UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

/x/ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012.

Or

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

Commission File No. 0-25662

ANADIGICS, Inc.
(Exact name of registrant as specified in its charter)

Delaware 22-2582106
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

141 Mt. Bethel Road, Warren, New Jersey 07059
(Address of principal executive offices) (Zip Code)

(908) 668-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, $0.01 par value

The above securities are registered on the NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes /X/ No / /

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes / / No /X/

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T ($232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes /X/ No / /
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act (check one): Large accelerated filer / Accelerated filer / X / Non-accelerated filer (Do not check if a smaller reporting company) / Smaller reporting company /

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes / No /X/

The aggregate market value of the voting common equity held by non-affiliates of the registrant as of June 30, 2012 was approximately $125 million, based upon the closing sales price of the registrant’s common equity as quoted on the NASDAQ Global Market on such date.

The number of shares outstanding of the registrant's common stock as of February 15, 2013 was 71,863,283 (excluding 114,574 shares held in treasury).

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FORWARD-LOOKING INFORMATION

CERTAIN STATEMENTS IN THIS REPORT OR DOCUMENTS INCORPORATED HEREIN BY REFERENCE ARE FORWARD-LOOKING STATEMENTS (AS THAT TERM IS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED) THAT INVOLVE RISKS AND UNCERTAINTIES. THESE FORWARD-LOOKING STATEMENTS CAN GENERALLY BE IDENTIFIED AS SUCH BECAUSE THE CONTEXT OF THE STATEMENT WILL INCLUDE WORDS SUCH AS WE "BELIEVE", "ANTICIPATE", "EXPECT" OR WORDS OF SIMILAR IMPORT. SIMILARLY, STATEMENTS THAT DESCRIBE OUR FUTURE PLANS, OBJECTIVES, ESTIMATES OR GOALS ARE FORWARD-LOOKING STATEMENTS. THE CAUTIONARY STATEMENTS MADE IN THIS REPORT SHOULD BE READ AS BEING APPLICABLE TO ALL RELATED FORWARD-LOOKING STATEMENTS WHEREVER THEY APPEAR IN THIS REPORT. YOU ARE CAUTIONED THAT ANY SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE RISK AND UNCERTAINTIES, AS WELL AS ASSUMPTIONS THAT IF THEY MATERIALIZE OR PROVE INCORRECT, COULD CAUSE RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. FURTHER, ALL STATEMENTS, OTHER THAN STATEMENTS OF HISTORICAL FACT, ARE STATEMENTS THAT COULD BE DEEMED FORWARD-LOOKING STATEMENTS. WE ASSUME NO OBLIGATION AND DO NOT INTEND TO UPDATE THESE FORWARD-LOOKING STATEMENTS, EXCEPT AS MAY BE REQUIRED BY LAW. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS AND DEVELOPMENTS TO BE MATERIALLY DIFFERENT FROM THOSE EXPRESSED OR IMPLIED BY THE FORWARD-LOOKING STATEMENTS PRESENTED HEREIN INCLUDE THE RISK FACTORS DISCUSSED IN THIS ANNUAL REPORT ON FORM 10-K, AS WELL AS THOSE DISCUSSED ELSEWHERE HEREIN.

