 6,209	\$ 4,878
Work-in-process.....	5,696	5,830
Finished goods.....	2,494	1,307
	-----	-----
	\$ 14,399	\$ 12,015
	=====	=====

NOTE 2 REPOSITIONING CREDIT

In July 1995, the Company sold its Methuen, Massachusetts plant. The Company received the proceeds of \$2.5 million and retired \$3.5 million of related debt. During the first quarter of fiscal 1996, the Company recorded a \$320 thousand repositioning credit, attributable to the reversal of certain accruals for estimated carrying costs, as a result of an earlier than expected disposition of this property.

NOTE 3 EARNINGS PER SHARE

Earnings per common share for the three months ended June 30, 1996 and July 2, 1995 were computed using the weighted average number of outstanding common shares plus common stock equivalents, if applicable, of 9,703,175 and 8,170,954 shares, respectively.

NOTE 4 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

Sales for the first quarter of fiscal 1997 totaled \$20.1 million compared with sales of \$22.4 million for the same period last year. New orders received for the first quarter of fiscal 1997 were \$15.3 million compared with \$26.3 million for the same period last year. The decrease in sales and orders was due to the softening in the wireless telecommunications industry, the delayed rollout of the Personal Communication System (PCS) and by the decision to exit certain non-strategic activities. Orders for the current quarter were somewhat lower than expected, due to the cancellation of approximately \$2.5 million of orders in certain non-strategic technology contracts. These technology contracts represented system development programs that were inconsistent with our core strategic direction and included an unacceptably high level of financial risk. In addition, there were delays in finalizing two sole source military contracts that the Company expects to book in the second quarter.

Gross profit for the first quarter of fiscal 1997 totaled \$3.8 million compared with \$7.4 million for the comparable period last year. Lower margins are the result of lower sales volumes and rising costs due to added manufacturing capacity during fiscal 1996. In anticipation of the demand for wireless communication products increasing over the second half of fiscal 1997, the Company has decided to maintain its current levels of manufacturing capacity for MMICs, discrete semiconductors and ceramic products.

Research and development expenses increased for the first quarter of fiscal 1997 to \$2.5 million, or 12% of sales, as compared with \$1.8 million or 8% of sales for the same period last year. The increase in research and development reflects the continued investment by the Company in the GaAs MMIC and ceramic product lines. The Company will continue to invest in product and process development in order to address the demands of its targeted wireless markets.

Selling and administrative expenses increased to \$5.4 million or 27% of sales for the first quarter of fiscal 1997, as compared with the same period last year of \$4.4 million or 20% of sales. The increase in selling and administrative expenses is primarily the result of recognizing severance costs related to various corporate executives.

Interest expense decreased for the first quarter of fiscal 1997 to \$117 thousand from \$209 thousand as a result of the Company having less short-term borrowings. Whereas, interest income from the first quarter of fiscal 1997, increased \$157 thousand, mainly due to interest earned on funds received from the secondary stock offering that was completed during the third quarter of fiscal 1996.

The Company recognized a 15% income tax benefit for the first quarter of fiscal 1997 compared to the current federal, state and foreign rate of approximately 40%. This rate differed from statutory rates primarily as a result of the expected utilization of net operating loss carryforwards.

The Company reported a net loss for the first quarter of fiscal 1997 of \$3.4 million or \$0.35 per share compared with a net income of \$1.1 million or \$0.14 per share for the comparable period last year. As reported in the Company's Annual Report Form 10-K, the Company anticipated a loss of \$0.24 to \$0.27 per share for the first quarter of fiscal 1997 however, the loss was larger than expected due to the recognition of \$0.08 per share of severance costs for various corporate executives.

FINANCIAL CONDITION

At June 30, 1996, working capital totaled \$28.2 million and included \$10 million in cash, cash equivalents, and short-term investments, compared with \$32.6 million of working capital at the end of fiscal 1996. Cash decreased \$7 million during the first quarter of fiscal 1997 as a result of a \$3.4 million loss, further investments in inventories and capital expenditures, as well as, decreasing accounts payable. Capital expenditures were primarily for the expansion of the ceramic manufacturing facilities, further automation of the semiconductor wafer fab operations and the MMIC and discrete semiconductor assembly and test areas. The Company remains strongly committed to adding the required capacity needed to service the wireless markets as demand begins to return. In addition to the proceeds received from the secondary offering, the Company also has two lines of credit available for a total of \$12.5 million. The Company entered into a \$7.5 million working capital line of credit agreement which expires on August 1, 1997, and a \$5 million equipment line of credit which expires on August 31, 1996. At June 30, 1996 there was \$1 million outstanding under the equipment line of credit. The Company expects to draw down the remaining balance of its equipment line of credit prior to its expiration.

With the funds raised from the secondary offering and the lines of credit available, the Company believes it has adequate funds to support its current operating needs. The Company will continue to evaluate other available financing such as low interest financing for the capital expansion of its ceramic manufacturing business and any other sources that may become available.

