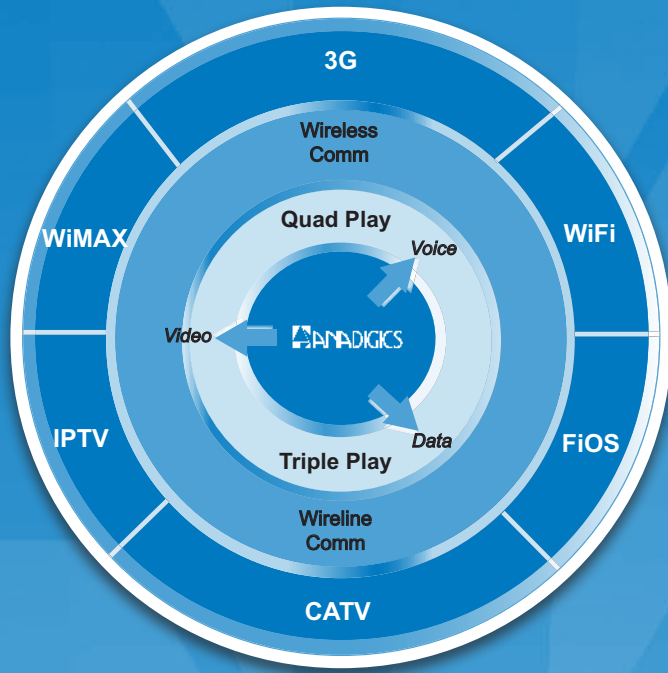




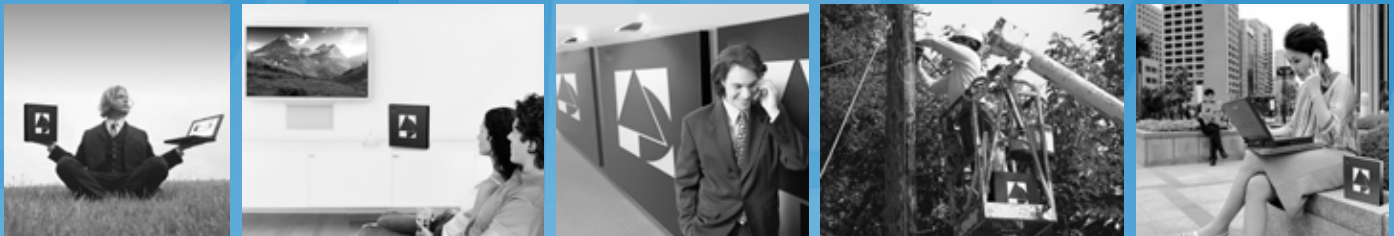
Broadband solutions for wireless & wireline communications

2007 ANNUAL REPORT



We're right beside you!

ANADIGICS is uniquely positioned to capitalize on the rapidly growing voice, data and video segments of the broadband, wireless and wireline communication markets benefiting from the Triple and Quad Play in the industry. ANADIGICS has positioned itself in the sweet spot of these growth areas and our strong product portfolio is being recognized for 3G, 3.5G, HSDPA and HSUPA, 4G, WiMax and WiBro, WiFi 802.11 a/b/g and 802.11n standards, and CATV set-top boxes, CATV infrastructure and FiOS.



Sales
in millions



Gross Profit
in millions



EPS



OUR PATENTED InGaP-Plus™ BiFET technology and our proprietary HELP™ trademark design have enabled us to deliver the ANADIGICS advantage, which is why we are winning sockets.



Dr. Bastani opening the NASDAQ market August 31, 2007.

To Our Shareholders,

2007 was another excellent year with continued growth in revenue and profitability combined with further penetration into tier-one manufacturers and expansion of our relationships with leading chipset suppliers and manufacturers in the wireless and wireline communication markets.

Compared with 2006, we delivered strong revenue growth of 38.5%, with a substantial improvement in gross margin and earnings per share. Moreover, we exited the fourth quarter of 2007 achieving our 11th consecutive quarter of revenue growth.

We began 2007 with strengthening our balance sheet to fund future business growth, which was followed by the announcement that we had entered into an agreement with Kunshan New and Hi-Tech Industrial Development Zone (“KSND”) to jointly build a 6" gallium arsenide integrated circuit wafer fabrication facility for our Company in Kunshan, located in the Jiangsu Province of China.

With the announcement of the acquisition of the RF Group of Fairchild Semiconductor, located in Tyngsboro, Massachusetts, we intensified our focus in new product development to address the

3G and 4G wireless and broadband mobility markets with the addition of twenty-two professional design and engineering resources.

Most importantly, as our business continues to grow and for us to keep up with customer demand, we embarked on additional capacity expansion programs including equipping our New Jersey wafer fab with required tools and manpower and establishing an outsourcing strategy.

Now, let me provide you with some information on our growth drivers:

MEGA TRENDS

We are capitalizing on the rapidly growing voice, data, and video segments of the broadband wireless and wireline communication markets, referred as “mega trends” in 1) Multimedia handsets; 2) WiFi & WiMAX mobility; and 3) CATV & IPTV triple & quad play.

Wireless

With our best of breed strategy, we have focused on the RF front end explicitly and have avoided competing with our customers and chipset providers. As such, in 2007, Wireless revenue grew 41.4% over 2006. The revenue growth was driven largely by market share gains in the fast-growing 3G market.

Having announced our exiting the 2G GSM GPRS market earlier in 2007, we have emphasized our direct focus on higher gross margin product lines. Our R&D investments in HELP-2™ second generation and third generation (3x3 mm) power amplifiers have become some of our largest selling products for the 3G CDMA EVDO market due to the industry recognized superior efficiency and improved talk time that our HELP™ (High Efficiency at Low Power) technology delivers.

Our third generation HELP™ power amplifier products have provided us with market leadership in the 3G WCDMA HSPA market. These products are specified on leading UMTS chipset reference designs because of their superior efficiency and ability to maintain linearity at the higher uplink power levels required for HSPA operation.

We continue to expand our leadership in EDGE power amplifiers with two new devices which are compatible with QUALCOMM 3G chipsets and transceivers including our new 5x5 mm EDGE PAs for GSM EDGE and our new 6x6 mm highly integrated PA, which reduce current consumption to improve battery life and talk time. Our leadership linear EDGE products are in full production in major OEMs and handsets using NXP basebands for EDGE-only phones.

Broadband

Our growth in WiFi, cable infrastructure, and tuners and splitters for set-top boxes provided for Broadband revenue growth of 35% over 2006. Moreover, we are witnessing strong market demand for both mobile and fixed WiMax solutions for which we have been designed into multiple product platforms for mobile applications worldwide.

We secured an industry leadership position in WiFi 802.11 and power amplifiers for notebook application throughout 2007. WiFi functionality is growing substantially in the wireless handset market with our highly integrated 3x3 mm front-end ICs which integrate power amplifiers, switch IC products and low-noise amplifiers.

We are well positioned with our strategic partners who are focused on the convergence of WiFi and WiMax, both in mobile applications, ranging from notebook computers to ultra-mobile PCs and smart phones, which require higher levels of integration.

In CATV, growth is being driven by consumer demand for higher bandwidth for services such as video on demand, increased high definition and internet speeds with upgrades by MSOs to 1GHz in North America. We launched our entry into the Cable Modem market with our DOCSIS 3 gain amplifier that has been designed into a Tier I reference-design platform and was featured in products by three leading cable modem manufacturers who participated in the Cable Labs Certification Testing in the fourth quarter of 2007.

Technology Competitive Advantage

Our competitive advantage is the delivery of longer battery life and talk time at higher levels of on-chip integration. Our patented InGaP-Plus™ BiFET technology and our proprietary HELP™ design have enabled us to deliver the ANADIGICS Advantage™.

LOOKING FORWARD

For 2008, we continue to focus on market share gains, gross margin expansion, profitability and expanding our manufacturing capacity to service increasing customer demand. ANADIGICS is positioned as a highly recognized innovator and industry leader in 3G, 4G, WiMax, WiFi, CATV set-top boxes and infrastructure.

I would like to thank all of our shareholders, employees, customers, partners, and suppliers for their contributions to ANADIGICS' accomplishments in 2007. I am optimistic about our Company's growth in 2008 and beyond and I am looking forward to working together to continue our success.

Sincerely,



Dr. Bami Bastani

President and Chief Executive Officer

SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our financial statements, related notes and other financial information included herein. The selected consolidated financial data set forth below as of December 31, 2006 and 2007 and for the years ended December 31, 2005, 2006, and 2007 have been derived from our audited financial statements included herein. The selected consolidated financial data set forth below as of December 31, 2003, 2004 and 2005 and for the years ended December 31, 2003 and 2004 have been derived from our audited financial statements as adjusted for discontinued operations that are not included herein or incorporated by reference herein. Our historical results are not necessarily indicative of the results that may be expected for any future period.

(Amounts in thousands, except for per share amounts)

	2003	2004	2005	2006	2007
Results of Operations:					
Net sales	\$ 71,782	\$ 86,904	\$103,871	\$166,442	\$230,556
Gross profit	2,831	13,246	21,736	50,231	78,788
Operating (loss) income from continuing operations	(50,149)	(41,352)	(27,950)	(8,483)	2,078
(Loss) income before income taxes	(50,585)	(42,614)	(30,466)	(7,870)	6,916
Net (loss) income from continuing operations	(50,203)	(42,614)	(30,466)	(7,870)	6,916
(Loss) earnings per share from continuing operations:					
Basic	\$ (1.63)	\$ (1.32)	\$(0.90)	\$(0.18)	\$ 0.13
Diluted	\$ (1.63)	\$ (1.32)	\$(0.90)	\$(0.18)	\$ 0.12
Balance Sheet Data:					
Total cash and marketable securities	\$121,630	\$104,051	\$ 86,357	\$ 83,482	\$176,812
Total assets	207,898	185,895	168,273	182,602	333,461
Total capital lease obligations	90	18	2,032	1,775	—
Long-term debt, including current portion	66,700	84,700	84,700	38,000	38,000
Total stockholders’ equity	121,046	84,615	58,135	115,760	250,106

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

Overview

We are a leading provider of semiconductor solutions in the rapidly growing broadband wireless and wireline communications markets. Our products include power amplifiers, tuner integrated circuits, active splitters, line amplifiers and other components, which can be sold individually or packaged as integrated radio frequency and front end modules. We believe that we are uniquely positioned to capitalize on the rapidly-growing voice, data and video segments of the broadband wireless and wireline communications markets. We offer 3G products that use the W-CDMA, EDGE and WEDGE standards, 3.5G products that use HSPA and EVDO standards, 4G products for WiMAX systems, WiFi products that use the 802.11 a/b/g and 802.11 n MIMO standards, CATV cable modem and set-top box products, CATV infrastructure products and FTTP products.

Our business strategy focuses on developing RF front end solutions and partnering with industry-leading wireless chipset providers to incorporate our solutions into their reference designs. Our integrated solutions enable our customers to improve RF performance, power efficiency, reliability, time-to-market and the integration of chip components into single packages, while reducing the size, weight and cost of their products. We have established longstanding relationships with several of the industry-leading chipset suppliers and tier-one customers. For example, our relationships with Qualcomm, Intel, Cisco and Motorola have enabled us to develop RF products used in 3G, 3.5G, 4G WiMAX, WiFi and CATV products and to be the primary supplier with respect to such partners and customers. Other leading chipset suppliers and tier-one customers with whom we are engaged include Beceem, Broadcom, HTC, Huawei, Kyocera, LG Electronics, Marvell, Murata, Novatel, NXP, Palm, RIM, Samsung, Sierra Wireless, Texas Instruments and ZTE.