PART I

Glossary

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<tr>
<th>Term</th>
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<tr>
<td>802.11</td>
<td>Is an IEEE set of standards for wireless local area networks.</td>
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<td>CATV</td>
<td>Cable Television is the distribution of television programs, voice communications, and data access via radio frequency signals transmitted through coaxial cables.</td>
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<td>CDMA</td>
<td>Code Division Multiple Access is a wireless standard for voice and data communication primarily used in the United States, South Korea, and Japan.</td>
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<td>CMOS</td>
<td>Complementary Metal-Oxide Semiconductor is technology for constructing integrated circuits, typically in a silicon process, and often for digital applications, such as controller and logic circuits.</td>
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<tr>
<td>DVR</td>
<td>Digital Video Recorder is a consumer electronics device that records video in digital format and is often a feature of cable television set-top boxes.</td>
</tr>
<tr>
<td>EVDO</td>
<td>Evolution Data Optimized is the evolution of CDMA networks to deliver greater data throughput.</td>
</tr>
<tr>
<td>FEIC</td>
<td>Front-End Integrated Circuit is an RF die that typically contains the power amplifier, RF switch, and low noise amplifier to save space and reduce design time for manufacturers.</td>
</tr>
<tr>
<td>FEM</td>
<td>Front-End Module is an RF package of multiple die that typically contains the power amplifier, RF switch, low noise amplifier, and additional discrete components to save space and reduce design time for manufacturers.</td>
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<tr>
<td>GaAs</td>
<td>Gallium Arsenide is a process technology commonly used in the manufacturing of RF semiconductors.</td>
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<tr>
<td>GaN</td>
<td>Gallium Nitride is a process technology commonly used in the manufacturing of high power RF semiconductors, such as CATV infrastructure devices.</td>
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<tr>
<td>HBT</td>
<td>Heterojunction Bipolar Transistor is a structure that is commonly used for amplifying circuits.</td>
</tr>
<tr>
<td>HELPTM</td>
<td>High-Efficiency-at-Low Power is a proprietary ANADIGICS technology that provides high efficiency at low and medium output power levels to increase talk-time in mobile communication devices.</td>
</tr>
<tr>
<td>HSPA</td>
<td>High Speed Packet Access is an evolution of the WCDMA wireless standard that is deployed around the world to provide greater data throughput</td>
</tr>
<tr>
<td>IC</td>
<td>Integrated Circuit.</td>
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<tr>
<td>IEEE</td>
<td>Institute of Electrical and Electronics Engineers is a professional organization that helps set standards for communication protocols.</td>
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<tr>
<td>ILD</td>
<td>Inter Layer Dielectric is material used to electrically separate closely spaced interconnect lines.</td>
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<tr>
<td>Term</td>
<td>Description</td>
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<tr>
<td>InGaP-Plus™</td>
<td>Is a proprietary ANADIGICS Indium Gallium Phosphide technology that combines HBT amplifying structures and pHEMT RF switches on the same die to enable greater levels of performance and integration.</td>
</tr>
<tr>
<td>IPTV</td>
<td>Internet Protocol Television is the delivery of digital video over a packet-switched network instead of a traditional CATV network.</td>
</tr>
<tr>
<td>LAN</td>
<td>Local Area Network is an interconnection of computers and other electronic devices in a limited area, such as a home, school, or business.</td>
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<tr>
<td>LTE</td>
<td>Long Term Evolution is a 4G wireless standard that is currently being deployed around the world as a high-speed data connectivity compliment to existing CDMA/EVDO and WCDMA/HSPA networks.</td>
</tr>
<tr>
<td>M2M</td>
<td>Machine-to-Machine refers to technologies that allow systems and components to communicate with each other, such as sensors and meters.</td>
</tr>
<tr>
<td>MESFET</td>
<td>Metal Semiconductor Field Effect Transistor is a technology commonly used in RF semiconductors, such as CATV infrastructure devices.</td>
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<tr>
<td>MMMB</td>
<td>Multimode Multiband is a power amplifier that operates in multiple modes, such as both GSM/EDGE and WCDMA, as well as operating in multiple bands to enable roaming across networks and regions.</td>
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<tr>
<td>MMIC</td>
<td>Monolithic Microwave Integrated Circuit is often associated with radio frequency devices, such as surface mount line amplifiers.</td>
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<tr>
<td>MMPA</td>
<td>Multiband Power Amplifier is a power amplifier that operates in multiple bands, commonly used to support devices that access several bands and roam across geographic regions.</td>
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<td>ODM</td>
<td>Original Design Manufacturers.</td>
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<tr>
<td>OEM</td>
<td>Original Equipment Manufacturers.</td>
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<tr>
<td>PA</td>
<td>Power Amplifier is a circuit that amplifies a signal.</td>
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<tr>
<td>pHEMT</td>
<td>Pseudomorphic High-Electron-Mobility Transistor is a structure that is commonly used for switching circuits.</td>
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<td>ProEfficient™</td>
<td>Is a proprietary ANADIGICS technology that provides high efficiency across all output power levels to increase battery-life, including data use operating time and talk-time in mobile devices.</td>
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<td>RF</td>
<td>Radio Frequency describes communications properties.</td>
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<td>RFIC</td>
<td>Radio Frequency Integrated Circuit is a semiconductor solution for communications, including voice, data, and video.</td>
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<td>WCDMA</td>
<td>Wideband Code Division Multiple Access is a wireless standard for voice and data communications, commonly used around the world as a compliment to slower GSM/EDGE networks.</td>
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<td>WiFi</td>
<td>Is a WLAN network product that adheres to IEEE 802.11 standards.</td>
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<td>WiMAX</td>
<td>Worldwide Interoperability for Microwave Access is a 4G wireless broadband standard that is being deployed primarily in Asia and North America.</td>
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<tr>
<td>WLAN</td>
<td>Wireless Local Area Network links two or more devices using a wireless connection.</td>
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ITEM 1. BUSINESS.

Overview

ANADIGICS, Inc. (“we” or the “Company”) is a global leader in the design and manufacture of radio frequency semiconductor solutions for cellular wireless, WiFi, and infrastructure applications. We were incorporated in Delaware in 1984. Our headquarters are located at 141 Mt. Bethel Road, Warren, New Jersey 07059, and our telephone number at that address is 908-668-5000.

Our business strategy is focused on enabling anytime, anywhere connectivity with solutions that offer greater performance and integration to enhance the consumer’s experience. We are a customer-centric organization that works closely with leading equipment manufacturers, such as OEMs and ODMs. We also partner with industry-leading chipset providers where our functionality enhances their reference designs. These relationships enable us to provide targeted applications expertise that helps reduce time-to-market and design new products that target emerging trends in the market.
We are focused on the design and manufacture of differentiated RF solutions. Our product portfolio includes power amplifiers, FEICs, FEMs, and line amplifiers. Many of these products leverage our patented InGaP-Plus™ and proven MESFET technologies. InGaP-Plus provides greater flexibility to our engineers and product designers. This technology enables them to develop unique architectures that combine HBT amplifying structures and pHEMT RF switches on the same die. We believe that our products cost-effectively enhance communications devices by improving RF performance, reliability, and integration, while reducing the size, weight and cost of these products.

Our products are optimized for cellular wireless, WiFi, and wireless infrastructure applications. Our cellular wireless power amplifiers and FEMs enable mobile handsets, smartphones, tablets, notebooks, datacards, automotive, M2M, and industrial devices to access 3G and 4G wireless networks. These networks operate on international standards, such as LTE, HSPA, WCDMA, EVDO, CDMA, and WiMAX. Our WiFi FEICs and power amplifiers enable wireless LAN connectivity for mobile and fixed-point devices, such as smartphones, tablets, notebooks, and base stations. These solutions are optimized for the latest WiFi standards, including 802.11ac and 802.11n. Our infrastructure solutions include both wireless infrastructure and CATV products. Our wireless infrastructure power amplifiers enable 3G and 4G small-cell base stations. Our CATV line amplifiers and other RF products provide the critical link in CATV infrastructure network devices, as well as set-top boxes and cable modems.

We expect our business will benefit in the long-term from three market dynamics directly related to the rapid global increase in data consumption.

