

## **4Q Semiconductor Earnings Summary—Week 2**

### ***OMG! Stocks Actually Move on Fundamentals!***

We are now deep into the 4Q earnings season with 37 out of 103 companies in the Tokeneke Semiconductor Universe having reported after the second week. The really good news is that individual stocks generally responded consistent with fundamental business and valuation criteria within an otherwise flat week for the sector. The other good news is that last week's initial observations that business is bottoming and investor expectations are generally consistent with those business conditions was reinforced. Nevertheless, I hesitate to declare an 'all clear' for equity investors to embrace current price levels as a bottom ahead of a potential business recovery in a few months.

Last week's initial observations have been meaningfully reinforced: business conditions are weak, but appear to have bottomed; investor expectations appear to be consistent with business conditions; and company managements appear genuinely optimistic about the second half of this year despite current challenges. Reinforced how? By the number of companies sharing information; the results they are posting; the price action of the shares; and the increasing prevalence and certitude of optimistic confidence among industry executives.

Business conditions are currently pretty weak, as evidenced by the data (see the table on the next page). The vast majority of companies reported sequentially declining quarterly sales, with the weighted average down by -3.5% and the average company reporting a decline of -5.7%. Historically, 4Q reflects seasonal gains. A handful reported gains, including AMD, CRUS, MLNX, MSCC, QLCG and SLAB, but most of them expect subsequent declines this quarter. Two standouts that have muscled gains through this downturn and have so far avoided any expected declines are MLNX and MSCC, and they deserve credit.

The 1Q outlook is also pretty anemic. It's usually a seasonally weak period anyway, with an average decline of -2.0% over the last 20 years with a high of +8.8%, a low of -19.4%, and declines during 12 of those 20 periods. The weighted average of guidance so far calls for a range of -8% to -3% centered on -6%, or triple the average contraction. It's only a little better on an average company basis with a range of -7% to -3% centered on -5%. There are a number of companies guiding for gains this quarter (including standouts MLNX and MSCC), although almost all of them have already delivered two quarters of sequential declines (during the seasonally stronger second half of last year) including AOSL, FCS, LLTC, LSCC, LSI, MCRL, PLXT, VLTR and XLNX. PLXT gets an honorable mention for only weathering an expected single-quarter decline.

Managements' confident optimism for a better second half to 2012 is interesting—and appears quite genuine, despite my 'aspirational' slam of it last week. While near term business conditions appear to have bottomed and the profile of an expected recovery is not yet apparent, unusually low channel inventory levels and robust pipelines of design wins along with relatively stable major end-markets (PCs, smartphones, autos, wireless infrastructure) are generally not triggering any incremental cut-backs or restructuring. In fact, executives appear more concerned with pre-positioning for whatever recovery profile might emerge. Not a done deal, but the confidence is encouraging.

I was extremely encouraged by the share price action across the sector amid the flurry of earnings announcements last week—especially as a fundamental analyst that has largely been frustrated since the banking crises in 2008. The SOX was flat last week, and the sector-wide gains for the month and season all pretty much happened two Wednesdays ago after the 'legitimately' good news from LLTC at the kick-off. But the price moves seemed to make sense. This is also supported by the somewhat positive skew to investor expectations, as noted in the chart on the next page. Business conditions are pretty weak and I would characterize results as clearly 'mixed' (the tallest stack of the spread), but there is a slightly positive skew indicating more positive than negative surprises so far. I would attribute this to tempered investor expectations intersecting with business level expectations that are no longer deteriorating, achieving a balance of sorts.

Nevertheless, I hesitate to declare an all clear. First of all, China was on its lunar New Year vacation all of last week, and the lack of information flow may have had an effect. Secondly, monetary and banking crises news that has clearly dominated price action was relatively benign last week, in that the incremental news was neither a surprise nor much of a change. While I appreciate the vacuum, I have serious doubts it will persist. And finally, it took the outrageous success from Apple to call investor attention to business fundamentals. And I'm pretty sure there aren't any other Apples out there to extend and encourage the trend. While hopeful, I remain cautious.