We continue to focus on leveraging our technological and manufacturing advantages to remain a leading supplier of semiconductor solutions for broadband wireless and wireline communications. We believe our patented InGaP-plus™ technology, which combines the bipolar technology of a PA (HBT PA) with the surface device technology of an RF active switch (pHEMT) on the same die, provides us with a competitive advantage in the marketplace. Additionally, we believe our InGaP-plus™ process and design technologies such as HELP provide a competitive advantage by enabling us to provide PAs that consume less battery power and extend talk time for products in the 3G, 3.5G and 4G markets.

Our primary fab, a state-of-the-art six-inch diameter GaAs fab located at our corporate headquarters in Warren, New Jersey, has been operational since 1999. The increased utilization of our fab's manufacturing capacity has increased our gross margins, which has provided us with greater financial leverage. We are actively exploring future sources of additional manufacturing capacity including the construction of a manufacturing facility in China, as well as pursuing relationships with foundries. Unlike traditional CMOS silicon fabs that have short technology lifecycles and require frequent capital investments, GaAs fabs are more similar to analog fabs that have long lifecycles and do not become quickly outdated. Our six-inch wafer fab allows us to produce more than twice the RF die per wafer compared with the four-inch wafer fabs still used by some of our competitors.

We experienced net sales growth of approximately 20%, 60% and 39% during 2005, 2006 and 2007, respectively, as our Broadband and Wireless businesses benefited from unit growth, a better pricing environment and acceptance of new product developments with increased RF content and functionality. The sales growth and leverage of our fixed manufacturing expense base, led to gross margin increases and resulted in current year profitability.

On April 2, 2007, we sold the majority of the operating assets of Telcom Devices Inc. (Telcom, a wholly-owned subsidiary of the Company) to GTRAN Camarillo, Inc. in exchange for \$500 and effectively ceased Telcom's operations. Accordingly, the financial results, position and cash flow of Telcom have been classified as discontinued operations in the accompanying financial statements for all periods presented. On September 5, 2007, we purchased certain assets and assumed certain related obligations of the radio frequency group of Fairchild Semiconductor (RF group). The RF group staff of 23 accepted employment with the Company. In early 2007, we signed an agreement with KSND in China to jointly construct a wafer fabrication facility.

We believe our markets are, and will continue to remain, competitive, which could result in continued quarterly volatility in our net sales. This competition has resulted in, and is expected over the long-term to continue to result in competitive or declining average selling prices for our products and increased challenges in maintaining or increasing market share.

We have only one reportable segment. For financial information related to such segment and certain geographic areas, see Note 6 to the accompanying consolidated financial statements.

Critical Accounting Policies & Significant Estimates

GENERAL

We believe the following accounting policies are critical to our business operations and the understanding of our results of operations. Such accounting policies may require management to exercise a higher degree of judgment and make estimates used in the preparation of our consolidated financial statements.

REVENUE RECOGNITION

Revenue from product sales is recognized when the title, risk and rewards of product ownership are transferred to the customer, price and terms are fixed, no significant vendor obligation exists and collection of the resulting receivable is reasonably assured. We sell to certain distributors who are granted rights of return and exchange and certain price protection. Revenue is appropriately reserved for the portion of shipments subject to return, exchange or price protection until such rights expire. We charge customers for the costs of certain contractually-committed inventories that remain at the end of a product's life. Such amounts are recognized as cancellation revenue when cash is received. The value of the inventory related to cancellation revenue may, in some instances, have been reserved during prior periods in accordance with our inventory obsolescence policy.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We maintain an allowance for doubtful accounts for estimated losses resulting from our customers' failure to make payments. If the financial condition of our customers were to erode, making them unable to make payments, additional allowances may be required.

WARRANTY COSTS

We provide for potential warranty claims by recording a current charge to income. We estimate potential claims by examining historical returns and other information deemed critical and provide for an amount which we believe will cover future warranty obligations for products sold. The accrued liability for warranty costs is included in accrued liabilities in the consolidated balance sheets.

STOCK-BASED COMPENSATION

Effective January 1, 2006, we account for stock-based compensation costs in accordance with Financial Accounting Standards Board Statement No. 123R Share Based Payment (FAS 123R), which requires the measurement and recognition of compensation expense for all stock-based payment awards made to our employees and directors. Under the fair value recognition provisions of FAS 123R, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period which in most cases is the vesting period. Determining the fair value of stock-based awards at the grant date requires considerable judgement, including estimating expected volatility, expected term and risk-free interest rate. Our expected volatility is a combination of both Company and peer company historical volatility. The expected term of the stock options is based on several factors including historical observations of employee exercise patterns and expectations of employee exercise behavior in the future giving consideration to the contractual terms of the stock-based awards. The risk free interest rate assumption is based on the yield at the time of grant of a U.S. Treasury security with an equivalent remaining term. If factors change and we employ different assumptions, stock-based compensation expense may differ significantly from what we have recorded in the past.

MARKETABLE SECURITIES

Available-for-sale securities are stated at fair value, as determined by quoted market prices, or as needed, broker-dealer valuation models, with unrealized gains and losses reported in other accumulated comprehensive income or loss. Unrealized losses are reviewed by management and those considered other than temporary are recorded as a charge to income.

INVENTORY

Inventories are valued at the lower of cost or market ("LCM"), using the first-in, first-out method. In addition to LCM limitations, we reserve against inventory items for estimated obsolescence or unmarketable inventory. Our reserve for excess and obsolete inventory is primarily based upon forecasted short-term demand for the product and any change to the reserve arising from forecast revisions is reflected in cost of sales in the period the revision is made.

LONG-LIVED ASSETS

Long-lived assets include fixed assets, goodwill and other intangible assets. We regularly review these assets for indicators of impairment and assess the carrying value of the assets against market values. When an impairment exists, we record an expense to the extent that the carrying value exceeds fair market value.

Goodwill and intangibles impairment

We have intangible assets related to goodwill and other acquired intangibles. Significant judgements are involved in the determination of the estimated useful lives for our other intangibles and whether the goodwill or other intangible assets are impaired. In assessing the recoverability of goodwill and other intangibles, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets.

Impairment of long-lived assets

We record impairment losses on long-lived assets used in operations when events and circumstances indicate that the undiscounted cash flows estimated to be generated by these assets is less than the carrying amounts of those assets. Long-lived assets held for sale are reported at the lower of cost or fair value less costs to sell. Management considers sensitivities to capacity, utilization and technological developments in making its assumptions.

DEFERRED TAXES

We record a valuation allowance to reduce deferred tax assets when it is more likely than not that some portion of the amount may not be realized. During 2001, we determined that it was no longer more likely than not that we would be able to realize all or part of our net deferred tax asset in the future, and an adjustment to provide a valuation allowance against the deferred tax asset was charged to income. We continue to maintain a full valuation allowance on our deferred tax assets.

While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future, an adjustment to the deferred tax asset would increase income in the period such determination was made.

Results of Operations

The following table sets forth statements of operations data as a percentage of net sales for the periods indicated:

	2005	2006	2007
Net sales	100.0%	100.0%	100.0%
Cost of sales	79.1	69.8	65.8
Gross profit	20.9	30.2	34.2
Research and development expense	28.2	21.1	20.2
Selling and administrative expenses	19.7	14.2	13.1
Restructuring and other charges	(0.1)	—	—
Operating (loss) income	(26.9)	(5.1)	0.9
Interest income	2.4	3.3	3.5
Interest expense	(4.8)	(2.9)	(1.1)
Other income	—	—	(0.3)
(Loss) income from continuing operations	(29.3)%	(4.7)%	3.0%
Loss from discontinued operations	(0.8)%	(0.6)%	(0.4)%
Net (loss) income	(30.1)%	(5.3)%	2.6%

2007 Compared to 2006

NET SALES. Net sales for the year ended December 31, 2007 increased 38.5% to \$230.6 million, compared to net sales for the year ended December 31, 2006 of \$166.4 million. The net sales improvement was primarily due to increased demand for wireless third generation technologies (or 3G) consisting of CDMA EVDO, EDGE, WEDGE, and W-CDMA power amplifiers used in wireless handsets and handheld devices and increased demand for broadband products such as WLAN power amplifiers used in wireless personal computer access and RF integrated circuits used in cable and broadband applications.

Specifically, net sales for the year ended December 31, 2007 for the Company's wireless products increased 41.4% to \$129.0 million compared to net sales for the year ended December 31, 2006 of \$91.3 million. The net sales improvement was primarily due to increased demand for power amplifiers for 3G applications of \$54.1 million or 85.6%, which was partially offset by lower net sales in power amplifiers for GSM of \$16.4 million or 62.3%, which resulted from the Company's shift in market focus to 3G technologies.

Specifically, net sales for the year ended December 31, 2007 for the Company's broadband products increased to \$101.5 million or 35.0% compared to net sales for the year ended December 31, 2006 of \$75.2 million. The net sales improvement was primarily due to increased demand for power amplifiers for WiFi applications of \$18.7 million or 52.6% and integrated circuits used in cable and infrastructure applications of \$7.6 million or 19.9%.

Geographically, net sales in Asia increased 67.4% to \$153.4 million from \$91.6 million in 2006. The increase was primarily driven by the increased demand for our WLAN and 3G products.

GROSS MARGIN. Gross margin for 2007 improved to 34.2% of net sales, compared with 30.2% of net sales in the prior year. The improvement in gross margin was primarily due to the product mix of 3G technologies and WiFi applications further supported by improved cost absorption generated through increased production volumes.

RESEARCH & DEVELOPMENT. Company sponsored research and development expenses increased 32.8% during 2007 to \$46.5 million from \$35.1 million during 2006. The increase was primarily due to an expansion and focus in R&D efforts on new product development, which required increased staffing costs. Additionally, on September 5, 2007 we purchased the RF group from Fairchild Semiconductor, which included the hiring a staff of 23 employees. Non-cash stock-based compensation expense accounted for an increase of \$2.6 million in 2007 over 2006.

SELLING AND ADMINISTRATIVE. Selling and administrative expenses increased 27.5% during 2007 to \$30.2 million from \$23.7 million in 2006. The increase was primarily due to increased sales and marketing efforts focused on addressing existing and potential market opportunities in 3G, WiFi and broadband. Non-cash stock-based compensation expense accounted for an increase of \$2.9 million in 2007 over 2006.

INTEREST INCOME. Interest income increased 47.9% to \$8.0 million during 2007 from \$5.4 million in 2006. The increase was primarily due to higher average funds invested as a result of our underwritten public offering of 8.6 million shares of common stock in March of 2007 (the "March 2007 Offering") and higher interest rates.

INTEREST EXPENSE. Interest expense decreased to \$2.5 million in 2007 from \$4.8 million in 2006. In 2007, interest expense arose from obligations under our 5% Convertible Senior Notes due in 2009 ("2009 Notes") whereas in 2006 our 5% Convertible Senior Notes due in 2006 ("2006 Notes") was also outstanding. In November 2006, we repaid the remaining \$46.7 million aggregate principal amount outstanding of our 2006 Notes.

LOSS FROM DISCONTINUED OPERATIONS. Loss from discontinued operations was \$1.0 million compared with \$1.0 million in 2006. The loss from discontinued operations in 2007 included \$0.5 million loss on the sale of Telcom upon its sale at the close of the first quarter of 2007.

OTHER INCOME (EXPENSE). Other expense was \$0.7 million in 2007, for which \$1.0 million was recorded for an other-than-temporary decline in value on certain auction rate securities held by the Company. This was partly offset by gains on foreign currency transactions.

2006 Compared to 2005

NET SALES. Net sales during 2006 increased 60.2% to \$166.4 million, compared to \$103.9 million for 2005. The net sales improvement was primarily due to new demand from the market's evolution to third generation (EDGE, WEDGE and W-CDMA) PAs, an increase in demand for our traditional CDMA and GSM technologies used in wireless handsets and hand-held devices, and increased demand for broadband products such as WLAN PAs, used in wireless personal computer access and RFICs, used in infrastructure applications.