1. **Accelerating demand for data in wireless 3G and 4G devices.** The migration to 3G and 4G high-speed data standards is driving the demand for mobile devices to include multiple modes and bands. This increases the number of power amplifiers required for each device; expanding our market opportunity. These new data standards also increase the performance requirements placed upon the power amplifier. Mobile devices typically operate in high power mode during data use and low/medium power mode during voice communication. Our newest generation of ProEficient™ and ProEficient-Plus™ power amplifiers are optimized to deliver the industry’s highest efficiency across all power modes for longer battery-life. These solutions also provide exceptional linearity to maintain a high quality wireless connection.

2. **The continued adoption of high-speed broadband WiFi connectivity.** Consumer demand for instantaneous information has paved the way for an unprecedented level of WiFi integration across a variety of end applications. Users are able to reliably connect a wide range of mobile and desktop devices using wireless LAN. The 802.11n and upcoming 802.11ac standards enable speeds that rival traditional wireline Ethernet networks. Our new FEICs provide exceptional linearity, efficiency and integration. These products help ensure maximum data speeds and wireless range, extend battery-life, and minimize space requirements in mobile devices.

3. **The deployment of infrastructure solutions to support these data requirements.** The accelerated use of wireless mobile and WiFi data places larger demands on infrastructure. Small-cell networks are being deployed by carriers to increase data capacity in dense population areas. Our small-cell power amplifiers offer an industry-leading combination of efficiency, linearity, output power and thermal characteristics. Manufacturers are able to leverage this performance to develop small-cell devices that consume less power, and provide higher throughput and greater coverage. CATV networks continue to expand to support the growing demand for data associated with WiFi and wireline devices. Our line amplifier products offer outstanding performance for greater data throughput and industry-leading reliability to maximize uptime. Moreover, our green initiatives are helping CATV network operators save energy and lower operating costs.

We believe that our solutions are well positioned to address these market dynamics and will enable us to outpace the overall end product unit growth in the cellular wireless, WiFi, and infrastructure communications markets.

**Industry Background**

**Cellular Wireless Market**
Wireless handsets and mobile data devices utilize a semiconductor chipset to enable communication with the network. Key components of a wireless semiconductor chipset include a baseband, transceiver and one or more power amplifiers. Each PA boosts the transmitter RF output to deliver enough signal power to enable connection with the radio access network for data throughput and voice.

The number of wireless devices designed for 3G and 4G standards is expected to grow significantly faster than the overall market over the next several years. Many of these devices include LTE, which is a 4G standard that continues to gain worldwide momentum as demand for high-speed data connectivity accelerates. A survey by the GSA (GSM Suppliers Association) in October 2012 found that 105 LTE networks have already launched, an increase of more than 100% over the previous year. These new LTE networks are being deployed to complement existing WCDMA/HSPA and CDMA/EVDO networks. This trend requires mobile devices to support multiple modes and multiple frequency bands. The served available market consequently expands with each multimode multiband device requiring several power amplifiers.

These 3G and 4G standards coupled with increased data consumption place tremendous performance pressure on the RF power amplifier. Specifically, exceptional linearity performance is required to maintain high data throughput, and outstanding efficiency is required to maximize battery-life. We believe our manufacturing processes and design technologies such as ProEfficient™, ProEfficient-Plus™, HELPTM provide a competitive advantage by enabling us to provide products that consume less battery power across the operating spectrum and extend operating time.

We continue to work closely with leading OEMs, ODMs, and reference design leaders to design our solutions. As a qualified PA supplier to top-tier handset manufacturers such as Samsung Electronics, Huawei Technologies, ZTE Corporation, and LG Electronics, we believe that we have strong visibility into next-generation products and can create our roadmap to support their development. Similarly, we closely collaborate with reference design icons to develop our technology roadmaps. Our products are specified on leading reference designs, which provides access to additional customers and helps strengthen the relationships with key OEMs and ODMs. We believe our technology and product advantages coupled with these relationships position us to benefit from the continuing transition to 3G and 4G wireless technologies.

The key drivers of growth in the wireless market are:
- Deployment of 4G networks and services.
- Expansion of 3G footprint and subscriber base in emerging markets.
- Accelerating mobile data consumption through converged devices with high-speed data access, high-definition video, and voice.
- New features and applications driving faster replacement cycles.
- Increased demand for smartphones and converged wireless devices like tablet computers and phablets.

WiFi Market

WiFi data consumption continues to increase as 802.11 functionality is embedded in a greater range of devices to provide consumers with ubiquitous connectivity. According to an April of 2012 Strategy Analytics report WiFi-enabled devices are forecasted to grow to over two billion units per year in 2014. As a supplier of power amplifiers and FEICs we are targeting 802.11n, in both 2.4GHz and 5GHz, which is currently the largest portion of the market. As demand for data continues to increase, new mobile and fixed-point devices are adopting the ultra-high throughput 802.11ac standard and we believe that we are well positioned through our FEIC product family and key industry relations to address this new market segment.

The key drivers of growth in the WiFi market are:
- Expansion of the WiFi footprint across a variety of applications.
- Rising mobile data consumption leading to cellular network data offloading.
- The emergence of the internet as the pipeline for media and entertainment.
- Wide adoption of smartphones and tablets creating a “mobile everywhere” society.

Wireless Infrastructure Market
The accelerating data consumption of 3G and 4G devices is placing tremendous pressure on existing infrastructure. It is anticipated that carriers will seek new pragmatic solutions to costly traditional infrastructure build outs to solve this challenge. Small-cell base stations enable carriers to target specific areas of dense data, including urban areas, office, college campuses, and entertainment venues. Our manufacturing processes and design technologies enable us to provide power amplifiers optimized for new small-cell wireless infrastructure equipment that will support this improvement in wireless networks. Our small-cell infrastructure power amplifiers have a leadership position in this emerging market and are specified on leading reference designs.

