



Microsemi Reports First Quarter 2008 Results

IRVINE, Calif., Jan 24, 2008 (PrimeNewswire via COMTEX News Network) -- Microsemi Corporation (Nasdaq:MSCC) today reported unaudited results for its first quarter of fiscal year 2008.

- * Net Sales for First Quarter Set New Record at \$123.5 Million
- * Net Sales for First Quarter Increased 20.7 Percent over Prior Year First Quarter
- * Net Sales for First Quarter Increased 3.2 Percent over Prior Quarter
- * Non-GAAP Gross Margins Increased 30 Basis Points over Prior Quarter
- * GAAP Gross Margins Increased 300 Basis Points over Prior Quarter
- * Positive Book-to-Bill Ratio of 1.09 to 1.00 for First Quarter

Net sales for Microsemi's first quarter, ended December 30, 2007, were \$123.5 million, up 20.7 percent from net sales of \$102.3 million in the first quarter of 2007, and up 3.2 percent from net sales of \$119.7 million in the fourth quarter of 2007.

Non-GAAP gross margin in the first quarter was 51.3 percent, compared to 50.0 percent in the first quarter of 2007 and 51.0 percent in the fourth quarter of 2007. Non-GAAP operating margins were 26.2 percent in the first quarter compared to 24.9 percent in the first quarter of 2007 and 24.2 percent in the fourth quarter of 2007. For the first quarter, non-GAAP net income was \$24.4 million, compared to \$18.1 million in the first quarter of 2007 and \$21.8 million in the fourth quarter of 2007. For the first quarter, the non-GAAP effective tax rate was 27.0 percent. Non-GAAP diluted earnings per share in the first quarter of 2008 were \$0.31 compared to \$0.25 in the first quarter of 2007, and up \$0.03 compared to \$0.28 in the fourth quarter of 2007.

For the first quarter, GAAP gross margin was 42.6 percent compared to 43.2 percent in the first quarter of 2007 and up 300 basis points from 39.6 percent in the fourth quarter of 2007. GAAP results in the first quarter included \$10.8 million for transitional idle capacity and \$0.8 million in restructuring and other charges. Also included were non-cash charges of \$6.1 million related to stock based compensation, \$3.1 million in amortization of acquisition-related intangibles and \$0.4 million in in-process research and development. The GAAP effective tax rate was 29.1 percent. First quarter GAAP net income was \$8.6 million compared to GAAP net income of \$10.6 million in the first quarter of 2007 and GAAP net income of \$10.1 million in the fourth quarter of 2007. GAAP diluted earnings per share in the first quarter of 2008 were \$0.11, compared to \$0.14 in the first quarter of 2007, and \$0.13 in the fourth quarter of 2007.

James J. Peterson, President and Chief Executive Officer, stated, "Despite the slowdown in semicap and growing concerns about the economic environment, our first quarter was a great start to what we believe will be another record year. We executed on our business plans this quarter and have positioned the company to deliver on its plans for the remainder of the year. Operationally, we controlled costs and improved our GAAP and non-GAAP gross margins significantly. Given our strong positioning in our current markets, diverse end market exposure, focus on operations, and new product introductions, we believe Microsemi will again outpace its peers."

The book-to-bill ratio for the quarter was 1.09 to 1.00.

Business Outlook

Microsemi expects that for the second quarter of fiscal year 2008, our sales will increase between 2 to 4 percent, sequentially. On a non-GAAP basis, we expect earnings for the second quarter of fiscal year 2008 to be \$0.31 to \$0.33 per diluted share.

Microsemi regularly announces a quarterly outlook in the form of issuing a news release and does not undertake to update any of this information between such public announcements. Please refer to the "SAFE HARBOR" STATEMENT below for risks that may affect future actual results.

Non-GAAP results are explained and reconciled to GAAP results in the following tables. Non-GAAP financial measures exclude items such as transitional idle capacity and inventory abandonments, amortization of acquisition-related intangible assets, stock based compensation, in-process research and development, restructuring, reserve valuations and other special charges or credits.

About Microsemi Corporation

Microsemi, with corporate headquarters in Irvine, California, is a leading designer, manufacturer and marketer of high performance analog and mixed signal integrated circuits and high reliability semiconductors. The Company's semiconductors manage and control or regulate power, protect against transient voltage spikes and transmit, receive, and amplify signals.

Microsemi's products include individual components as well as integrated circuit solutions that enhance customer designs by improving performance and reliability, optimizing battery performance, reducing size or protecting circuits. The principal markets the company serves include defense, commercial air, satellite, medical, notebook computers, LCD TVs, mobile, and connectivity applications. More information may be obtained by contacting the company directly or by visiting its web site at <http://www.microsemi.com>.