Sales during 2006 of RFICs used for cellular and personal communication system applications increased 71.8% during 2006 to \$91.3 million from \$53.2 million in 2005. This increase in sales of integrated circuits for wireless applications for the year ended December 31, 2006 compared with 2005 was primarily due to increased demand for our 3G, CDMA and GSM PAs amounting to \$23.3 million, \$9.7 million and \$5.8 million, respectively.

Specifically, net sales of RFICs used for broadband applications increased 48.2% to \$75.1 million in 2006 from \$50.7 million in 2005. This increase in sales was primarily due to an increase in demand for infrastructure products and increased average selling prices for WLAN products accounting for increases in sales of \$5.6 million and \$17.4 million, respectively. Sales of WLAN PAs benefited from the market transition from 802.11b/g PAs to 802.11a/b/g PAs that have a higher selling price for the increased functionality.

GROSS MARGIN. Gross margin for 2006 improved to 30.2% of net sales, compared with 20.9% of net sales in the prior year. The increase in gross margin from the prior year is the result of the increase in net sales and production volumes with the consequent absorption of fixed costs.

RESEARCH & DEVELOPMENT. Company sponsored research and development expenses increased 19.6% during 2006 to \$35.1 million from \$29.3 million during 2005 primarily due to accelerated customer demand for new product development, which led to increased staffing and costs in addition to increased stock-based compensation of \$2.1 million.

SELLING AND ADMINISTRATIVE. Selling and administrative expenses increased 15.5% during 2006 to \$23.7 million from \$20.5 million in 2005. The increase was primarily due to increased stock-based compensation of \$2.3 million.

RESTRUCTURING AND OTHER CHARGES. During 2005, we settled an exit obligation for certain redundant leasehold premises resulting in a savings of \$0.1 million against a previously recorded restructuring charge.

INTEREST INCOME. Interest income increased 120.6% to \$5.4 million during 2006 from \$2.5 million in 2005. The increase was primarily due to higher average funds invested as a result of our underwritten public offering of 10.4 million shares of common stock in March of 2006 (the "March 2006 Offering") and higher interest rates.

INTEREST EXPENSE. Interest expense decreased to \$4.8 million in 2006 from \$5.0 million in 2005. Interest expense arose from obligations under our 5% Convertible Senior Notes due in 2006 ("2006 Notes") and our 5% Convertible Senior Notes due in 2009 ("2009 Notes"). In November 2006, we repaid the remaining \$46.7 million aggregate principal amount outstanding of our 2006 Notes.

LOSS FROM DISCONTINUED OPERATIONS. Loss from discontinued operations was \$1.0 million compared with \$0.8 million in 2005. The loss increased primarily due to lower gross profit from a decrease in revenue from \$4.4 million to \$3.4 million.

Liquidity and Sources of Capital

At December 31, 2007 we had \$57.8 million of cash and cash equivalents on hand and \$119.0 million in marketable securities. We had \$38.0 million aggregate principal amount of our 2009 Notes outstanding as of December 31, 2007.

Operations generated \$16.8 million in cash during 2007. Investing activities used \$84.0 million of cash during 2007, consisting principally of purchases of equipment of \$32.5 million and net purchases of marketable securities of \$49.6 million. Financing activities provided \$111.3 million of cash in 2007, primarily consisting of proceeds received from the issuance of stock, principally from the March 2007 Offering as well as stock option exercises.

At December 31, 2007, the Company had unconditional purchase obligations of approximately \$20.3 million, of which \$17.6 million relates to capital equipment purchase requirements primarily over the first half of 2008. Such capital purchase requirements will serve to increase the installed equipment capacity of the Company's manufacturing operations in response to increases in customer demand for the Company's products. In early 2007, the Company signed an agreement with KSND in China to jointly construct a wafer fabrication facility. The agreement requires the Company to invest approximately \$50.0 million over a ten-year period, inclusive of \$16.7 million required by January 31, 2010, of which approximately \$3.5 million has been funded as of December 31, 2007. In the event we decide unilaterally not to proceed with the agreement with KSND, our maximum obligation under the agreement with KSND is to pay KSND \$16.7 million.

We believe that our existing sources of capital, including our existing cash and marketable securities, will be adequate to satisfy operational needs and anticipated capital needs for at least the next twelve months. Our anticipated capital needs may include acquisitions of complimentary businesses or technologies, investments in other companies or repurchases of our outstanding debt or equity. Subject to liquidity considerations of our auction rate securities as discussed more fully in Item 7A, we may elect to finance all or part of our future capital requirements through additional equity or debt financing. There can be no assurance that such additional financing would be available on satisfactory terms. Our ability to pay principal and interest on our \$38.0 million in outstanding convertible senior unsecured notes, which are due in October of 2009, and our other debt and to fund our planned capital expenditures depends on our future operating performance.

The table below summarizes required cash payments as of December 31, 2007:

Contractual Obligations	Payments Due By Period (in thousands)				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term debt plus the interest payable with respect thereto	\$ 41,404	\$ 1,900	\$39,504	\$ —	\$ —
Operating leases	19,629	2,686	4,685	3,862	8,396
Unconditional purchase obligations	20,327	20,327	—	—	—
China funding commitment	46,500	8,000	5,200	—	33,300
Total contractual cash obligations	\$ 127,860*	\$32,913	\$49,389	\$3,862	\$41,696

* If by January 31, 2010, we decide not to proceed with the construction of the KSND fabrication facility, our maximum obligation under the KSND agreement would be \$16.7 million reduced by payments made to the date of cancellation.

Impact of Recently Issued Accounting Standards

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. As of January 1, 2007, the Company adopted FIN 48 which did not have a material impact on its consolidated financial statements.

In September 2006, the FASB issued FASB Statement No. 157, "Fair Value Measurements" (FAS 157) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company has not yet determined the impact FAS 157 may have on our results from operations or financial position.

In February 2007, the FASB issued FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FAS 159), which permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. FAS 159 is effective for fiscal years beginning after November 15, 2007. The Company has not yet determined the impact FAS 159 may have on our results of operations or financial position.

In June 2007, the FASB's Emerging Issues Task Force reached a consensus on EITF Issue No. 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities" (EITF 07-3) that would require non-refundable advance payments made by the Company for future R&D activities to be capitalized and recognized as an expense as the goods or services are received by the Company. EITF 07-3 is effective with respect to new arrangements entered into beginning January 1, 2008. The Company has not yet determined the impact EITF 07-3 may have on its results of operations or financial position.

In December 2007, the FASB issued FASB Statement No. 141R, "Business Combinations," (FAS 141R) which changes how business acquisitions are accounted. FAS 141R requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed in a business combination. Certain provisions of this standard will, among other things, impact the determination of acquisition-date fair value of consideration paid in a business combination (including contingent consideration); exclude transaction costs from acquisition accounting; and change accounting practices for acquired contingencies, acquisition-related restructuring costs, in-process research and development, indemnification assets and tax benefits. FAS 141R is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company has not yet determined the impact FAS 141R may have on its results of operations or financial position.

In December 2007, the FASB issued FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51," (FAS 160) which establishes new standards governing the accounting for and reporting of noncontrolling interests (NCIs) in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs (previously referred to as minority interests) be treated as a separate component of equity, not as a liability; that increases and decrease in the parent's ownership interest that leave control intact be treated as equity transactions, rather than as step acquisitions or dilution gains or losses; and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance. This standard also requires changes to certain presentation and disclosure requirements. FAS 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The provisions of the standard are to be applied to all NCIs prospectively, except for the presentation and disclosure requirements, which are to be applied retrospectively to all periods presented. The Company has not yet determined the impact FAS 160 may have on its results of operations or financial position.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to changes in interest rates primarily from our investments in certain available-for-sale securities. Our available-for-sale securities consist primarily of fixed income investments, including corporate bonds, commercial paper and Federal, state, municipal, and government-sponsored enterprises securities. We continually monitor our exposure to changes in interest rates and the credit ratings of issuers with respect to our available-for-sale securities. Accordingly, we believe that the effects of changes in interest rates and the credit ratings of these issuers are limited and would not have a material impact on our financial condition or results of operations. However, it is possible that we would be at risk if interest rates or the credit ratings of these issuers were to change in an unfavorable direction. The magnitude of any gain or loss would be a function of the difference between the fixed rate of the financial instrument and the market rate and our financial condition and results of operations could be materially affected.

At December 31, 2007, we held marketable securities with an estimated fair value of \$119.0 million. Our primary interest rate exposure results from changes in short-term interest rates. We do not purchase financial instruments for trading or speculative purposes. All of our marketable securities are classified as available-for-sale securities. The following table provides information about our marketable securities at December 31, 2007:

(\$'s 000)	Estimated Principal Amount and Weighted Average Stated Rate by Expected Maturity Value				Fair Value
	2008	2009	2010	Total	(\$'s 000)
Principal	\$103,923	\$15,243	\$—	\$119,166	\$119,026
Weighted Average Stated Rates	4.72%	5.39%	—	4.81%	—

The stated rates of interest expressed in the above table may not approximate the actual yield of the securities which we currently hold since we have purchased some of our marketable securities at other than face value. Additionally, some of the securities represented in the above table may be called or redeemed, at the option of the issuer, prior to their expected due dates. If such early redemptions occur, we may reinvest the proceeds realized on such calls or redemptions in marketable securities with stated rates of interest or yields that are lower than those of our current holdings, which would affect both future cash interest streams and future earnings. In addition to investments in marketable securities, we invest some of our cash in money market funds in order to keep cash available to fund operations and to hold cash pending investments in marketable securities. Fluctuations in short-term interest rates will affect the yield on monies invested in such money market funds. Such fluctuations can have an impact on our future cash interest streams and future earnings, but the impact of such fluctuations are not expected to be material.

All of our investment securities are classified as available-for-sale and therefore reported on our balance sheet at market value. As of December 31, 2007, our short-term investments included \$37.5 million of auction rate securities issued primarily by state and municipal authorities. Our auction rate securities are debt instruments with a long-term maturity and with an interest rate that is reset in short intervals through auctions. The recent conditions in the global credit markets have prevented some investors from liquidating their holdings of auction rate securities because the amount of securities submitted for sale has exceeded the amount of purchase orders for such securities. If there is insufficient demand for the securities at the time of an auction, the auction may not be completed and the interest rates may be reset to predetermined higher rates. When auctions for these securities fail, the investments may not be readily convertible to cash until a future auction of these investments is successful or they are redeemed or mature. If the credit ratings of the security issuers deteriorate and any decline in market value is determined to be other-than-temporary, we would be required to adjust the carrying value of the investment through an impairment charge. To date, we have not experienced any realized gains or losses on our investment portfolio but have recognized an other-than-temporary impairment approximating \$1.0 million.

In mid-February, 2008, we were informed that there was insufficient demand at auctions for certain of our auction rate securities. As a result, certain of these securities are currently not liquid and the interest rates on such securities have been reset to predetermined higher rates. Insufficient demand for certain auction rate securities may continue.

We may not be able to access cash by selling auction rate securities for which there is insufficient demand without the loss of principal until a future auction for these investments is successful, they are redeemed by their issuer or they mature. If we are unable to sell these securities in the market or they are not redeemed, then we may be required to hold them to maturity. We do not have a need to access these funds for operational purposes for the foreseeable future. We will continue to monitor and evaluate these investments on an ongoing basis for impairment or for a short-term to a long-term reclassification. Based on our ability to access our cash and other short-term investments, our expected operating cash flows, and our other sources of cash, we do not anticipate that the potential illiquidity of these investments will affect our ability to execute our current business plan.