**CATV Infrastructure Markets**

We are a leading supplier of line amplifier radio frequency IC amplifiers to the CATV infrastructure market. The demand for equipment upgrades is driven by the need of cable service providers to offer converged voice, data and video services over their broadband networks. The additional content requires greater bandwidth and is fueling the replacement of 870 MHz infrastructure equipment with 1 GHz devices. We offer a complete family of 12V and 24V 1 GHz line amplifier MMICs and hybrid modules that are optimized for these next-generation triple-play networks. Additionally, we are benefitting from the rollout of infrastructure in emerging CATV markets, such as China. Emerging markets continue to demand 870 MHz line amplifiers, especially hybrid modules. We anticipate that our new line amplifier products will expand our addressable market for CATV infrastructure. These include our traditional GaAs-based and new GaN-based products. Historically, we have enjoyed long product life cycles in these markets.

**Cable Set-Top Box and Cable Modem Markets**

The markets for CATV set-top boxes and cable modems are being shaped by several key trends. Set-top boxes are incorporating advanced functionality, to leverage the convergence of voice, data and video services over the broadband network, such as DVR, HDTV, wireless Internet access, interactive services, home networking and gaming. As the cable modem market transitions to the DOCSIS 3.0 standard, we believe it will provide additional opportunity for our upstream amplifier products. The DOCSIS 3.0 standard uses multiple channels simultaneously and higher RF power levels to provide wider bandwidth and higher data throughput than previous technologies, and we believe that we are well positioned to support this market opportunity.

**Our Strategy**

Our objective is creating value through innovative RF solutions that enable instantaneous connectivity anytime, anywhere to support growing trend toward greater data consumption. The key elements of our strategy include:

- **Expand our serviceable available market (SAM) and target the highest-growth end market segments.** We believe the cellular wireless, WiFi, and infrastructure markets offer the largest growth opportunity to create and extract value, and are addressing new applications of this market to expand our SAM. We target the fastest-growing segments of the wireless communications markets that demand the highest performance. These segments are cellular wireless and WiFi-enabled handsets and tablets, and small-cell infrastructure. In addition, we expect to increase share in the CATV Infrastructure market by expanding the line amplifier product offering in RFIC and industry standard packages.

- **Work closely with industry-leading customers and reference design partners.** We continue to develop and strengthen relationships with industry leaders, and reference design organizations, OEMs, and ODMs in the cellular wireless, WiFi, and infrastructure markets. Working closely with these entities, we believe that we are able to attain greater visibility into industry trends, develop more accurate technology roadmaps and attain insight in product next-generation product specifications. By partnering with reference design leaders we achieve specification on leading reference design to expand our access to customers.

- **Bring patented innovative RF technology to industry-leading products.** Our longstanding commitment to innovation in process technology and design has resulted in best-in-class RF products. Our new ProEficient™ and ProEficient-Plus™ PA architectures create a competitive advantage by combining high efficiency in high power mode for greater 3G and 4G data use with low current consumption in low power mode for greater talk-time. Power amplifier products leveraging this new architecture deliver the highest
average efficiency across all power levels for longer battery-life. Our new WiFi FEICs use ANADIGICS’ advanced technology and design architectures to provide an industry-leading combination of efficiency and linearity. This level of performance coupled with world-class integration helps minimize time-to-market, increase battery-life, and maximize throughput for mobile devices. The performance advantages enabled by our unique technology helps our customers deliver differentiated products to market at competitive prices.

- **Build upon our operational excellence and further realize economies of scale.** Delivering leading technology products in volume requires expert execution and results in long-term value add throughout the supply chain, most importantly to our customers. We continue to focus on improving the product cost structure by leveraging our three level metal ILD process, lowering metallization cost, and implementing enhanced packaging techniques, such as flip-chip technology. Business growth, driven by increased unit volume with high quality is critical to semiconductor companies, and are consistent with the ANADIGICS’ core values and the industry’s outgoing demand expectation.

- **Maintain flexible capacity through co-operation and partnerships.** Leveraging third-party capabilities to supplement our existing manufacturing capabilities supports our ability to grow scale while limiting costly further capital investment in manufacturing. These capabilities encompass GaAs, GaN and CMOS wafer fabrication, in addition to assembly, packaging and test technologies.

- **Improve our financial model via increased growth.** Over the long term, we seek to increase our gross margins and profitability by focusing on products for markets in which we can achieve a strong competitive position. This is achieved by demonstrating technological innovation and leadership, by growing share and volumes while controlling our expenses. Consequently, we intend to focus on supplying products in the following markets: (1) power amplifiers and FEMs for the 3G and 4G cellular wireless market, (2) power amplifiers and FEICs for the WiFi market, and (3) power amplifiers, line amplifiers, and other RF solutions for wireless and CATV infrastructure markets. Concurrently, we expect to control research, development and sales expenses to enable a leveraged increase in profitability dollars and return on revenue percentage.

**Products**

We classify our revenues based upon the end application of the product in which our ICs are used. Of our total net sales for the years ended December 31, 2012, 2011 and 2010, cellular wireless accounted for approximately 74%, 78% and 74%, respectively, infrastructure accounted for approximately 21%, 19% and 24%, respectively, and WiFi accounted for approximately 5%, 3% and 2%, respectively.