The Microsemi Corporation logo is available at <http://www.primenewswire.com/newsroom/prs/?pkgid=1233>

Information for First Quarter Earnings Conference Call and Webcast

Date: Thursday, January 24, 2008

Time: 4:45 pm Eastern Standard Time (1:45 pm Pacific Standard Time)

To access the Webcast, please log on to: www.microsemi.com and go to Investors and then to Webcasts. To listen to the live webcast, please go to this website approximately fifteen minutes prior to the start of the call to register, download, and install any necessary audio software. For those unable to participate during the live webcast, a replay will be available shortly after the call on the website for 30 days.

To participate in the conference call by telephone, please call: (877) 264-1110 or (706) 634-1357 at approximately 4:35 pm EST (1:35 pm PST). Please provide the following ID Number: 31872527.

A telephonic replay will be available from 6:00 pm EST (3:00 pm PST) on Thursday, January 24, 2008 through 11:59 pm EST (8:59 pm PST) on Thursday, January 31st. To access the replay, please call (800) 642-1687, or (706) 645-9291. Please enter the following ID Number: 31872527.

PLEASE READ THE FOLLOWING FACTORS THAT CAN MATERIALLY AFFECT MICROSEMI'S FUTURE RESULTS.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Any statements set forth in the news release that are not entirely historical and factual in nature are forward-looking statements, including without limitation statements concerning our expectations regarding our business outlook, our performance and competitive position during the coming year, visibility into our customer demand, and any other statements of belief or about our plans or expectations. These forward-looking statements are based on our current expectations and are inherently subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. The potential risks and uncertainties include, but are not limited to, such factors as changes in generally accepted accounting principles, the difficulties regarding the making of estimates and projections, the hiring and retention of qualified personnel in a competitive labor market, acquiring, managing and integrating new operations, businesses or assets, uncertainty as to the future profitability of acquired businesses, delays in the realization of any accretion from acquisition transactions, any circumstances that adversely impact the end markets of acquired businesses, difficulties in closing or disposing of operations or assets, difficulties in transferring work from one plant to another, rapidly changing technology and product obsolescence, difficulties predicting the timing and amount of plant closure costs, the potential inability to realize cost savings or productivity gains and to improve capacity utilization, potential cost increases, weakness or competitive pricing environment of the marketplace, uncertain demand for and acceptance of the company's products, adverse circumstances in any of our end markets, results of in-process or planned development or marketing and promotional campaigns, changes in demand for products, difficulties foreseeing future demand, effects of limited visibility of future sales, potential non-realization of expected orders or non-realization of backlog, product

returns, product liability, and other potential unexpected business and economic conditions or adverse changes in current or expected industry conditions, business disruptions, epidemics, health advisories, disasters, national emergencies, wars or potential future effects of the tragic events of September 11, 2001, political instability, currency fluctuations, variations in customer order preferences, fluctuations in market prices of the company's common stock and potential unavailability of additional capital on favorable terms, difficulties in implementing company strategies, dealing with environmental or other regulatory matters or litigation, or any matters involving litigation, contingent liabilities or other claims, difficulties and costs imposed by law, including under the Sarbanes-Oxley Act of 2002, difficulties in determining the scope of, and procuring and maintaining, adequate insurance coverage, difficulties and costs of protecting patents and other proprietary rights, work stoppages, labor issues, inventory obsolescence and difficulties regarding customer qualification of products, manufacturing facilities and processes, and other difficulties managing consolidation or growth, including in the maintenance of internal controls, the implementation of information systems, and the training of personnel. In addition to these factors and any other factors mentioned elsewhere in this news release, the reader should refer as well to the factors, uncertainties or risks identified in the company's most recent Form 10-K and all subsequent Form 10-Q reports filed by Microsemi with the SEC. Additional risk factors may be identified from time to time in Microsemi's future filings. The forward-looking statements included in this release speak only as of the date hereof, and Microsemi does not undertake any obligation to update these forward-looking statements to reflect subsequent events or circumstances.

To supplement the consolidated financial results prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), this press release includes non-GAAP financial measures (non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP income before taxes, non-GAAP effective tax rate, non-GAAP net income, and non-GAAP diluted earnings per share) that exclude transitional idle capacity and inventory abandonments, amortization of acquisition-related intangible assets, stock based compensation, in-process research and development, restructuring, reserve valuations and other special charges or credits. Management excludes these items because it believes that the non-GAAP measures enhance an investor's overall understanding of the Company's financial performance and future prospects by being more reflective of the Company's core operational activities and to be more comparable with the results of the Company over various periods. Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. Guidance is provided only on a non-GAAP basis due to the inherent difficulty of forecasting the timing or amount of such items. These items could be materially significant in our GAAP results in any period. By disclosing non-GAAP financial measures, management intends to provide investors with a more meaningful, consistent comparison of the Company's core operating results and trends for the periods presented. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies' financial information and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Investor Inquiries: David R. Sonksen, Microsemi Corporation, Irvine, CA (949) 221-7101.