Our 2009 Notes are convertible and bear a fixed rate of interest of 5%. A change in interest rates on long-term debt is assumed to impact fair value but not earnings or cash flow because the interest rate is fixed. At December 31, 2007, the fair value of our outstanding convertible notes, estimated based upon dealer quotes, was approximately \$89.5 million.

CONSOLIDATED BALANCE SHEETS

	December 31,	
(Amounts in thousands, except per share amounts)	2006	2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,706	\$ 57,786
Marketable securities	60,892	103,778
Accounts receivable, net of allowance for doubtful accounts of \$923 and \$924 at 2006 and 2007, respectively	26,707	45,664
Inventories	20,219	23,989
Prepaid expenses and other current assets	2,114	3,277
Assets of discontinued operations	1,429	—
Total current assets	125,067	234,494
Marketable securities	8,884	15,248
Plant and equipment		
Equipment and furniture	139,569	165,333
Leasehold improvements	38,199	38,638
Projects in process	4,975	23,180
	182,743	227,151
Less accumulated depreciation and amortization	141,484	151,022
	41,259	76,129
Goodwill and other intangibles, less accumulated amortization of \$439 and \$536 at 2006 and 2007, respectively	5,929	6,524
Other assets	1,463	1,066
	\$ 182,602	\$ 333,461
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 17,879	\$ 34,184
Accrued liabilities	5,588	7,928
Current maturities of capital lease obligations	312	—
Liabilities of discontinued operations	252	—
Total current liabilities	24,031	42,112
Other long-term liabilities	3,348	3,243
Long-term debt	38,000	38,000
Capital lease obligations, less current portion	1,463	—
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value, 5,000 shares authorized, none issued or outstanding		
Common stock, convertible, non-voting, \$0.01 par value, 1,000 shares authorized, none issued or outstanding		
Common stock, \$0.01 par value, 144,000 shares authorized at December 31, 2006 and 2007, and 49,200 and 61,292 issued at December 31, 2006 and 2007, respectively	492	613
Additional paid-in capital	413,672	541,940
Accumulated deficit	(298,046)	(292,095)
Accumulated other comprehensive loss	(100)	(94)
Treasury stock at cost: 114 shares	(258)	(258)
Total stockholders' equity	115,760	250,106
	\$ 182,602	\$ 333,461

See accompanying notes.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share amounts)	Year Ended December 31,		
	2005	2006	2007
Net sales	\$103,871	\$166,442	\$230,556
Cost of sales	82,135	116,211	151,768
Gross profit	21,736	50,231	78,788
Research and development expenses	29,320	35,054	46,539
Selling and administrative expenses	20,486	23,660	30,171
Restructuring and other charges	(120)	—	—
	49,686	58,714	76,710
Operating (loss) income	(27,950)	(8,483)	2,078
Interest income	2,463	5,433	8,035
Interest expense	(4,997)	(4,816)	(2,463)
Other income (expense)	18	(4)	(734)
(Loss) income from continuing operations	\$ (30,466)	\$ (7,870)	\$ 6,916
Loss from discontinued operations	(767)	(980)	(965)
Net (loss) income	\$ (31,233)	\$ (8,850)	\$ 5,951
Basic (loss) earnings per share:			
(Loss) income from continuing operations	\$ (0.90)	\$ (0.18)	\$ 0.13
Loss from discontinued operations	(0.02)	(0.02)	(0.02)
Net (loss) income	\$ (0.92)	\$ (0.20)	\$ 0.11
Diluted (loss) earnings per share:			
(Loss) income from continuing operations	\$ (0.90)	\$ (0.18)	\$ 0.12
Loss from discontinued operations	(0.02)	(0.02)	(0.02)
Net (loss) income	\$ (0.92)	\$ (0.20)	\$ 0.10
Weighted average common shares outstanding used in computing (loss) earnings per share:			
Basic	34,012	43,814	55,189
Diluted	34,012	43,814	58,621

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Amounts in thousands)	Year Ended December 31,		
	2005	2006	2007
Net (loss) income	\$(31,233)	\$(8,850)	\$5,951
Other comprehensive income (loss)			
Unrealized gain (loss) on marketable securities	242	207	(948)
Foreign currency translation adjustment	(72)	9	(8)
Reclassification adjustment:			
Net recognized loss on marketable securities previously included in other comprehensive income	—	—	962
Comprehensive (loss) income	\$(31,063)	\$(8,634)	\$5,957

See accompanying notes.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Amounts in thousands)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
Balance, December 31, 2004	33,072	\$331	—	\$ —	\$342,733	\$(257,963)	\$(486)	\$ 84,615
Stock options exercised	417	4			1,160			1,164
Shares issued under employee stock purchase plan	328	3			1,025			1,028
Treasury share purchase			(114)	(258)				(258)
Restricted stock grant, net of forfeitures	1,190	12			(12)			—
Amortization of stock-based compensation					2,649			2,649
Other comprehensive income							170	170
Net loss						(31,233)		(31,233)
Balance, December 31, 2005	35,007	\$350	(114)	\$(258)	\$347,555	\$(289,196)	\$(316)	\$ 58,135
Stock options exercised	983	10			3,778			3,778
Shares issued under employee stock purchase plan	187	2			1,005			1,007
Issuance of common stock in public offering, net of costs	10,446	104			53,006			53,110
Restricted stock grant, net of forfeitures	2,577	26			(26)			—
Amortization of stock-based compensation					8,354			8,354
Other comprehensive income							216	216
Net loss						(8,850)		(8,850)
Balance, December 31, 2006	49,200	\$492	(114)	\$(258)	\$413,672	\$(298,046)	\$(100)	\$115,760
Stock options exercised	2,135	22			12,217			12,239
Shares issued under employee stock purchase plan	236	2			1,872			1,874
Issuance of common stock in public offering, net of costs	8,625	86			98,869			98,955
Restricted stock grant, net of forfeitures	1,096	11			(11)			—
Amortization of stock-based compensation					15,321			15,321
Other comprehensive income							6	6
Net income						5,951		5,951
Balance, December 31, 2007	61,292	\$613	(114)	\$(258)	\$541,940	\$(292,095)	\$ (94)	\$250,106

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)	Year Ended December 31,		
	2005	2006	2007
Cash Flows from Operating Activities			
Net (loss) income	\$ (31,233)	\$ (8,850)	\$ 5,951
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Loss from discontinued operations	767	980	965
Depreciation	10,321	7,700	9,547
Amortization	1,703	1,809	738
Stock-based compensation	2,553	8,169	15,276
Amortization of premium (discount) on marketable securities	1,189	163	(550)
Recognized marketable securities impairment and other	—	—	962
(Gain) loss on sale of equipment	(1)	7	(9)
Changes in operating assets and liabilities:			
Accounts receivable	(7,609)	(9,009)	(18,957)
Inventory	(1,479)	(4,805)	(3,770)
Prepaid expenses and other assets	1,101	(184)	(1,233)
Accounts payable	7,468	2,542	5,922
Accrued and other liabilities	(1,212)	957	1,984
Net cash (used) provided by operating activities	(16,432)	(521)	16,826
Cash Flows from Investing Activities			
Purchases of plant and equipment	(2,262)	(13,374)	(32,506)
Purchases of marketable securities	(64,098)	(227,150)	(267,357)
Proceeds from sales of marketable securities	81,565	231,884	217,709
Purchase of RF group assets	—	—	(2,415)
Proceeds from sale of equipment	53	28	30
Proceeds from sale of discontinued operations	—	—	500
Net cash provided (used) by investing activities	15,258	(8,612)	(84,039)
Cash Flows from Financing Activities			
Payment of obligations under capital leases	(40)	(257)	(1,775)
Repayment of Convertible notes	—	(46,700)	—
Issuances of common stock, net of related costs	2,192	57,905	113,068
Repurchase of common stock into treasury	(258)	—	—
Net cash provided by financing activities	1,894	10,948	111,293
Net increase in cash and cash equivalents	720	1,815	44,080
Cash and cash equivalents at beginning of period	11,171	11,891	13,706
Cash and cash equivalents at end of period	\$ 11,891	\$ 13,706	\$ 57,786
Supplemental disclosures of cash flow information:			
Interest paid	\$ 4,346	\$ 4,370	\$ 1,997
Taxes paid	82	37	28
Acquisition of equipment under capital leases	2,055	—	—

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except per share amounts)

1. Summary of Significant Accounting Policies

NATURE OF OPERATIONS AND BASIS OF PRESENTATION

ANADIGICS, Inc. (the Company) is a provider of semiconductor solutions in the rapidly growing broadband wireless and wireline communications markets. The Company's products include power amplifiers (PAs), tuner integrated circuits, active splitters, line amplifiers and other components, which can be sold individually or packaged as integrated radio frequency (RF) and front end modules. The Company offers third generation (3G) products that use the Wideband Code-Division Multiple Access (W-CDMA) and Enhanced Data Rates for Global System for Mobile Communication (GSM) Evolution (EDGE) standards, beyond third generation (3.5G) products that use the High Speed Down Line Packet Access (HSDPA) and High Speed Uplink Line Packet Access (HSUPA) standards, fourth generation (4G) products for Worldwide Interoperability for Microwave Access (WiMAX) and Wireless Broadband (WiBRO) systems, Wireless Fidelity (WiFi) products that use the 802.11 a/b/g and 802.11 n (draft-n, Multiple Input Multiple Output (MIMO)) standards, cable television (CATV) set-top box products, CATV infrastructure products and Fiber-To-The-Premises (FTTP) products. The Company's integrated solutions enable its customers to improve RF performance, power efficiency, reliability, time-to-market and the integration of chip components into single packages, while reducing the size, weight and cost of their products.

The Company designs, develops and manufactures RF integrated circuits (RFICs) primarily using Gallium Arsenide (GaAs) compound semiconductor substrates with various process technologies, Metal Semiconductor Field Effect Transistors (MESFET), Pseudomorphic High Electron Mobility Transistors (pHEMT), and Heterojunction Bipolar Transistors (HBT). The Company's proprietary technology, which utilizes InGaP-plus™, combines InGaP HBT and pHEMT processes on a single substrate, enabling it to integrate the PA function and the RF active switch function on the same die. The Company fabricates substantially all of its ICs in its six-inch diameter GaAs wafer fabrication facility.

The consolidated financial statements include the accounts of ANADIGICS, Inc. and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

As more fully discussed in Note 2 below, the Company sold the majority of the operating assets of Telcom Devices Inc. (Telcom, a wholly-owned subsidiary of the Company) on April 2, 2007 and effectively ceased Telcom's operations. Accordingly, the financial results, position and cash flow of Telcom have been classified as discontinued operations in the accompanying financial statements for all periods presented.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. Actual results could differ from those estimates. Significant estimates that affect the financial statements include, but are not limited to: recoverability of inventories, stock-based compensation, reserves for distributor arrangements and returns, valuation of certain marketable securities, useful lives and amortization periods and recoverability of long-lived assets.

CONCENTRATION OF CREDIT RISK

The Company grants trade credit to its customers, who are primarily foreign manufacturers of wireless communication devices, cable and broadcast television receivers and fiber optic communication devices. The Company performs periodic credit evaluations of its customers and generally does not require collateral. Sales and accounts receivable from customers are denominated in U.S. dollars. The Company has not experienced significant losses related to receivables from these individual customers.

Net sales to individual customers and their affiliates who accounted for 10% or more of the Company's total net sales and corresponding end application information are as follows:

Customer (application)	Year Ended December 31,					
	2005		2006		2007	
	\$	%	\$	%	\$	%
Intel (Broadband)	15,678	15%	29,827	18%	49,862	22%
Samsung Electronics (Wireless)	<10%	<10%	<10%	<10%	30,471	13%
Shenzhen Huawei Mobile Comm. Tech. (Wireless)	<10%	<10%	<10%	<10%	23,953	10%
Cisco (Broadband)	<10%	<10%	<10%	<10%	23,378	10%
World Peace Group (Wireless & Broadband)	17,275	17%	28,175	17%	22,855	10%
LG Electronics (Wireless)	12,321	12%	<10%	<10%	22,188	10%

Accounts receivable at December 31, 2006 and 2007 from the greater than 10% customers accounted for 31% and 78% of total accounts receivable, respectively.