**Cellular Wireless**

Our Cellular Wireless product line includes power amplifier modules for CDMA/EVDO, GSM/EDGE, WCDMA/HSPA, LTE and other wireless technologies for mobile handsets and data devices. The following table describes our principal products for these applications:

<table>
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<tr>
<th>Product</th>
<th>Application</th>
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<tbody>
<tr>
<td>Power Amplifiers</td>
<td>Used in RF transmit chain of wireless handset, smartphone, datacard, or embedded module to amplify uplink signal to base station.</td>
</tr>
<tr>
<td>Dual-band PAs</td>
<td>Two independent amplification paths in a single package that enables operation in two different frequency bands at lower cost and with less board area compared with single-band PAs.</td>
</tr>
<tr>
<td>Penta-band PA Modules</td>
<td>Five PAs in a single package that enables operation in 21 different frequency bands over CDMA, WCDMA, and LTE at lower cost and significantly less board area compared with discrete PA implementations.</td>
</tr>
<tr>
<td>Multimode Multiband PA Modules</td>
<td>GSM/EDGE and multiple CDMA, WCDMA/LTE PAs in a single package that enables operation in different frequency bands at lower cost and with less board area compared with single-band PAs.</td>
</tr>
<tr>
<td>ProEficient™ PAs</td>
<td>ANADIGICS proprietary single-band PA design combines high efficiency at both low and high power levels extending battery-life in LTE, WCDMA/HSPA, and CDMA/EVDO devices.</td>
</tr>
</tbody>
</table>
ProEfficient-Plus™ PAs
ANADIGICS proprietary dual-band power PA design provides the highest average efficiency across all power levels maximizing battery-life in WCDMA/HSPA and CDMA/EVDO converged devices, such as smartphones.

HELP™ PAs
ANADIGICS patented High-Efficiency-at-Low-Power PA design reduces average power consumption in LTE, WCDMA/HSPA and CDMA/EVDO devices.

WiFi

Our WiFi products include power amplifiers and front-end ICs for mobile handsets, data devices, entertainment devices, and base stations. The following table outlines our principal WiFi products and their applications:

<table>
<thead>
<tr>
<th>Product</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Amplifiers</td>
<td>Used in RF transmit chain in embedded wireless mobile devices, notebooks, and access points. Optimized for 2.4 GHz 802.11b/g/n/11ac and 5 GHz 802.11a/n/11ac applications.</td>
</tr>
<tr>
<td>Front-End ICs</td>
<td>An RF front-end solution, including the power amplifier, low noise amplifier, and RF switch contained on a single-die, that are used on the transmit chain of 2.4 GHz 802.11b/g/n/11ac and 5 GHz 802.11a/n/11ac wireless devices. Our FEICs help reduce the board space requirements and calibration time compared with discrete components.</td>
</tr>
</tbody>
</table>

Infrastructure

Our Infrastructure product line encompasses video, voice and data telecommunications systems, consisting of CATV, and Wireless Infrastructure applications. The following table outlines our principal Infrastructure products and their applications:

<table>
<thead>
<tr>
<th>Product</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wireless Infrastructure Products</td>
<td>Used in RF transmit chain of small-cell base stations to amplify the signal to the user equipment. Optimized for picocells, enterprise-class femtocells, and consumer premises equipment.</td>
</tr>
</tbody>
</table>

CATV Infrastructure Products

<table>
<thead>
<tr>
<th>Product</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>GaAs and GaN Line Amplifiers</td>
<td>Used to distribute RF signals from headends to subscribers. Available in 12V and 24V configurations, as well as versions optimized for 870 MHz and 1 GHz networks.</td>
</tr>
<tr>
<td>Gain Block Amplifiers</td>
<td>Used to amplify RF signals at intermediate points in the CATV network and at individual subscriber locations.</td>
</tr>
<tr>
<td>Optical Network RF Amplifiers</td>
<td>Used to amplify RF signals for Fiber-To-The-Premises.</td>
</tr>
</tbody>
</table>

CATV Set-Top Box and Cable Modem Products

<table>
<thead>
<tr>
<th>Product</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuner Upconverters and Downconverters</td>
<td>Used to perform signal amplification and frequency conversion in double-conversion video and data tuners.</td>
</tr>
<tr>
<td>Active Splitters</td>
<td>Used to split an incoming signal to feed multiple tuners.</td>
</tr>
<tr>
<td>Integrated Tuners</td>
<td>Used to integrate tuner upconverters, downconverters and synthesizers in a single package.</td>
</tr>
<tr>
<td>Upstream Amplifiers</td>
<td>Used to amplify and control the level of signals in the return path.</td>
</tr>
</tbody>
</table>

WiMAX Products

<table>
<thead>
<tr>
<th>Product</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile WiMAX and LTE PAs</td>
<td>Used in RF transmit chain of handsets, smartphones, datacards, or embedded modules to amplify uplink signal to base station.</td>
</tr>
<tr>
<td>Fixed Point WiMAX PAs</td>
<td>Used in RF transmit chain of Consumer Premises Equipment and femtocells.</td>
</tr>
</tbody>
</table>
Marketing, Sales, Distribution and Customer Support

We sell our products primarily to our direct customers worldwide and have developed close working relationships with leading companies in the cellular, WiFi, and infrastructure communications markets. Additionally, we selectively use independent manufacturers’ representatives and distributors to complement our direct sales and customer support efforts. Our relationships with our distributors enable them to maintain local practices regarding inventories and payment terms while supporting our growth in Asian wireless and global broadband markets. Working with distributors like World Peace Group and Richardson Electronics, who have extensive sales networks, provides us access to tier-one customers in these markets. We believe this is critical to our objective of expanding our customer base, especially as we expand our product portfolio.