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 following two sites: the Spectron, Inc. Superfund site in Elkton, Maryland; and the Seaboard Chemical Corporation site in Jamestown, North Carolina. In each case several hundred other companies have also been notified about their potential liability regarding these sites. The Company continues to deny that it has any responsibility with respect to these sites other than as a de minimis party. Management is of the opinion that

the outcome of the aforementioned environmental matters will not have a material effect on the Company's operations or financial position.

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) Amended and Restated Rights Agreement dated as of November 24, 1986, as amended and restated July 3, 1990 and as further amended September 9, 1990 and September 24, 1990, between Registrant and The First National Bank of Boston, as Rights Agent (The July 3, 1990 restatement and the September 9, 1990 and September 24, 1990 amendments were filed as Exhibit 4 to the Current Report on Form 8-K dated July 3, 1990 and Exhibits 4(a) and 4(b) to the Current Report on Form 8-K dated September 18, 1990, respectively)*.

(d) 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)*.

(e) 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)*.

(f) Credit Agreement dated September 29, 1995 between Alpha Industries, Inc., and Trans-Tech Inc. and Fleet Bank of Massachusetts, N.A. and Silicon Valley Bank. (Filed as Exhibit 4(j) to the Quarterly Report on Form 10-Q for the quarter ended October 1, 1995)* and amended and restated promissory notes dated as of October 31, 1995 (Filed as

(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) Digital Business Agreement between Digital Equipment Corporation and Registrant dated April 2, 1990. Master Lease Addendum (Ref. No. 6260) to Digital Business Agreement No. 3511900 between Digital Equipment Corporation and Registrant dated April 2, 1990 (Filed as Exhibit 10(g) to the Annual Report on Form 10-K for the fiscal year ended March 29, 1992)*.
- (e) 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)
- (f) 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)*.
- (g) Employment Agreement dated October 1, 1990 between the Registrant and Martin J. Reid, as amended March 26, 1992 and amended January 19, 1993 (Filed as Exhibit 10(k) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)* and amended August 10, 1993 (Filed as Exhibit 10(j) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)*. (1)
- (h) Employment Agreement dated October 1, 1990 between the Registrant and George S. Kariotis, as amended May 15, 1991 and amended January 22, 1993 (Filed as Exhibit 10(l) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)* and amended August 10, 1993 (Filed as Exhibit 10(k) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)*. (1)
- (i) Employment Agreement dated October 1, 1990 between the Registrant and Patrick Daniel Gallagher, as amended March 24, 1992 and amended by Second Amendment dated September 29, 1992 and Third Amendment dated January 20, 1993 (Filed as Exhibit 10(m) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)* and Fourth Amendment dated August 3, 1994 (Filed as Exhibit 10(l) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)
- (j) Employment Agreement dated April 28, 1994 between the Registrant and Joseph J. Alberici. (Filed as Exhibit 10(o) to the Annual Report on Form 10-K for the fiscal year ended April 3, 1994)*; and further amended August 3, 1994 (Filed as Exhibit 10(n) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)
- (k) Consulting Agreement dated August 13, 1992 between the Registrant and Sidney Topol. (Filed as Exhibit 10(p) to the

- (l) Employment Agreement dated August 3, 1994 between the Registrant and Thomas C. Leonard (Filed as Exhibit 10(p) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)
 - (m) 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)*.
 - (n) 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)
 - (o) 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)
 - (p) Letter of Employment dated January 24, 1995 between the Registrant and David J. Aldrich (Filed as Exhibit 10(q) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)*. (1)
 - (q) Alpha Industries, Inc. Savings and Retirement Plan dated March 31, 1995 (Filed as Exhibit 10(r) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)*. (1)
- (11) Statement re computation of per share earnings**.
- (27) Financial Data Schedule.
- (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 June 30, 1996.

*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 3 of the notes to Consolidated Financial Statements on Page 6 of this Quarterly Report on Form 10-Q, which Note 3 is hereby incorporated by reference herein.

(1) Management Contracts.

SIGNATURES

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: August 9, 1996

Alpha Industries, Inc. and Subsidiaries

Registrant

/s/ Thomas C. Leonard

Thomas C. Leonard
Chief Executive Officer
President

/s/ David J. Aldrich

David J. Aldrich
Chief Financial Officer
Principal Financial Officer

/s/ Paul E. Vincent

Paul E. Vincent
Corporate Controller
Principal Accounting Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED IN PART FROM THE FINANCIAL STATEMENTS OF ALPHA INDUSTRIES, INC. AND SUBSIDIARIES AS OF AND FOR THE THREE MONTHS ENDED JUNE 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS		
	MAR-30-1997	
	APR-01-1996	
	JUN-30-1996	
		4,369
		5,615
		16,270
		677
		14,399
	41,020	
		80,350
		51,226
		70,864
	12,790	
		2,989
	0	
		0
		2,495
		51,682
70,864		
		20,066
	20,066	
		16,274
		24,149
	(13)	
	19	
	(42)	
	(4,028)	
		(604)
(3,424)		
		0
		0
		0
		(3,424)
		(0.35)
		(0.35)