MICROSEMI CORPORATION
 Unaudited Consolidated Income Statements
 (In thousands, except per share amounts)

	Quarter Ended	
	Dec. 30, 2007	Dec. 31, 2006
NET SALES	\$ 123,474	\$ 102,289
Cost of sales	70,940	58,131
	52,534	44,158
Operating expenses:		
Selling, general and administrative	26,761	18,425
Research and development	11,154	8,824
Amortization of intangible assets	3,099	2,003
Restructuring charges	42	903
In-process research and development	440	--

Total operating expenses	41,496	30,155
	-----	-----
OPERATING INCOME	11,038	14,003
Interest and other income, net	1,118	1,463
	-----	-----
INCOME BEFORE INCOME TAXES	12,156	15,466
Provision for income taxes	3,543	4,872
	-----	-----
NET INCOME	\$ 8,613	\$ 10,594
	=====	=====
Earnings per share		
Basic	\$ 0.11	\$ 0.15
	=====	=====
Diluted	\$ 0.11	\$ 0.14
	=====	=====
Common and common equivalent shares outstanding:		
Basic	77,328	71,632
Diluted	79,645	73,425

MICROSEMI CORPORATION

Schedule Reconciling Non-GAAP Net Income to GAAP Net Income
(in thousands, except per share amounts)

	Quarter Ended	
	Dec. 30, 2007	Dec. 31, 2006
	-----	-----
GAAP NET INCOME	\$ 8,613	\$ 10,594
	=====	=====
The non-GAAP amounts have been adjusted to exclude the following items:		
Excluded from cost of sales		
Transitional idle capacity (a)	\$ 10,765	\$ 6,836
Inventory abandonments/adjustments (a)	--	136
Excluded from operating expenses		
Amortization of intangible assets (b)	3,099	2,003
Stock based compensation (c)	6,141	1,585
In-process research and development (d)	440	--
Restructuring and other special charges (a)	829	903
	-----	-----
	21,274	11,463
Income tax effect on non-GAAP adjustments (e)	5,483	3,934
	-----	-----
Net effect of adjustments to GAAP net income	\$ 15,791	\$ 7,529
	=====	=====

NON-GAAP NET INCOME	\$ 24,404	\$ 18,123
	=====	=====

(a) - (e) Please refer to corresponding footnotes below.

MICROSEMI CORPORATION
Schedule Reconciling Reported Non-GAAP Financial Ratios to
Comparable GAAP Financial Ratios

	Quarter ended		
	December 30, 2007	September 30, 2007	December 31, 2006
GAAP gross margin	42.6 percent	39.6 percent	43.2 percent
Effect of reconciling items on gross margin	8.7 percent	11.4 percent	6.8 percent
Non-GAAP gross margin	51.3 percent	51.0 percent	50.0 percent
GAAP operating margin	8.9 percent	11.9 percent	13.7 percent
Effect of reconciling items on operating margin	17.3 percent	12.3 percent	11.2 percent
Non-GAAP operating margin	26.2 percent	24.2 percent	24.9 percent

Notes to Schedule Reconciling Non-GAAP Income to GAAP Income

To supplement the consolidated financial results prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), this press release includes non-GAAP financial measures (non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP income before taxes, non-GAAP effective tax rate, non-GAAP net income, and non-GAAP diluted earnings per share) that exclude transitional idle capacity and inventory abandonments, amortization of acquisition-related intangible assets, stock based compensation, in-process research and development, restructuring, reserve valuations and other special charges or credits. Management excludes these items because it believes that the non-GAAP measures enhance an investor's overall understanding of the Company's financial performance and future prospects by being more reflective of the Company's core operational activities and to be more comparable with the results of the Company over various periods. Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. Guidance is provided only on a non-GAAP basis due to the inherent difficulty of forecasting the timing or amount of such items. These items could be materially significant in our GAAP results in any period. By disclosing non-GAAP financial measures, management intends to provide investors with a more meaningful, consistent comparison of the Company's core operating results and trends for the periods presented. Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies' financial information and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

The items excluded from GAAP financial results in calculating non-GAAP financial results, are set forth below:

- (a) The restructuring activities involve the closure and consolidation of our manufacturing facilities. As these facilities are not expected to have a continuing contribution to operations or have a diminishing contribution during the transition phase, management believes excluding such items from the Company's operations provides investors with a means of evaluating the Company's on-going operations. Transitional idle capacity relates to unused manufacturing capacity and non-productive manufacturing expenses during the period from when shutdown activities commence to when all transition activities

are completed. Inventory abandonments relate to identification and disposal of inventory that will not be utilized after a product line is transferred to a new manufacturing location. Restructuring and other special charges include severance and other costs related to facilities in the process of closing or already closed and one-time events. Management excludes these expenses when evaluating core operating activities and for strategic decision making, forecasting future results and evaluating current performance.