REVENUE RECOGNITION

Revenue from product sales is recognized when the title, risk and rewards of product ownership are transferred to the customer, price and terms are fixed, no significant vendor obligation exists and collection of the resulting receivable is reasonably assured. The Company

sells to certain distributors who are granted rights of return and exchange and certain price protection. Revenue is appropriately reserved for the portion of shipments subject to return, exchange or price protection until such rights expire. The Company charges customers for the costs of certain contractually-committed inventories that remain at the end of a product's life. Such amounts are recognized as cancellation revenue when cash is received. The value of the inventory related to cancellation revenue may, in some instances, have been reserved during prior periods in accordance with the Company's inventory obsolescence policy. The Company maintains an allowance for doubtful accounts for estimated losses resulting from customers' failure to make payments.

WARRANTY COSTS

The Company provides, by a current charge to income, an amount it estimates, by examining historical returns and other information it deems critical, will be needed to cover future warranty obligations for products sold during the year. The accrued liability for warranty costs is included in accrued liabilities in the consolidated balance sheets.

PLANT AND EQUIPMENT

Plant and equipment are stated at cost. Depreciation of plant, furniture and equipment has been provided on the straight-line method over 3-5 years. During 2007, the Company began depreciating certain new wafer fabrication equipment over a seven-year useful life. Leasehold improvements are amortized and included in depreciation over the useful life of the leasehold or the life of the lease, whichever is shorter.

The cost of equipment acquired under capital leases was \$9,806 and \$7,751 at December 31, 2006 and 2007, respectively, and accumulated amortization was \$8,072 and \$7,734 at December 31, 2006 and 2007, respectively. Equipment acquired under a capital lease is amortized and included in depreciation over the useful life of the leased equipment or the life of the lease, whichever is shorter.

GOODWILL AND OTHER INTANGIBLES

Goodwill, intellectual property, customer list, covenant-not-to-compete and assembled workforce were recorded as part of the Company's acquisitions. Goodwill is not subject to amortization but is reviewed for potential impairment annually or upon the occurrence of an impairment indicator using a two-phase process. The first phase screens for impairment; while the second phase measures the impairment. Intellectual property, customer list, covenant and the assembled workforce have been amortized using the straight-line method over two- to four-year lives. The carrying amount of the Company's intangibles are reviewed on a regular basis for indicators of an impairment. The Company determines if the carrying amount is impaired based on

anticipated cash flows. In the event of impairment, a loss is recognized based on the amount by which the carrying amount exceeds the fair value of the asset. For each of the reporting units, fair value is determined primarily using the anticipated cash flows, discounted at a rate commensurate with the associated risk.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets used in operations are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. For long-lived assets to be held and used, the Company recognizes an impairment loss only if its carrying amount is not recoverable through its undiscounted cash flows and measures the impairment loss based on the difference between the carrying amount and fair value. Long-lived assets held for sale are reported at the lower of cost or fair value less costs to sell.

INCOME TAXES

Deferred income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the income tax basis of such assets and liabilities. The Company maintains a full valuation allowance on its deferred tax assets. Accordingly, the Company has not recorded a benefit or provision for income taxes. The Company recognizes interest and penalties related to the underpayment of income taxes in income tax expense. Upon adoption of FIN 48, the Company had no unrecognized tax benefits. No unrecognized tax benefits, interest or penalties were accrued at December 31, 2007. The Company's U.S. federal net operating losses have occurred since 1998 and as such, tax years subject to potential tax examination could apply from that date because carrying-back net operating loss opens the relevant year to audit.

RESEARCH AND DEVELOPMENT COSTS

The Company charges all research and development costs associated with the development of new products to expense when incurred.

CASH EQUIVALENTS

The Company considers all highly liquid marketable securities with a maturity of three months or less when purchased as cash equivalents.

MARKETABLE SECURITIES

Available-for-sale securities are stated at fair value, as determined by quoted market prices or as needed, broker-dealer valuation models, with unrealized gains and losses reported in other accumulated comprehensive income or loss. Unrealized losses are reviewed by management and those considered other-than-temporary are recorded as a charge to income. The cost of securities sold is based upon the

specific identification method. The amortized cost of debt securities is adjusted for amortization of premium and accretion of discounts to maturity. Such amortization, realized gains and losses, interest and dividends are included in interest income. See Note 9 for a summary of marketable securities.

INVENTORY

Inventories are valued at the lower of cost or market ("LCM"), using the first-in, first-out method. In addition to LCM limitations, the Company reserves against inventory items for estimated obsolescence or unmarketable inventory. The reserve for excess and obsolete inventory is primarily based upon forecasted short-term demand for the product and any change to the reserve arising from forecast revisions is reflected in cost of sales in the period the revision is made.

DEFERRED RENT

Aggregate rental expense is recognized on a straight-line basis over the lease terms of operating leases that contain predetermined increases in rentals payable during the lease term.

FOREIGN CURRENCY TRANSLATION

The financial statements of subsidiaries outside of the United States are measured using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet dates. The resultant translation adjustments are included in other accumulated comprehensive income or loss. Income and expense items are translated at the average monthly rates of exchange. Gains and losses from foreign currency transactions of these subsidiaries are included in the determination of net income or loss.

EARNINGS PER SHARE

Basic and diluted earnings per share are calculated in accordance with FASB Statement No. 128, Earnings Per Share. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if stock options and other commitments to issue common stock were exercised resulting in the issuance of common stock of the Company. Any dilution arising from the Company's outstanding stock options or shares potentially issuable upon conversion of the Convertible notes will not be included where their effect is anti-dilutive.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The fair value of each of the following instruments approximates their carrying value because of the short maturity of these

instruments: cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. At December 31, 2006 and 2007, the fair value of the Company's outstanding Convertible senior notes, estimated based upon dealer quotes, were approximately \$71,516 and \$89,490, respectively, compared to their carrying values of \$38,000 and \$38,000, respectively. See Note 9 for a summary of marketable securities.

STOCK-BASED COMPENSATION

The Company has various stock-based compensation plans for employees and directors, which are described more fully in Note 12 "Employee Benefits Plans." Effective January 1, 2006, the Company accounts for these plans under Financial Accounting Standards Board (FASB) Statement No. 123R Share Based Payment (FAS 123R).

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The Company adopted FIN 48 on January 1, 2007 which did not have a material impact on its consolidated financial statements.

In September 2006, the FASB issued FASB Statement No. 157, "Fair Value Measurements" (FAS 157) which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company has not yet determined the impact FAS 157 may have on its results of operations or financial position.

In February 2007, the FASB issued FASB Statement No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (FAS 159), which permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. FAS 159 is effective for fiscal years beginning after November 15, 2007. The Company has not yet determined the impact FAS 159 may have on its results of operations or financial position.

In June 2007, the FASB's Emerging Issues Task Force reached a consensus on EITF Issue No. 07-3, "Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities" (EITF 07-3) that would require nonrefundable advance payments made by the Company for future R&D activities to be capitalized and recognized as an expense as the goods

or services are received by the Company. EITF 07-3 is effective with respect to new arrangements entered into beginning January 1, 2008. The Company has not yet determined the impact EITF 07-3 may have on its results of operations or financial position.

In December 2007, the FASB issued FASB Statement No. 141R, "Business Combinations," (FAS 141R) which changes how business acquisitions are accounted. FAS 141R requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction and establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed in a business combination. Certain provisions of this standard will, among other things, impact the determination of acquisition-date fair value of consideration paid in a business combination (including contingent consideration); exclude transaction costs from acquisition accounting; and change accounting practices for acquired contingencies, acquisition-related restructuring costs, in-process research and development, indemnification assets, and tax benefits. FAS 141R is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company has not yet determined the impact FAS 141R may have on its results of operations or financial position.

In December 2007, the FASB issued FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51," (FAS 160) which establishes new standards governing the accounting for and reporting of noncontrolling interests (NCIs) in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs (previously referred to as minority interests) be treated as a separate component of equity, not as a liability; that increases and decrease in the parent's ownership interest that leave control intact be treated as equity transactions, rather than as step acquisitions or dilution gains or losses; and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance. This standard also requires changes to certain presentation and disclosure requirements. FAS 160 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The provisions of the standard are to be applied to all NCIs prospectively, except for the presentation and disclosure requirements, which are to be applied retrospectively to all periods presented. The Company has not yet determined the impact FAS 160 may have on its results of operations or financial position.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current presentation.

2. Discontinued Operations

On April 2, 2007, the Company sold the majority of Telcom's operating assets to GTRAN Camarillo, Inc. in exchange for \$500 and effectively ceased Telcom's operations. As a consequence of the sale, the financial results, position and cash flow of Telcom have been classified as discontinued operations in the accompanying financial statements for all periods presented.

Summarized operating results and loss on sale of discontinued operations in the years ended December 31, 2005, 2006 and 2007 were as follows:

	Year Ended December 31,		
	2005	2006	2007
Revenue	\$ 4,410	\$ 3,443	\$ 559
Operating loss	(777)	(997)	(479)
Interest income	10	17	4
Loss on sale of discontinued operations	—	—	(490)
Loss from discontinued operations	\$ (767)	\$ (980)	\$ (965)

The assets and liabilities of Telcom as of December 31, 2007 are zero. Such amounts as of December 31, 2006 are reflected as discontinued operations and were:

	December 31, 2006
Assets of discontinued operations	
Accounts receivable	\$ 604
Inventory	654
Other current and non-current assets	62
Fixed assets, net	109
Total	\$1,429
Liabilities of discontinued operations	\$ 252

3. Purchase of Assets of RF Group

On September 5, 2007, the Company purchased certain assets and assumed certain related obligations of the radio frequency group of Fairchild Semiconductor (RF group) in exchange for cash of \$2,415, inclusive of transaction costs of \$115. The assets acquired were principally equipment used in researching and developing RFICs for the broadband wireless communications markets. No products or manufacturing processes were included as part of the purchase. The RF group staff of 23 accepted employment with the Company.

Included in the purchase were fixed assets with an estimated fair market value of \$1,723, non-exclusive rights to certain intellectual property and assembled workforce valued at approximately \$168 and \$524, respectively. The fixed assets, intellectual property and assembled workforce costs will be amortized over their estimated useful lives of 3, 2 and 3 years, respectively.

4. Intangibles and Goodwill

As of December 31, 2006 and 2007, the Company's intangible assets consist of the following:

	Gross Carrying Amount		Accumulated Amortization	
	December 31, 2006	2007	December 31, 2006	2007
Goodwill	\$5,918	\$5,918	\$ —	\$ —
Intellectual property	210	378	199	238
Customer list	240	240	240	240
Assembled workforce	—	524	—	58
	\$6,368	\$7,060	\$439	\$536

Annual amortization expense related to intangible assets is calculated over their estimated useful lives of two to four years and was \$240, \$115 and \$97 in the years ended December 31, 2005, 2006 and 2007, respectively. Future annual amortization expense related to intangible assets is expected as follows, \$259 in 2008, \$231 in 2009 and the remainder in 2010.

5. Restructuring and Other Charges

The January 1, 2005 restructuring balance related to lease-related costs. Certain lease-related obligations were settled during 2005 and resulted in a savings to the Company of \$120.