*CY4Q11 Earnings announcements thru January 27, 2012.  
Companies sorted alphabetically by ticker across all lists in this report.*

4Q11 Earnings Review

\* includes acquisition and/or divestiture

Ticker	Revenue			Ticker	Revenue		
	4Q11 (\$ mil)	Qtr-Qtr change	1Q12 Guidance		4Q11 (\$ mil)	Qtr-Qtr change	1Q12 Guidance
ACTS	12.3	-19.6%	-27-19%	MSCC	240.9	6.0%	+1+5%
ALTR	457.8	-12.4%	-9-5%	MU	2,090.0	-2.3%	no guidance
AMD	1,691.0	0.1%	-11-5%	MXIM	591.4	-7.0%	-6-1%
AOSL	80.7	-3.2%	-1+4%	PLXT	25.9	-16.7%	-4+12%
CODE	220.0	-14.8%	-5+5%	QLGC	152.7	1.7%	-12-8%*
CRUS	122.4	20.5%	-12-9%	RFMD	225.4	-7.5%	-18%
CY	242.4	-8.4%	-18-13%	RMBS	83.4	-16.8%	-30-23%
FCS	339.4	-15.8%	+0+9%	SLAB	126.7	6.4%	-5-1%
FSL	1,013.0	-11.3%	-8-2%	SMSC	106.2	-5.7%	-16-12%
GSIT	20.0	-3.8%	-25-10%	SNDK	1,576.9	11.4%	-18-14%
INTC	13,887.0	-2.4%	-11-4%	STM	2,191.0	-10.3%	-10-4%
INVN	41.2	-4.2%	-22-20%	SUPX	14.1	-17.1%	flat
ISSI	66.2	-7.2%	-6-0%	SWKS	393.7	-2.1%	-9%
LLTC	294.3	-10.8%	+4+8%	TSM	3,459.7	-5.4%	-2-0%
LSCC	70.2	-14.1%	+1+5%	TSRA	56.7	-4.4%	no guidance
LSI	523.1	-4.4%	+5+13%	TXN	3,420.0	-1.3%	-12-4%
MCRL	58.8	-8.4%	+0+4%	VLTR	38.8	-6.1%	+1+6%
MIPS	15.3	-11.0%	-15-2%	XLNX	511.1	-7.9%	+2+6%
MLNX	72.7	6.6%	+11+13%				
<b>Average Company:</b>		-5.7%	-8-3%	<b>Total (weighted):</b>	34,532.4	-3.5%	-9-3%
				<b>excluding INTC:</b>		-4.2%	-7-3%

ALTR					
AMD					
CODE					
CY					
FSL					
GSIT					
LSI					
MCRL					
MXIM					
RMBS	CRUS	INVN			
FCS	SNDK	INTC	LLTC		
ISSI	STM	LSCC	SLAB		
MIPS	SUPX	PLXT	SWKS		
MU	MSCC	TSRA	QLGC	VLTR	
SMSC	RFMD	TXN	TSM	XLNX	MLNX

14.3%	5.7%	42.9%	17.1%	17.1%	2.9%
<b>F</b>	<b>E</b>	<b>D</b>	<b>C</b>	<b>B</b>	<b>A</b>
<i>missed/met</i>		<i>mixed</i>	<i>met/exceeded</i>		
20.0%		42.9%	37.1%		

Total: 35 companies with published estimates

Performance to Expectations Skew

LEGEND

	Grade
+++ exceeded the high-end of the range	A all +++
++ above consensus, within the high-end of the range	B all +
+ slightly above consensus	C all o/+
o met consensus	D mixed -/o/+
- slightly below consensus	E all o/-
-- missed consensus, within the low-end of the range	F all -
--- missed the low-end of the range	