We believe that the technical nature of our products and markets demands an unwavering commitment to building and maintaining close relationships with our customers. Our sales and marketing staff, which are assisted by our technical staff and senior management, visit prospective and existing customers worldwide on a regular basis. Our design and applications engineering staff actively communicate with customers during all phases of design and production. We have highly specialized field application engineering teams in North America, Korea, Taiwan, China and Japan, located near key handset OEM’s and chipset providers. We believe that these contacts are vital to the development of close, long-term working relationships with our customers, and in obtaining regular forecasts, market updates and information regarding technical and market trends.

We believe that reference-design manufacturers in the cellular, WiFi, and infrastructure communications markets will continue to play an important role in the future of these markets. Therefore, we believe it is essential that we maintain strong relationships in partnering with these companies to define products that are compatible with and provide value to their OEM manufacturers.

Process Technology, Manufacturing, Assembly and Testing

We design, develop and manufacture RFICs primarily using GaAs compound semiconductor substrates with various process technologies, MESFET, pHEMT and HBT. Our patented technology, which utilizes InGaP-plus, combines InGaP HBT and pHEMT processes on a single substrate, enabling us to integrate the PA function and the RF active switch function on the same die.

Manufacturing

We fabricate substantially all of our ICs in our six-inch diameter GaAs wafer fab in Warren, New Jersey. Our 150mm (six-inch diameter) GaAs (Gallium Arsenide) wafer fabrication facility (fab) has been operational since 1999. Our Warren fab was first certified as ISO 9001 compliant in December 1993. Since that time, we have updated our compliance to the ISO 9001:2000 upgrade of this standard. In 2004, we also received ISO 14001 certification and remain certified.

We have a strategic foundry agreement with WIN Semiconductors (Taiwan) to supplement our existing wafer fabrication capability and allow for additional and flexible capacity without the requisite capital investment.

Assembly

Fabricated GaAs wafers are shipped to contractors in Asia for packaging. Certain processes cannot be easily or economically integrated onto a single die, and consequently multi-chip modules that combine multiple die within a single package are now required, enabling the selection of the optimal process technology for each IC within the package. This provides enhanced integration at the sub-system level and these solutions generate significant size reductions in wireless handset component circuitry.

Modules allow our customers to get their product to market more rapidly at a lower overall end product cost due largely to reductions in parts count and required engineering effort. We believe we are well positioned to address the shift toward more complex multi-chip modules because we possess both extensive process breadth (a key advantage, as modules typically incorporate numerous process technologies) and a large portfolio of RF expertise (e.g., PAs, switches, transceivers, and discretes).
**Final Test**

After assembly, packaged ICs are tested prior to shipment to our customers. We outsource the majority of our production RF testing operations, which are performed near our module assembly contractors in Asia. This adds considerable efficiencies to the device manufacturing process in reducing product cycle times and supports our initiative to reduce manufacturing costs.

**Raw Materials**

GaAs wafers, HBT/pHEMT epitaxial wafers, passive components, other raw materials, and equipment used in the production of our ICs are available from a limited number of sources. See “Risk Factors—Sources for certain components, materials and equipment are limited, which could result in delays or reductions in product shipments.”

**Research and Development**

We have made significant investments in our proprietary processes, including product design, packaging and wafer fabrication, which we believe gives us a competitive advantage. Research and development expenses were $43.9 million, $45.0 million and $50.1 million in 2012, 2011 and 2010, respectively. We continue to focus our research and development primarily on advanced PAs and FEMs for 3G and 4G wireless markets, FEICs for WiFi, Wireless infrastructure PAs, and CATV infrastructure line amplifiers in the broadband market.

Further, we develop other components, for example silicon CMOS and GaN components, to support our PA module and other products. We do not intend to manufacture this technology in-house, as we believe there will be adequate external foundry capacity available. See “Risk Factors—Sources for certain components, materials and equipment are limited, which could result in delays or reductions in product shipments.”

**Customers**

Sales to Samsung Electronics, Huawei Technologies and ZTE Corporation accounted for 31%, 14% and 11%, respectively, of total net sales during 2012. No other customer accounted for 10% or more of total net sales during 2012. See “Risk Factors—we depend on a few large customers for a significant portion of our revenue; a loss of a significant customer or a decrease in purchases and/or changes in purchasing or payment patterns by one of these customers could materially and adversely affect our revenues and our ability to forecast revenues.”

**Employees**

As of December 31, 2012, we had 504 employees.

**Competition**

We compete with U.S. and international semiconductor and IC manufacturers of all sizes. Our key competitors are Avago Technologies Limited, RF Micro Devices, Inc., Skyworks Solutions, Inc. and TriQuint Semiconductor, Inc.

Our competitors have significantly greater financial, technical, manufacturing and marketing resources than we do. Increased competition could adversely affect our revenue and profitability through price reductions or reduced demand for our products. See “Risk Factors—we face intense competition, which could result in a decrease in our products’ prices and sales.”

**Patents, Licenses and Proprietary Rights**

It is our practice to seek U.S. patent and copyright protection on our products and developments where appropriate and to protect our valuable technology under U.S. laws affording protection for trade secrets and for semiconductor chip designs. As of December 31, 2012, we own 76 U.S. patents and have 22 pending U.S. patent applications. The U.S. patents were issued between 1995 and 2012 and will expire between 2013 and 2031.

We rely primarily upon trade secrets, technical know-how and other unpatented proprietary information relating to our product development and manufacturing activities. To protect our trade secrets, technical know-how
and other proprietary information, our employees are required to enter into agreements providing for maintenance of confidentiality and the assignment of rights to inventions made by them while in our employ. We have also entered into non-disclosure agreements to protect our confidential information delivered to third parties in conjunction with possible corporate collaborations and for other purposes. See “Risk Factors—We may not be successful in protecting our intellectual property rights or in avoiding claims that we infringe on the intellectual property rights of others.”