Activity and liability balances related to the restructuring and other charges for the years ended December 31, 2005 and 2006 are as follows:

	Balance
January 1, 2005 restructuring balance	\$ 726
Deductions	(566)
Savings on settlement of obligation	(120)
December 31, 2005 restructuring balance	40
Deductions	(40)
December 31, 2006 restructuring balance	\$ —

6. Segments

The Company operates in one segment. Its integrated circuits are primarily manufactured using common manufacturing facilities located in the same domestic geographic area. All operating expenses

and assets of the Company are combined and reviewed by the chief operating decision maker on an enterprise-wide basis, resulting in no additional discrete financial information or reportable segment information.

The Company classifies its revenues based upon the end application of the product in which its integrated circuits are used. Net sales by end application are regularly reviewed by the chief operating decision maker and are as follows:

	Year Ended December 31,		
	2005	2006	2007
Wireless	\$ 53,143	\$ 91,275	\$129,044
Broadband	50,728	75,167	101,512
Total	\$103,871	\$166,442	\$230,556

The Company primarily sells to three geographic regions: Asia, USA and Canada, and Other. The geographic region is determined based on shipping addresses, not on the locations of the ultimate users. Net sales to each of the three geographic regions are as follows:

	Year Ended December 31,		
	2005	2006	2007
Asia	\$ 56,677	\$ 91,626	\$153,422
USA and Canada	38,689	62,741	66,706
Other	8,505	12,075	10,428
Total	\$103,871	\$166,442	\$230,556

7. Long-Term Debt

On September 24, 2004, the Company issued \$38,000 aggregate principal amount of 5% Convertible Senior Notes (2009 Notes) due October 15, 2009. The 2009 Notes are convertible into shares of the Company's common stock at any time prior to their maturity, at an initial conversion rate, subject to adjustment, of 200 shares for each \$1,000 principal amount, which is equivalent to a conversion price of \$5.00 per share (7,600 shares contingently issuable). Pursuant to the indenture, dated as of September 24, 2004, between the Company and U.S. Bank Trust Association, as trustee, in the event of a "fundamental change" on or prior to July 15, 2009, the Company will pay a make whole premium upon the repurchase or conversion of the 2009 Notes. Subject to certain exceptions, the make whole premium will be 1% of the principal amount of the 2009 Notes, plus an additional premium based on the date such "fundamental change" becomes effective and the price paid per share of the Company's common stock in the transaction constituting the "fundamental change." Interest on the 2009 Notes is payable semi-annually in arrears on April 15 and October 15 of each year.

On November 27, 2001, the Company issued \$100,000 aggregate principal amount of 5% Convertible Senior Notes (2006 Notes) due November 15, 2006. The 2006 Notes were convertible into shares of common stock at a rate of 47.619 shares for each \$1,000 principal amount (convertible at a price of \$21.00 per share), subject to adjustment. During 2002, the Company repurchased and retired \$33,300 aggregate principal amount of the 2006 Notes. In addition, in the third quarter of 2004 and concurrent with the issuance of the 2009 Notes, the Company repurchased and retired \$20,000 aggregate principal amount of the 2006 Notes for \$19,758 in cash, inclusive of accrued interest of \$358. The Company recognized a gain of \$327 on the repurchase, after adjusting for the write-off of a proportionate share of unamortized offering costs. On November 15, 2006, the Company repaid the remaining \$46,700 balance of the 2006 Notes obligation.

Unamortized debt issuance costs of \$1,273 and \$807 at December 31, 2006 and 2007, respectively, consisting principally of underwriters' fees, were included in other assets and are being amortized over the life of the notes.

8. Commitments and Contingencies

The Company leases manufacturing, warehousing and office space and manufacturing equipment under noncancelable operating leases that expire through 2016. Rent expense, net of sublease income was \$2,447, \$2,101 and \$2,411 in 2005, 2006 and 2007, respectively. Sublease income was \$270 and \$24 in 2005 and 2006, respectively. As of December 31, 2007, there were no capital lease obligations outstanding. The future minimum lease payments under the noncancelable operating leases are as follows:

Year	Operating Leases
2008	\$ 2,686
2009	2,474
2010	2,211
2011	1,859
2012	2,003
Thereafter	8,396
Total minimum lease payments	\$19,629

In addition to the above, at December 31, 2007, the Company had unconditional purchase obligations of approximately \$20,327 of which \$17,570 relates to capital equipment purchase requirements primarily over the first half of 2008. Such capital purchase requirements will serve to increase the installed equipment capacity of the Company's manufacturing operations in response to anticipated increases in customer demand for the Company's products. In early 2007, the Company signed an agreement with KSND in China to jointly

construct a wafer fabrication facility. The agreement requires the Company to invest approximately \$50,000 over a ten-year period, inclusive of \$16,700 required by January 31, 2010, of which approximately \$3,500 has been funded as of December 31, 2007. In the event the Company decides unilaterally not to proceed with the agreement with KSND by January 31, 2010, its maximum obligation under the agreement with KSND would be \$16,700 reduced by payments made to the date of cancellation.

9. Marketable Securities

The following is a summary of available-for-sale securities:

	Available-for-Sale Securities			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Government-Sponsored Enterprises Debt Securities	\$ 6,395	\$—	\$(12)	\$ 6,383
State & Municipal Auction Rate Securities	14,470	—	—	14,470
Corporate Debt Securities— Non-Auction	27,398	—	(50)	27,348
Corporate Debt Securities— Auction Rate	6,400	—	—	6,400
Preferred Equity Securities— Auction Rate	15,175	—	—	15,175
Total at December 31, 2006	\$ 69,838	\$—	\$(62)	\$ 69,776
Government-Sponsored Enterprises Debt Securities	\$ 60,812	\$32	\$(23)	\$ 60,821
State & Municipal Auction Rate Securities	19,290	—	—	19,290
Corporate Debt Securities— Non-Auction	20,805	3	(60)	20,748
Corporate Debt Securities— Auction Rate	6,323	—	—	6,323
Preferred Equity Securities— Auction Rate	11,844	—	—	11,844
Total at December 31, 2007	\$119,074	\$35	\$(83)	\$119,026

Classification of marketable securities as current or non-current is dependent upon management's intended holding period, the security's maturity date and liquidity considerations based on market conditions. If management intends to hold the securities for longer than one year as of the balance sheet date, they are classified as non-current. Since these marketable securities are classified as available-for-sale securities, changes in fair value will flow through other comprehensive income, with amounts reclassified out of other comprehensive income into earnings upon sale or "other-than-temporary" impairment.

Auction rate securities are generally long-term debt instruments that provide liquidity through a Dutch auction process that resets the applicable interest rate at pre-determined calendar intervals, generally every 28 days. This mechanism generally allows existing investors to rollover their holdings and continue to own their respective securities or liquidate their holdings by selling their securities at par value. We generally invest in these securities for short periods of time as part of our cash management program. During the second half of 2007, certain auction rate debt and preferred securities failed to auction due to sell orders exceeding buy orders. The funds associated with failed auctions will not be accessible until a successful auction occurs or a buyer is found outside of the auction process. Based on broker-dealer valuation models, auction rate securities with an original value of approximately \$5,625 had an estimated fair value of \$4,668 as of December 31, 2007. It was determined that this decline was other-than-temporary and as result an impairment charge of \$957 was recorded in other income (expense). These auction rate securities are classified as non-current marketable securities as of December 31, 2007.

Management has the ability and intent, if necessary, to liquidate certain of its marketable securities in order to meet the Company's liquidity needs in the next 12 months. Accordingly, certain securities with contractual maturities greater than one year from year-end have been classified as short-term. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties. The amortized cost and estimated fair value of marketable debt securities at December 31, 2007 by contractual maturity are shown below:

	Available-for-Sale Debt Securities	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 71,010	\$ 70,988
Due after one year through five years	10,607	10,581
Due after five years through ten years	2,950	2,950
Due after 10 years	22,663	22,663
Total	\$107,230	\$107,182

In mid-February 2008, we were informed that there was insufficient demand at auctions for certain of our auction rate securities. As a result, certain of the affected securities are currently not liquid and the interest rates have been reset to the predetermined higher rates.

10. Inventories

Inventories consist of the following:

	December 31,	
	2006	2007
Raw materials	\$ 5,888	\$ 8,915
Work in progress	11,566	15,256
Finished goods	6,295	4,055
	23,749	28,226
Reserves	(3,530)	(4,237)
Total	\$20,219	\$ 23,989

11. Accrued Liabilities

Accrued liabilities consist of the following:

	December 31,	
	2006	2007
Accrued compensation	\$2,356	\$4,022
Warranty reserve	347	327
Other	2,885	3,579
Total	\$5,588	\$7,928

Warranty reserve movements in the years ended December 31, 2005, 2006 and 2007 for returns were \$397, \$726 and \$541, respectively. The periodic charges for estimated warranty costs were \$634, \$677 and \$521 in the years ended December 31, 2005, 2006 and 2007, respectively.

12. Income Taxes

The current and deferred components of income taxes for the years ended December 31, 2005 and 2006 were zero. For the year ended December 31, 2007, the current Federal and state component of income taxes were \$2,083 and \$190, respectively, which were fully offset by deferred tax movements including the valuation allowance.

Deferred tax assets require a valuation allowance when, in the opinion of management, it is more likely than not that some portion of the deferred tax assets may not be realized. Whereas realization of the deferred tax assets is dependent upon the timing and magnitude of future taxable income prior to the expiration of the deferred tax attributes, management began recording a full valuation allowance in 2001. The amount of the deferred tax assets considered realizable, however, could change if estimates of future taxable income during the carry-forward period are changed.

Significant components of the Company's net deferred taxes as of December 31, 2006 and 2007 are as follows:

	December 31,	
	2006	2007
Deferred tax balances		
Accruals/reserves	\$ 6,121	\$ 7,583
Net operating loss carryforwards	106,226	103,004
Research and experimentation credits	10,686	13,199
Deferred rent expense	1,336	1,186
Difference in basis of plant and equipment	4,136	3,335
Other	—	—
Valuation allowance	(128,505)	(128,307)
Net deferred tax assets	—	—

As of December 31, 2007, the Company had net operating loss carryforwards of approximately \$320,499 for both Federal and state tax reporting purposes. The Federal carryforward will begin to expire in 2019, and the state carryforwards have begun to expire. A portion of net operating loss carryforwards and tax credit carryforwards may be subject to an annual limitation regarding their utilization against taxable income in future periods due to the "change of ownership" provisions of the Internal Revenue Code and similar state provisions. A portion of these carryforwards may expire before becoming available to reduce future income tax liabilities.

At December 31, 2007, \$25,149 of the deferred tax asset related to net operating loss carryforwards and an equivalent amount of deferred tax asset valuation allowance represented tax benefits associated with the exercise of non-qualified stock options and restricted stock deduction over book. Such benefit, when realized, will be credited to additional paid-in capital. Included within the Company's net operating loss tax carryforwards at December 31, 2007, the Company has excess tax benefits, related to stock-based compensation that arose subsequent to the adoption of FAS 123R of \$37,052 (\$6,215 at December 31, 2006) which are not recorded as a deferred tax asset as the amounts would not have resulted in a reduction in current taxes payable until all other tax attributes currently available to the Company were utilized. The benefit of these deductions will be recorded to additional paid-in capital at the time the tax deduction results in a reduction of current taxes payable.

The earnings associated with the Company's investment in its foreign subsidiaries is considered to be permanently invested and no provision for U.S. Federal and state income taxes on those earnings or translation adjustments have been provided.