Grade: D	ALTR	4Q (29 est.)			1Q		
Rev: +		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: +	Rev (\$mil)	457.8	447.5	429.5-480	417-435	455.5	413-475
Rev Guide: --	EPS	\$0.45	\$0.42	\$0.38-\$0.48		\$0.42	\$0.36-\$0.47
Grade: D	AMD	4Q (27 est.)			1Q		
Rev: --		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: ++	Rev (\$mil)	1,691	1,720	1,550-1,750	1,505-1,606	1,600	1,400-1,670
Rev Guide: --	EPS pf	\$0.19	\$0.16	\$0.07-\$0.20		\$0.10	\$0.00-\$0.16
Grade: D	CODE	4Q (6 est.)			1Q		
Rev: +++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: +	Rev (\$mil)	220	214.8	212.9-216.3	210-230	221.8	205-248.9
Rev Guide: -	EPS pf	(\$0.12)	(\$0.14)	(\$0.21-\$0.09)	\$0.01-\$0.07	(\$0.01)	(\$0.16)-\$0.12
Grade: C	CRUS	F3Q (4 est.)			F4Q		
Rev: o		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: o	Rev (\$mil)	122.4	122	121.8-122	108-112	103.7	100-105
Rev Guide: +++	EPS pf	\$0.43	\$0.43	\$0.42-\$0.44		\$0.30	\$0.29-\$0.31
Grade: D	CY	4Q (14 est.)			1Q		
Rev: +++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: +++	Rev (\$mil)	242.4	237.1	233.9-240	200-210	228.2	213.5-235.8
Rev Guide: ---	EPS pf	\$0.32	\$0.28	\$0.15-\$0.30	\$0.15-\$0.18	\$0.25	\$0.13-\$0.31
Grade: F	FCS	4Q (13 est.)			1Q		
Rev: ---		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: -	Rev (\$mil)	339.4	358.9	350-363	340-370	382.8	360-404
Rev Guide: ---	EPS pf	\$0.15	\$0.16	\$0.13-\$0.17		\$0.20	\$0.16-\$0.25
Grade: D	FSL	4Q (8 est.)			1Q		
Rev: --		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: +++	Rev (\$mil)	1,013	1,030	1,030-1,040	930-990	1,030	1,010-1,080
Rev Guide: ---	EPS pf	\$0.07	\$0.03	(\$0.02)-\$0.06		\$0.07	\$0.03-\$0.13
Grade: D	GSIT	F3Q (3 est.)			F4Q		
Rev: +++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: ++	Rev (\$mil)	20	18.9	18.7-19.3	15-18	18.6	18.3-19
Rev Guide: ---	EPS	\$0.03	\$0.01	(\$0.01)-\$0.03		\$0.00	(\$0.02)-\$0.02
Grade: C	INTC	4Q (42 est.)			1Q		
Rev: ++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: +++	Rev (\$mil)	13,887	13,720	13,500-14,000	12,300-13,300	12,800	12,000-13,930
Rev Guide: o	EPS pf	\$0.68	\$0.61	\$0.58-\$0.64		\$0.51	\$0.43-\$0.62
Grade: B	INVN	F3Q (5 est.)			F4Q		
Rev: +++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: ++	Rev (\$mil)	41.2	39.3	38-40	32-33	31.5	30-32
Rev Guide: +++	EPS pf	\$0.13	\$0.11	\$0.09-\$0.13	\$0.05-\$0.07	\$0.06	\$0.05-\$0.09
Grade: F	ISSI	F1Q (4 est.)			F2Q		
Rev: ---		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: ---	Rev (\$mil)	66.2	67.6	66.7-68	62-66	68.8	66.8-70.7
Rev Guide: ---	EPS pf	\$0.22	\$0.25	\$0.24-\$0.25	\$0.22-\$0.26	\$0.28	\$0.25-\$0.29
Grade: B	LLTC	F2Q (14 est.)			F3Q		
Rev: +		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: +++	Rev (\$mil)	294.3	293.1	280-300	306-318	302.8	290-311.8
Rev Guide: +++	EPS pf	\$0.45	\$0.39	\$0.37-\$0.42		\$0.41	\$0.36-\$0.44
Grade: C	LSCC	4Q (6 est.)			1Q		
Rev: +++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High
EPS: o	Rev (\$mil)	70.2	69	68.4-69.1	71-74	69.7	65-73
Rev Guide: ++	EPS pf	\$0.05	\$0.05	\$0.04-\$0.05		\$0.06	\$0.03-\$0.08