Environmental Matters

Our operations are subject to federal, state and local environmental laws, regulations and ordinances that govern activities or operations that may have adverse effects on human health or the environment. These laws, regulations or ordinances may impose liability for the cost of remediating, and for certain damages resulting from, sites of past releases of hazardous materials. We believe that we currently conduct, and have conducted, our activities and operations in substantial compliance with applicable environmental laws and regulations, and that costs arising from existing environmental laws and regulations will not have a material adverse effect on our results of operations. We cannot assure you, however, that such environmental laws and regulations will not become more stringent in the future or that we will not incur significant costs in the future in order to comply with these laws and regulations. See “Risk Factors—We are subject to stringent environmental laws and regulations both domestically and abroad.”

Available Information

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through our website (www.anadigics.com) as soon as reasonably practicable after we electronically file the material with, or furnish it to, the Securities and Exchange Commission. All SEC filings are also available at the SEC’s Web site at www.sec.gov.

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ITEM 1A. RISK FACTORS

We have experienced losses in the past, and may experience losses in the future.

We have incurred substantial operating and net losses in the past, including 2012, and we expect to continue to incur losses in 2013. If economic conditions worsen or there is an abrupt change in our customers’ businesses or markets, our business, financial condition and results of operations will likely be materially and adversely affected.

Our results of operations can vary significantly due to the cyclical nature of the semiconductor industry and our end markets.

The semiconductor industry and our end markets have been cyclical, seasonal and subject to significant downturns. Further, the industry can have limited visibility into customers’ forecasts and inventory levels. In past years, the industry has experienced periods marked by market weaknesses that created lower order demand, production overcapacity, high inventory levels, and accelerated declines in average selling prices for our products. These factors negatively affected our financial condition and results of operations during these periods and may negatively affect our financial condition and results of operations in the future.

Our results of operations also may be subject to significant quarterly and annual fluctuations. These fluctuations are due to a number of factors, many of which are beyond our control, including, among others: (i) changes in end-user demand for the products manufactured with our products and sold by our customers; (ii) the effects of competitive pricing pressures, including decreases in average selling prices of our products; (iii) industry production capacity levels and fluctuations in industry manufacturing yields; (iv) levels of inventory in our end markets; (v) availability and cost of products from our suppliers; (vi) the gain or loss of significant customers; (vii) our ability to develop, introduce and market new products and technologies on a timely basis; (viii) new product and technology introductions by competitors; (ix) changes in the mix of products produced and sold; (x) market acceptance of our products and our customers; and (xi) intellectual property disputes.
As a result, we may experience substantial period-to-period fluctuations in future operating results. Investors should not rely on our results of operations for any previous period as an indicator of what results may be for any future period. Failure of our operating results to meet the expectations of analysts or investors could materially and adversely affect the price of our common stock.

**We depend on a few large customers for a significant portion of our revenue; a loss of a significant customer or a decrease in purchases and/or changes in purchasing or payment patterns by one of these customers could materially and adversely affect our revenues and our ability to forecast revenues.**

We receive a significant portion of our revenues from a few significant customers and their subcontractors. Our financial condition and results of operations have been materially and adversely affected in the past by the failure of anticipated orders to be realized and by deferrals or cancellations of orders as a result of changes in customer requirements. If we were to lose any of our major customers, or if sales to these customers were to decrease materially, our financial condition and results of operations could be materially and adversely affected. Further, if a customer encounters financial difficulties of its own as a result of a change in demand or for any other reason, the customer’s ability to make timely payments to us for non-returnable products could be impaired.

**If we fail to sell a high volume of products, our operating results may be adversely affected.**

We have both increased capacity in and underutilized our manufacturing facility in recent years. In years in which we had excess capacity, this excess capacity meant we incurred higher fixed costs for our products relative to the revenues we generated. Because large portions of our manufacturing costs are relatively fixed, our manufacturing volumes are critical to our operating results. If we fail to achieve and maintain acceptable manufacturing volumes or experience product shipment delays, our results of operations could be harmed. During periods of decreased demand, our high fixed manufacturing costs negatively affect our results of operations. We base our expense levels in part on our expectations of future orders and these expense levels are predominantly fixed. If we receive fewer customer orders than expected or if our customers delay or cancel orders, we may not be able to reduce our manufacturing costs, which would have an adverse effect on our results of operations. If we are unable to improve utilization levels and correctly manage capacity, the increased expense levels relative to revenue will have an adverse effect on our business, financial condition and results of operations.

**We face intense competition, which could result in a decrease in our products’ prices and sales.**

The markets for our products are intensely competitive and are characterized by rapid technological change. We compete with U.S. and international semiconductor and IC manufacturers of all sizes, some of whom have significantly greater financial, technical, manufacturing and marketing resources than we do. We currently face significant competition in our markets and expect that intense price and product competition will continue. This competition has resulted in, and is expected to continue to result in, declining average selling prices for our products and increased challenges in maintaining or increasing market share. We believe that the principal competitive factors for suppliers in our markets include, among others: (i) time-to-market; (ii) timely new product innovation; (iii) product quality, reliability and performance; (iv) product price; (v) features available in products; (vi) compliance with industry standards; (vii) strategic relationships with leading reference design providers and customers; (viii) access to and protection of intellectual property; (ix) market acceptance; and (x) maintaining access to raw materials, supplies and services at a competitive cost.

Certain of our competitors may be able to adapt more quickly than we can to new or emerging technologies and changes in customer requirements or may be able to devote greater resources to the development, promotion and sale of their products than we can.