The reconciliation of income tax expense computed at the U.S. Federal statutory rate to the benefit from income taxes is as follows:

	Year Ended December 31,					
	2005		2006		2007	
Tax at U.S. statutory rate	\$(10,932)	(35.0)%	\$(3,097)	(35.0)%	\$ 2,083	35.0%
Effect of permanent items	(88)	(0.3)	19	0.2	(28)	(0.5)
State and foreign tax (benefit), net of Federal tax effect	(1,023)	(3.3)	(286)	(3.2)	190	3.2
Research and experimentation tax credits, net	(797)	(2.6)	(4,816)	(54.4)	(2,513)	(42.2)
Valuation allowance	12,763	40.9	8,892	100.5	(198)	(3.3)
Other	77	0.3	(712)	(8.1)	466	7.8
(Benefit from) provision for income taxes	\$ —	0.0%	\$ —	0.0%	\$ —	0.0%

13. Stockholders' Equity

In March 2007, the Company completed an underwritten public offering of 8,625 shares of common stock at a price of \$12.25 which generated net proceeds to the Company of \$98,955. In March 2006, the Company completed an underwritten public offering of 10,446 shares of common stock at a price of \$5.50 which generated net proceeds to the Company of \$53,110.

On December 17, 1998, the Company adopted a Shareholders' Rights Agreement (the Agreement). Pursuant to the Agreement, as amended on November 30, 2000, rights were distributed as a dividend at the rate of one right for each share of ANADIGICS, Inc. common stock, par value \$0.01 per share, held by stockholders of record as of the close of business on December 31, 1998. The rights will expire on December 17, 2008, unless earlier redeemed or exchanged. Under the Agreement, each right will entitle the registered holder to buy one one-thousandth of a share of Series A Junior Participating Preferred Stock at a price of \$75.00 per one one-thousandth of a share, subject to adjustment in accordance with the Agreement. The rights will become exercisable only if a person or group of affiliated or associated persons acquires, or obtains the right to acquire, beneficial ownership of ANADIGICS, Inc. common stock or other voting securities that have 18% or more of the voting power of the outstanding shares of voting stock, or upon the commencement or announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in such person or group acquiring, or obtaining the right to acquire, beneficial ownership of 18% or more of the voting power of ANADIGICS, Inc. common stock or other voting securities.

14. Employee Benefit Plans

Effective January 1, 2006, the Company adopted the provisions of FAS 123R in accounting for share based payments to employees, having previously followed the provisions of Accounting Principles Board Opinion Number 25, "Accounting for Stock Issued to Employees," as permitted by FAS 123. The Company has adopted FAS 123R using the modified-prospective transition method, which requires the recognition of compensation expense over the remaining vesting period for all awards that remain unvested as of January 1, 2006. The Company adopted the alternative transition method provided in FASB Staff Position No. FAS 123R-3 "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards" for calculating the tax effects of stock-based compensation. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in-capital pool (APIC pool) related to the tax effects of employee stock-based compensation, and to determine the subsequent impact on the APIC pool and consolidated statements of cash flows of the tax effects of employee stock-based compensation awards that are outstanding upon adoption of FAS 123R.

EQUITY COMPENSATION PLANS

The Company had 4 equity compensation plans under which equity securities are authorized for issuance to employees and/or directors:

- The 1995 Long-Term Incentive and Share Award Plan for Officers and Directors (terminated February 28, 2005) (1995 Plan);
- The 1997 Long-Term Incentive and Share Award Plan (1997 Plan);
- The 2005 Long-Term Incentive and Share Award Plan (2005 Plan, collectively with the 1995 Plan and the 1997 Plan, the Plans); and
- The ESP Plan.

Employees and outside directors have been granted restricted stock and options to purchase shares of common stock under stock option plans adopted in 1995, 1997 and 2005. An aggregate of 4,913, 5,100 and 6,450 shares of common stock were reserved for issuance under the 1995 Plan, the 1997 Plan and the 2005 Plan, respectively. The Plans provide for the granting of stock options, stock appreciation rights, restricted shares and other share based awards to eligible employees and directors, as defined in the Plans. Option grants have terms of ten years and become exercisable in varying amounts over periods of up to three years. To date, no stock appreciation rights have been granted under the Plans.

In 1995, the Company adopted the ESP Plan under Section 423 of the Internal Revenue Code. All full-time employees of ANADIGICS, Inc. and part-time employees, as defined in the ESP Plan, are eligible to participate in the ESP Plan. An aggregate of 2,694 shares of common stock were reserved for offering under the ESP Plan. Offerings are made at the commencement of each calendar year and must be purchased by the end of that calendar year. Pursuant to the terms of the ESP Plan, shares purchased and the applicable per share price were 328 (\$3.13), 187 (\$5.36) and 236 (\$7.95), respectively for the years ended December 31, 2005, 2006 and 2007, respectively.

Under FAS 123R, stock-based compensation expense arises from the amortization of restricted stock grants, unamortized stock option grants and from the ESP Plan whereas in 2005, only amortization of restricted stock grants was required. Effective with the adoption of FAS 123R, the Company uses the straight-line basis in calculating stock-based compensation expense.

The following table illustrates the effect on net loss and loss per common share as if the Company had applied the fair value method to measure stock-based compensation, required under the disclosure provisions of FAS 123R⁽¹⁾:

	For Years Ended December 31,			
	Pro Forma (comparison only)	As Reported		
		2005	2005	2006
Amortization of restricted stock awards	\$ (2,649)	\$ (2,649)	\$ (7,754)	\$ (12,319)
Amortization of ESP Plan	(567)	—	(400)	(705)
Amortization of stock option awards	(542)	—	(200)	(2,297)
Total stock-based compensation	\$ (3,758)	\$ (2,649)	\$ (8,354)	\$ (15,321)
Net income (loss)	\$ (32,342)	\$ (31,233)	\$ (8,850)	\$ 5,951
Earnings (loss) per share:				
Basic	\$ (0.95)	\$ (0.92)	\$ (0.20)	\$ 0.11
Diluted	\$ (0.95)	\$ (0.92)	\$ (0.20)	\$ 0.10
By Financial Statement line item				
Cost of sales	\$ 772	\$ 570	\$ 1,777	\$ 3,409
Research and development expenses	1,553	1,177	3,271	5,855
Selling and administrative expenses	1,337	806	3,121	6,012
Loss from discontinued operations	96	96	185	45

(1) Pro forma disclosure for 2005 presents the effect of share-based compensation expense as required under FAS 123. As reported historical results for periods prior to January 1, 2006 reflect only that portion of share-based compensation expense required by GAAP prior to the adoption of FAS 123R.

RESTRICTED STOCK AWARDS

Commencing in August 2004, the Company began granting restricted shares under the Plans. The value of the restricted stock awards are fixed upon the date of grant and amortized over the related vesting period of one to three years. Restricted stock awards are subject to forfeiture if employment terminates prior to vesting. The restricted stock awards carry voting and dividend rights commencing upon grant but may not be traded or transferred prior to vesting. Grant, vest and forfeit activity and related weighted average (WA) price per share for restricted stock and for stock options during the period from January 1, 2005 to December 31, 2007 is presented in tabular form below:

	Restricted Shares		Stock Options	
	Shares	WA Price per Share	Issuable Upon Exercise	WA Exercise Price
Shares outstanding at January 1, 2005	381	4.01	6,792	7.47
Granted	1,303	2.71	159	3.12
Shares vested/options exercised	(357)*	4.01	(416)	2.80
Forfeited/expired	(113)	2.95	(591)	7.57
Balance at December 31, 2005	1,214	2.72	5,944	7.67
Granted	2,685	6.90	994	8.80
Shares vested/options exercised	(675)	2.68	(983)	3.85
Forfeited/expired	(86)	5.46	(286)	11.16
Balance at December 31, 2006	3,138	\$ 6.23	5,669	\$ 8.36
Granted	1,185	12.40	182	11.48
Shares vested/options exercised	(1,916)	6.07	(2,135)	5.73
Forfeited/expired	(195)	7.21	(225)	15.29
Balance at December 31, 2007	2,212	\$ 9.61	3,491	\$ 9.68

* 114 shares were repurchased by the Company to fund withholding tax obligations.

Exercisable options and their related average exercise prices were 5,759 (\$7.83), 4,644 (\$8.30) and 2,701 (\$9.77) as of December 31, 2005, 2006 and 2007, respectively. The total fair value of restricted shares vested during the years ended December 31, 2006 and 2007 were \$4,003 and \$25,023, respectively. The intrinsic value of exercised options during the years ended December 31, 2005, 2006 and 2007 were \$932, \$3,801 and \$18,120, respectively.

In January 2008, the Company granted an additional 1,399 restricted shares under the 2005 Plan at an average market price equal to \$8.52, which represented the fair market value at the date of grants.

	Weighted Average Information as of December 31, 2007
Options currently exercisable	
Shares issuable upon exercise	2,701
Weighted average exercise price	\$ 9.77
Weighted average remaining contractual term	4.5 years
Weighted average remaining contractual term for outstanding options	5.6 years
Intrinsic value of exercisable options	\$ 9,729
Intrinsic value of outstanding options	\$11,704
Unrecognized stock-based compensation cost	
Option plans	\$ 4,155
Restricted stock	\$13,008
Weighted average remaining vest period for option plans	1.9 years
Weighted average remaining vest period for restricted stock	1.2 years

Stock options outstanding at December 31, 2007 are summarized as follows:

Range of Exercise Prices	Outstanding Options at December 31, 2007	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable at December 31, 2007	Weighted Average Exercise Price
\$ 1.39-\$ 7.27	1,461	4.91	\$ 5.53	1,446	\$ 5.54
\$ 7.65-\$ 8.84	971	8.82	\$ 8.82	315	\$ 8.77
\$ 9.00-\$13.94	509	3.39	\$12.25	436	\$12.51
\$14.39-\$53.48	550	3.22	\$19.82	504	\$20.15

On December 22, 2004, the Company authorized the immediate vesting of eligible employees' unvested share options with an exercise price greater than \$5.00 per share. Directors were not eligible. In total, 1,772 options with an average exercise price of \$7.26 immediately vested and had an average remaining contractual life of 9.1 years. The unamortized fair value associated with these accelerated-vest shares in the amount of \$2,654 amortized immediately. Had the accelerated-vest program not occurred, the related cost in the years ended December 31, 2006 and 2007 would have included \$751 and \$57, respectively. In addition to its employee-retention value, the Company's decision to accelerate the vesting of these "out-of-the-money" options was based upon the accounting of such costs moving from disclosure-only in 2004 to being included in the Company's

consolidated statement of operations in 2005 based upon the Company's expected adoption of FAS 123R prior to its required adoption date being deferred. For the year ended December 31, 2005, \$1,846 would have been included in the pro forma disclosure.

VALUATION FOR ESP PLAN AND STOCK OPTION AWARDS

The fair value of these equity awards was estimated at the date of grant using a Black-Scholes option pricing model. The weighted average assumptions and fair values for stock-based compensation grants used for the years ended December 31, 2005, 2006 and 2007 are summarized below:

	Year Ended December 31,		
	2005	2006	2007
Stock option awards			
Risk-free interest rate	3.4%	4.6%	4.8%
Expected volatility	95%	76%	71%
Average expected term (in years)	2.75	4.72	4.75
Expected dividend yield	0.0%	0.0%	0.0%
Weighted average fair value of options granted	\$1.70	\$5.54	\$6.91
ESP Plan			
Risk-free interest rate	4.4%	5.0%	3.3%
Expected volatility	80%	62%	58%
Average expected term	1	1	1
Expected dividend yield	0%	0%	0%
Weighted average fair value of purchase option	\$1.72	\$2.13	\$2.99

In adopting FAS 123R on January 1, 2006, the Company evaluated the assumptions used in the Black-Scholes model and modified its methodology for computing the expected volatility and expected term. Expected volatility was modified from being based solely on Company historical volatility to a combination of both Company and peer company historical volatility. The expected term of the stock options was modified from being based solely on historical observations of employee exercise patterns to being also combined with expectations of employee exercise behavior in the future giving consideration to the contractual terms of the stock-based awards. The risk-free interest rate assumption has consistently been based on the yield at the time of grant of a U.S. Treasury security with an equivalent remaining term. The Company has never paid cash dividends and does not currently intend to pay cash dividends and has consistently assumed a 0% dividend yield.