Grade: D	LSI	4Q (11 est.)			1Q			
Rev: -		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: +		Rev (\$mil)	523.1	526.5	522.9-534.5	550-590	509.8	475-540.8
Rev Guide: +++		EPS pf	\$0.11	\$0.10	\$0.09-\$0.11	\$0.09-\$0.15	\$0.10	\$0.08-\$0.12
Grade: D	MCRL	4Q (2 est.)			1Q			
Rev: -		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: ++		Rev (\$mil)	58.8	59.4	59.4	59-61	61.8	61.8
Rev Guide: -		EPS pf	\$0.10	\$0.08	\$0.08	\$0.04-\$0.07	\$0.12	\$0.10-\$0.14
Grade: F	MIPS	F2Q (5 est.)			F3Q			
Rev: --		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: ---		Rev (\$mil)	15.3	16.2	15.3-16.9	13-15	16.3	14.7-18.3
Rev Guide: ---		EPS pf	\$0.01	\$0.03	\$0.02-\$0.04	(\$0.06-\$0.02)	\$0.03	(\$0.01)-\$0.06
Grade: A	MLNX	4Q (11 est.)			1Q			
Rev: +++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: +++		Rev (\$mil)	72.7	71.5	71.2-72.6	81-82	72.6	70.9-74
Rev Guide: +++		EPS pf	\$0.31	\$0.29	\$0.28-\$0.30	\$0.29	\$0.26-\$0.33	
Grade: E	MSCC	F1Q (9 est.)			F2Q			
Rev: o		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: o		Rev (\$mil)	240.9	240.8	235-242.2	243-253	255.2	245-260.9
Rev Guide: --		EPS pf	\$0.39	\$0.39	\$0.35-\$0.40	\$0.43-\$0.48	\$0.46	\$0.43-\$0.49
Grade: F	MU	F1Q (27 est.)			F2Q			
Rev: --		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: --		Rev (\$mil)	2,090	2,140	1,900-2,400	na	2,140	1,900-2,470
Rev Guide: na		EPS	(\$0.19)	(\$0.07)	(\$0.24)-\$0.17		(\$0.03)	(\$0.35)-\$0.18
Grade: D	MXIM	F2Q (23 est.)			F3Q			
Rev: -		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: +		Rev (\$mil)	591.4	596.2	570-601.5	555-585	581.8	550-615
Rev Guide: -		EPS pf	\$0.34	\$0.33	\$0.29-\$0.34	\$0.25-\$0.29	\$0.33	\$0.26-\$0.37
Grade: C	PLXT	4Q (4 est.)			1Q			
Rev: o		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: o		Rev (\$mil)	25.9	25.8	25.8	25-29	26.4	26.3-26.6
Rev Guide: +++		EPS pf	(\$0.06)	(\$0.06)	(\$0.07)-\$0.06		(\$0.04)	(\$0.05)-\$0.02
Grade: C	QLGC	F3Q (13 est.)			F4Q			
Rev: +		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: +++		Rev (\$mil)	152.7	150.3	147-154.8	144-150*	146.4	142-153
Rev Guide: o		EPS pf	\$0.36	\$0.34	\$0.32-\$0.34	\$0.30-\$0.33	\$0.32	\$0.29-\$0.34
Grade: E	RFMD	F3Q (15 est.)			F4Q			
Rev: o		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: -		Rev (\$mil)	225.4	225	224.9-225.4	185	204.4	200-211.1
Rev Guide: ---		EPS pf	\$0.02	\$0.03	\$0.02-\$0.04	(\$0.02)-\$0.00	\$0.03	\$0.00-\$0.05
Grade: D	RMBS	4Q (1 est.)			1Q			
Rev: +		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: +++		Rev (\$mil)	83.4	82		59-64	70	
Rev Guide: ---		EPS pf	\$0.08	(\$0.03)		(\$0.02)-\$0.04	na	
Grade: B	SLAB	4Q (14 est.)			1Q			
Rev: +++		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: +++		Rev (\$mil)	126.7	119.8	119-123	120-125	118	114.1-125
Rev Guide: ++		EPS pf	\$0.49	\$0.43	\$0.41-\$0.44	\$0.39	\$0.34-\$0.44	
Grade: F	SMSC	F3Q (6 est.)			F4Q			
Rev: ---		Rept'd	Expt'd	Low-High	Guided	Expt'd	Low-High	
EPS: ---		Rev (\$mil)	106.2	107.6	107-108	89-93	104.5	99.5-109
Rev Guide: ---		EPS pf	\$0.21	\$0.33	\$0.32-\$0.35	(\$0.21)-\$0.13	\$0.30	\$0.22-\$0.35