- (b) While amortization of acquisition related intangible assets is expected to continue in the future, for internal analysis of the Company's operations, management does not view this expense as reflective of the business' current performance.
- (c) Stock based compensation in connection with the SFAS123R has been excluded as management excludes these expenses when evaluating core operating activities and for strategic decision making, forecasting future results and evaluating current performance.
- (d) In-process research and development has been excluded to facilitate the comparability of expenses between periods. In addition, management does not include IPR&D, a one-time acquisition-related charge, in measuring core research and development costs, nor does it believe that IPR&D is indicative of current or future spending.
- (e) The primary difference between the GAAP and non-GAAP effective tax rates was the effect of exclusion of acquisition-related activities.

MICROSEMI CORPORATION
Schedule Reconciling Selected Measures to Comparable
GAAP Financial Measures
(in thousands except for per share amounts)

	Quarter Ended	
	Dec. 30, 2007	Dec. 31, 2006
	-----	-----
GAAP gross margin	\$ 52,534	\$ 44,158
Transitional idle capacity (a)	10,765	6,836
Inventory abandonments/ adjustments (a)	--	136
	-----	-----
Non-GAAP gross margin	\$ 63,299	\$ 51,130
	-----	-----
GAAP operating expenses	\$ 41,496	\$ 30,155
Amortization of intangible assets (b)	(3,099)	(2,003)
Stock based compensation (c)	(6,141)	(1,585)
In-process research and development (d)	(440)	--
Restructuring and other special charges (a)	(829)	(903)
	-----	-----
Non-GAAP operating expenses	\$ 30,987	\$ 25,664
	-----	-----
GAAP operating income	\$ 11,038	\$ 14,003

Transitional idle capacity (a)	10,765	6,836
Inventory abandonments/ adjustments (a)	--	136
Amortization of intangible assets (b)	3,099	2,003
Stock based compensation (c)	6,141	1,585
In-process research and development (d)	440	--
Restructuring and other special charges (a)	829	903
	-----	-----
Non-GAAP operating income	\$ 32,312	\$ 25,466
	-----	-----
GAAP income before taxes	\$ 12,156	\$ 15,466
Transitional idle capacity (a)	10,765	6,836
Inventory abandonments/adjustments (a)	--	136
Amortization of intangible assets (b)	3,099	2,003
Stock based compensation (c)	6,141	1,585
In-process research and development (d)	440	--
Restructuring and other special charges (a)	829	903
	-----	-----
Non-GAAP income before taxes	\$ 33,430	\$ 26,929
	-----	-----

(a) - (e) Please refer to corresponding footnotes above

MICROSEMI CORPORATION
Schedule Reconciling Selected Measures to Comparable
GAAP Financial Measures
(in thousands except for per share amounts)

	Quarter Ended	
	Dec. 30, 2007	Dec. 31, 2006
	-----	-----
GAAP net income	\$ 8,613	\$ 10,594
Transitional idle capacity (a)	10,765	6,836
Inventory abandonments/adjustments (a)	--	136
Amortization of intangible assets (b)	3,099	2,003
Stock based compensation (c)	6,141	1,585
In-process research and development (d)	440	--
Restructuring and other special charges (a)	829	903
Income tax effect on non-GAAP adjustments (e)	(5,483)	(3,934)
	-----	-----
Non-GAAP net income	\$ 24,404	\$ 18,123
	-----	-----
GAAP diluted earnings per share	\$ 0.11	\$ 0.14
Impact of non-GAAP adjustments on diluted earnings per share	\$ 0.20	\$ 0.11
	-----	-----
Non-GAAP diluted earnings per share	\$ 0.31	\$ 0.25
	-----	-----

(a) - (e) Please refer to corresponding footnotes above.

(in thousands)

	Dec. 30, 2007	Sept. 30, 2007
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 105,263	\$ 107,685
Accounts receivable, net	87,037	81,035
Inventories	118,171	115,038
Other current assets	32,964	25,158
	-----	-----
Total current assets	343,435	328,916
Non-current assets	314,950	308,364
	-----	-----
TOTAL ASSETS	\$ 658,385	\$ 637,280
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 53,628	\$ 61,245
Long-term liabilities	14,487	6,630
Shareholders' equity	590,270	569,405
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 658,385	\$ 637,280
	=====	=====

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Microsemi Corporation

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