ANADIGICS, Inc. also sponsors an Employee Savings and Protection Plan under Section 401(k) of the Internal Revenue Code which is available to all full-time employees. Employees can make voluntary contributions up to limitations prescribed by the Internal Revenue Code. The Company matches 50% of employee contributions up to 6% of their gross pay. The Company recorded expense of \$675, \$746 and \$885 for the years ended December 31, 2005, 2006 and 2007, respectively, relating to plan contributions.

15. Earnings Per Share

The reconciliation of shares used to calculate basic and diluted earnings per share consists of the following:

	Year Ended December 31,		
	2005	2006	2007
Weighted average common shares outstanding used to calculate basic (loss) earnings per share	34,012	43,814	55,189
Net effect of dilutive securities—based on treasury stock method using average market price	—	—	3,432
Weighted average common shares outstanding used to calculate diluted (loss) earnings per share	34,012	43,814	58,621

Dilution arising from the Company's outstanding stock options or shares potentially issuable upon conversion of the Convertible notes was not included in the years ended December 31, 2005 and 2006 as their effect was anti-dilutive. Potential dilution arising from any of the remainder of the Company's outstanding stock options, unvested restricted shares or shares potentially issuable upon conversion of the Convertible notes are detailed below. Such potential dilution was excluded as their effect was anti-dilutive.

	Year Ended December 31,		
	2005	2006	2007
Convertible notes	9,824	7,600	7,600
Stock options	5,944	5,669	1,703
Unvested restricted shares	1,214	3,138	204

16. Other Accumulated Comprehensive Income (Loss)

The components of other accumulated comprehensive income (loss) are as follows:

	For Year Ended December 31,	
	2006	2007
Unrealized gain (loss) on available-for-sale securities	\$ (62)	\$(48)
Foreign currency translation adjustment	(38)	(46)
Total	\$(100)	\$(94)

17. Legal Proceedings

ANADIGICS is a party to litigation arising out of the operation of our business. We believe that the ultimate resolution of such litigation should not have a material adverse effect on our consolidated financial condition or results of operation.

18. Quarterly Financial Data (Unaudited)

2006 AND 2007 QUARTERLY FINANCIAL DATA

The following table sets forth certain unaudited results of operations for each quarter during 2006 and 2007. The unaudited information has been prepared on the same basis as the audited consolidated financial statements and includes all adjustments which management considers necessary for a fair presentation of the financial data shown. The operating results for any quarter are not necessarily indicative of the results to be attained for any future period. Basic and diluted loss per share are computed independently for each of the periods presented. Accordingly, the sum of the quarterly loss per share may not agree to the total for the year (in thousands, except for per share data).

	Quarter Ended							
	2006				2007			
	April 1	July 1	Sept. 30	Dec. 31	March 31	June 30	Sept. 29	Dec. 31
Net sales	\$ 34,695	\$ 39,348	\$ 43,943	\$ 48,456	\$ 49,573	\$ 53,869	\$ 59,545	\$ 67,569
Cost of sales	25,289	28,237	30,278	32,407	33,287	34,963	39,387	44,131
Gross profit	9,406	11,111	13,665	16,049	16,286	18,906	20,158	23,438
Research and development expenses	8,006	8,358	8,976	9,714	9,738	11,080	12,491	13,230
Selling and administrative expense	5,264	5,678	6,139	6,579	7,359	7,482	7,221	8,109
Operating (loss) income	(3,864)	(2,925)	(1,450)	(244)	(811)	344	446	2,099
Interest income	863	1,567	1,643	1,360	1,240	2,198	2,338	2,259
Interest expense	(1,288)	(1,287)	(1,285)	(956)	(625)	(655)	(592)	(591)
Other (expense) income	—	21	—	(25)	—	—	173	(907)
Income (loss) from continuing operations	(4,289)	(2,624)	(1,092)	135	(196)	1,887	2,365	2,860
Loss from discontinued operation	(348)	(163)	(220)	(249)	(965)	—	—	—
Net (loss) income	\$ (4,637)	\$ (2,787)	\$ (1,312)	\$ (114)	\$ (1,161)	\$ 1,887	\$ 2,365	\$ 2,860
Basic (loss) income per share:								
Continuing operations	\$ (0.11)	\$ (0.06)	\$ (0.02)	\$ —	\$ —	\$ 0.03	\$ 0.04	\$ 0.05
Discontinued operations	(0.01)	—	(0.01)	—	(0.02)	—	—	—
Net (loss) income	\$ (0.12)	\$ (0.06)	\$ (0.03)	\$ —	\$ (0.02)	\$ 0.03	\$ 0.04	\$ 0.05
Diluted (loss) income per share:								
Continuing operations	\$ (0.11)	\$ (0.06)	\$ (0.02)	\$ —	\$ —	\$ 0.03	\$ 0.04	\$ 0.05
Discontinued operations	(0.01)	—	(0.01)	—	(0.02)	—	—	—
Net (loss) income	\$ (0.12)	\$ (0.06)	\$ (0.03)	\$ —	\$ (0.02)	\$ 0.03	\$ 0.04	\$ 0.05

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
ANADIGICS, Inc.

We have audited the accompanying consolidated balance sheet of ANADIGICS, Inc. as of December 31, 2007, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ANADIGICS, Inc. at December 31, 2007, and the consolidated results of its operations and its cash flows for the year ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), ANADIGICS, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 29, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM—2006

To the Board of Directors and Stockholders
ANADIGICS, Inc.

We have audited the accompanying consolidated balance sheet of ANADIGICS, Inc. as of December 31, 2006, and the related consolidated statements of operations, comprehensive loss, stockholders' equity and cash flows for each of the years in the two-year period then ended. Our audits also included the consolidated financial statement schedule for the years ended December 31, 2006 and 2005. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ANADIGICS, Inc. as of December 31, 2006, and their consolidated results of operations and cash flows for each of the years in the two year period then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related consolidated financial statement schedule for the years ended December 31, 2006 and 2005, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in note 12 to the consolidated financial statements, ANADIGICS, Inc. adopted Statement of Financial Accounts Standards No. 123(R), "Share-Based Payment" effective January 1, 2006.

/s/ J.H. Cohn LLP

Roseland, New Jersey
February 27, 2007

CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer, or CEO and Chief Financial Officer, or CFO, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2007. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported as specified within the SEC's rules and forms.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework of Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2007.

The effectiveness of our internal control over financial reporting as of December 31, 2007 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included below.

There was no change in the Company's internal control over financial reporting during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations of Controls

Because of their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Bami Bastani
President and Chief Executive Officer

/s/ Thomas C. Shields
Executive Vice President and
Chief Financial Officer

February 29, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
ANADIGICS, Inc.

We have audited ANADIGICS, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). ANADIGICS, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, ANADIGICS, Inc.'s maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of ANADIGICS, Inc. as of December 31, 2007, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 2007 of ANADIGICS Inc. and our report dated February 29, 2008 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 29, 2008

**MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS
AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our \$0.01 par value Common Stock, ("Common Stock") has been quoted on the NASDAQ Global Market under the symbol "ANAD" since the commencement of trading on April 21, 1995 following our initial public offering of our Common Stock. The following table sets forth for the periods indicated the high and low sale prices for our Common Stock.

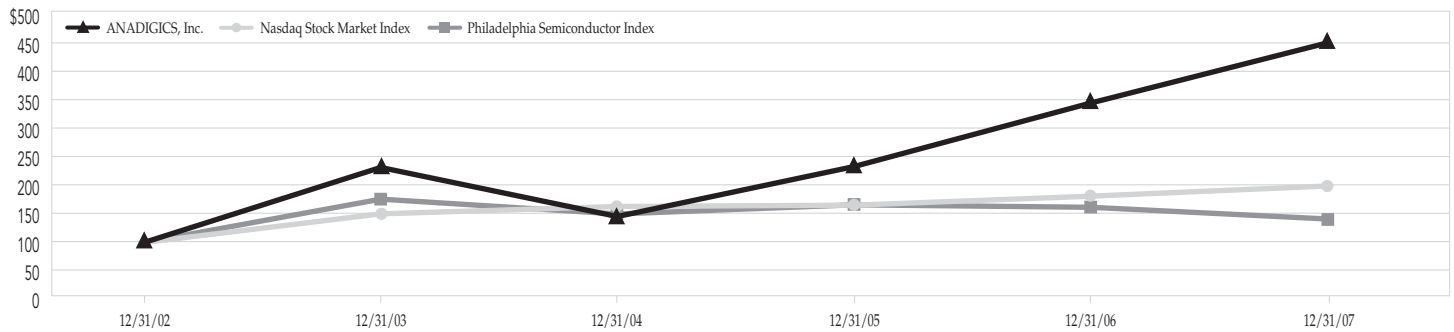
	High	Low
Calendar 2007		
Fourth Quarter	\$19.53	\$ 9.83
Third Quarter	18.60	12.80
Second Quarter	14.36	10.31
First Quarter	13.71	8.39
Calendar 2006		
Fourth Quarter	\$10.38	\$ 6.80
Third Quarter	8.60	5.03
Second Quarter	9.26	6.08
First Quarter	8.24	5.35

As of December 31, 2007, there were 61,094,040 shares of Common Stock outstanding (excluding Treasury) and 710 holders of record of the Common Stock.

We have never paid cash dividends on our capital stock. We currently anticipate that we will retain available funds for use in the operation and expansion of our business, and do not anticipate paying any cash dividends in the foreseeable future.

ANADIGICS Total Return on Investment

(in dollars)





ANADIGICS 2007 Annual Report



BOARD OF DIRECTORS

(FROM TOP TO BOTTOM, LEFT TO RIGHT)
Paul Bachow, Dr. Bami Bastani,
Gilles Delfassy, David Fellows,
Harry Rein, Ronald Rosenzweig,
Lewis Solomon, Dennis Strigl

Company Information

EXECUTIVE OFFICERS

Dr. Bami Bastani
President, Chief Executive Officer and Director

Ronald Rosenzweig
Chairman of the Board and Director

Dr. Charles Huang
Executive Vice President and Chief Technical Officer

Thomas Shields
Executive Vice President and Chief Financial Officer

Dr. Ali Khatibzadeh
Senior Vice President and General Manager Wireless

Ronald Michels
Senior Vice President and General Manager Broadband

DIRECTORS

Paul Bachow
President of Bachow & Associates, Inc.

Gilles Delfassy
Retired Senior Vice President, Worldwide Wireless Terminals Business Unit, Texas Instruments Incorporated

David Fellows
Executive VP Comcast Cable

Harry Rein
General Partner Foundation Medical Partners

Lewis Solomon
Chairman of G & I Investments

Dennis Strigl
President & COO of Verizon Communications

CORPORATE INFORMATION

Stock Listing: Nasdaq National Market®
Symbol: ANAD

CORPORATE OFFICE

ANADIGICS, Inc.
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908-668-5068 (fax)

WEB ADDRESS

www.anadigics.com

TRANSFER AGENT AND REGISTRAR

Mellon Investors Services
P.O. Box 3315
South Hackensack, NJ 07606
1-800-851-9677
<http://www.mellon-investors.com>

AUDITORS

Ernst & Young LLP
Metropark
99 Wood Avenue South
P.O. Box 751
Iselin, NJ 08830-0471

ANNUAL MEETING

ANADIGICS Annual Meeting will be held on May 15, 2008 at 10:00 a.m. at the Somerset Hills Hotel, 200 Liberty Corner Road, Warren, NJ 07059.



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908.668.5000

<http://www.anadigics.com>