<b>Grade:</b> D	<b>SNDK</b>	<b>4Q (18 est.)</b>			<b>1Q</b>		
<b>Rev:</b> o		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> +	<b>Rev (\$mil)</b>	1,576.9	1,570	1,490-1,630	1,300-1,350	1,460	1,300-1,640
<b>Rev Guide:</b> --	<b>EPS pf</b>	\$1.29	\$1.26	\$1.16-\$1.38		\$1.11	\$0.88-\$1.31
<b>Grade:</b> D	<b>STM</b>	<b>4Q (3 est.)</b>			<b>1Q</b>		
<b>Rev:</b> ---		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> ++	<b>Rev (\$mil)</b>	2,191	2,230	2,220-2,250	1,972-2,103	2,100	2,040-2,170
<b>Rev Guide:</b> ---	<b>EPS pf</b>	(\$0.01)	(\$0.03)	(\$0.07)-\$0.00		(\$0.05)	(\$0.06)-\$0.02
<b>Grade:</b> D	<b>SUPX</b>	<b>F3Q (6 est.)</b>			<b>F4Q</b>		
<b>Rev:</b> o		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> +++	<b>Rev (\$mil)</b>	14.1	14.2	13.7-16.1	flat	14.5	14-15.6
<b>Rev Guide:</b> -	<b>EPS pf</b>	\$0.07	\$0.00	(\$0.06)-\$0.06		\$0.04	(\$0.01)-\$0.08
<b>Grade:</b> B	<b>SWKS</b>	<b>F1Q (18 est.)</b>			<b>F2Q</b>		
<b>Rev:</b> ++		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> +	<b>Rev (\$mil)</b>	393.7	389.6	375-394	360	348.9	336.9-363.5
<b>Rev Guide:</b> ++	<b>EPS pf</b>	\$0.51	\$0.50	\$0.47-\$0.51	\$0.40	\$0.40	\$0.37-\$0.44
<b>Grade:</b> C	<b>TSM</b>	<b>4Q (3 est.)</b>			<b>1Q</b>		
<b>Rev:</b> +		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> o	<b>Rev (\$mil)</b>	3,460	3,450	3,430-3,470	3,405-3,471	3,290	3,210-3,360
<b>Rev Guide:</b> +++	<b>EPS*</b>	\$0.20	\$0.20	\$0.19-\$0.23		\$0.20	\$0.18-\$0.21
<b>Grade:</b> D	<b>TSRA</b>	<b>4Q (2 est.)</b>			<b>1Q</b>		
<b>Rev:</b> --		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> +++	<b>Rev (\$mil)</b>	56.7	57.1	56.5-57.7	na	59.5	58-61.1
<b>Rev Guide:</b> na	<b>EPS pf</b>	\$0.18	\$0.07	\$0.06-\$0.07		\$0.14	\$0.13-\$0.15
<b>Grade:</b> D	<b>TXN</b>	<b>4Q (28 est.)</b>			<b>1Q</b>		
<b>Rev:</b> +++		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> +++	<b>Rev (\$mil)</b>	3,420	3,250	3,200-3,290	3,020-3,280	3,220	3,080-3,430
<b>Rev Guide:</b> --	<b>EPS pf</b>	\$0.48	\$0.39	\$0.35-\$0.46	\$0.26-\$0.34*	\$0.41	\$0.33-\$0.51
<b>Grade:</b> B	<b>VLTR</b>	<b>4Q (13 est.)</b>			<b>1Q</b>		
<b>Rev:</b> +		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> +++	<b>Rev (\$mil)</b>	38.8	38.3	37-39.1	39-41	39.6	37-42.4
<b>Rev Guide:</b> +	<b>EPS pf</b>	\$0.30	\$0.25	\$0.23-\$0.28	\$0.25-\$0.29	\$0.27	\$0.22-\$0.33
<b>Grade:</b> B	<b>XLNX</b>	<b>F3Q (28 est.)</b>			<b>F4Q</b>		
<b>Rev:</b> +		<b>Rept'd</b>	<b>Expt'd</b>	<b>Low-High</b>	<b>Guided</b>	<b>Expt'd</b>	<b>Low-High</b>
<b>EPS:</b> ++	<b>Rev (\$mil)</b>	511.1	499.3	493.5-530	521-542	510.7	475-614
<b>Rev Guide:</b> ++	<b>EPS pf</b>	\$0.41	\$0.37	\$0.33-\$0.42		\$0.35	\$0.26-\$0.55

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