Current and potential competitors have established, or may in the future establish, financial or strategic relationships among themselves or with customers, distributors, reference design providers or other third parties with whom we have or may in the future have relationships. If our competitors are able to strengthen existing, or establish new, relationships with these third parties they may rapidly acquire market share at our expense, which has occurred to some extent in the past when we were unable to fully meet customer demand due to capacity constraints. We cannot assure you that we will be able to compete successfully against current and potential competitors. Increased competition could result in pricing pressures, decreased gross margins and loss of market share and may materially and adversely affect our financial condition and results of operations.
We need to keep pace with rapid product and process development and technological changes as well as product cost reductions to be competitive.

The markets for our products are characterized by rapid changes in both product and process technologies based on the continuous demand for product enhancements, higher levels of integration, decreased size and reduced power consumption. Because the continuous evolution of these technologies and frequent introduction of new products and enhancements have generally resulted in short product life cycles for our wireless products, we believe that our future success will depend, in part, upon our ability to continue to improve the efficiency of our products and process technologies and rapidly develop new products and process technologies. The successful development of our products is highly complex and depends on numerous factors, including our ability to anticipate customer and market requirements and changes in technology and industry standards, our ability to differentiate our products from offerings of our competitors, and our ability to protect, develop or otherwise obtain adequate intellectual property for our new products. If a competing technology emerges that is, or is perceived to be, superior to our existing technology and we are unable to develop and/or implement the new technology successfully or to develop and implement a competitive and economically acceptable alternative technology, our financial condition and results of operations could be materially and adversely affected. This implementation may require us to modify the manufacturing process for our products, design new products to more stringent standards, and redesign some existing products, which may prove difficult for us and result in sub-optimal manufacturing yields, delays in product deliveries and increased expenses. We will need to make substantial investments to develop these enhancements and technologies, and we cannot assure investors that we will have funds available for these investments or that these enhancements and technologies will be successful. Although we have reduced production costs through decreasing raw wafer costs, increasing wafer size and fabrication yields, decreasing die size and achieving higher volumes, we might not be able to do so in the future. To offset these decreases, we must achieve yield improvements and other cost reductions for existing products, and introduce new products that can be manufactured at lower costs.

If Original Equipment Manufacturers (OEMs) and Original Design Manufacturers (ODMs) of communications electronics products do not design our products into their equipment, we will have difficulty selling those products. Moreover, a “design win” from a customer does not guarantee future sales to that customer.

Our products are not sold directly to the end-user, but are components or subsystems of other products. As a result, we rely on OEMs and ODMs of wireless communications electronics products to select our products from among alternative offerings to be designed into their equipment. Without these “design wins,” we would have difficulty selling our products. If a manufacturer designs another supplier’s product into one of its product platforms, it is more difficult for us to achieve future design wins with that platform because changing suppliers involves significant cost, time, effort and risk on the part of that manufacturer. Also, achieving a design win with a customer does not ensure that we will receive significant revenues from that customer. Even after a design win, the customer is not obligated to purchase our products and can choose at any time to reduce or cease use of our products, including for example, if its own products are not commercially successful. We may not continue to achieve design wins or to convert design wins into actual sales, and failure to do so could materially and adversely affect our operating results.

Lengthy product development and sales cycles associated with many of our products may result in significant expenditures before generating any revenues related to those products.

After our product has been developed, tested and manufactured, our customers may need three to six months or longer to integrate, test and evaluate our product and an additional three to six months or more to begin volume production of equipment that incorporates the product. This lengthy cycle time increases the possibility that a customer may decide to cancel or change product plans, which could reduce or eliminate our sales to that customer. As a result of this lengthy sales cycle, we may incur significant research and development expenses, and selling and administrative expenses, before we generate the related revenues for these products. Furthermore, we may never generate the anticipated revenues from a product after incurring such expenses if our customer cancels or changes its product plans.

Uncertainties involving the ordering and shipment of our products could adversely affect our business.

Our sales are typically made pursuant to individual purchase orders and not under long-term supply arrangements with our customers. Our customers may cancel orders before shipment. Additionally, we sell a portion of our products through distributors, some of whom have certain rights to return unsold products. We may purchase
and manufacture inventory based on estimates of customer demand for our products, which is difficult to predict. This difficulty may be compounded when we sell to OEMs or ODMs indirectly through distributors or contract manufacturers, or both, as our forecasts of demand will then be based on estimates provided by multiple parties. In addition, our customers may change their inventory practices on short notice for any reason. The cancellation or deferral of product orders, the return of previously sold products, or overproduction due to a change in anticipated order volumes could result in us holding excess or obsolete inventory, which could result in inventory write-downs and, in turn, could have a material adverse effect on our financial condition. In addition, shortened customer order lead times and opportunistic orders may not be filled timely due to a lack of, or inadequate level of uncommitted inventory resulting in lower revenues than possible. In addition, shortened customer order lead times may make it difficult to forecast revenues.

**We face risks from failures in our manufacturing processes and the processes of our vendors.**

The fabrication of ICs, particularly those made of GaAs, is a highly complex and precise process. Our ICs are primarily manufactured on wafers made of GaAs requiring multiple process steps. It requires production in a highly controlled, clean environment. Minor impurities, contamination of the clean room environment, errors in any step of the fabrication process, defects in the masks used to print circuits on a wafer, defects in equipment or materials, downtime on equipment, human error, interruptions in electrical supply or a number of other factors can cause a substantial interruption in our manufacturing processes. Moreover, our manufacturing process is subject to fluctuations in our demand and fab utilization. In an environment of increasing manufacturing output and personnel to satisfy increasing demand, we may incur manufacturing disruptions limiting supply to customers.

Our customers specify quality, performance and reliability standards that we must meet. If our products do not meet these standards, we may be required to rework or replace the products. Our products may contain undetected defects or failures that only become evident after we commence volume shipments, which we may experience from time to time. Other defects or failures may also occur in the future. If such failures or defects occur, we could: (i) lose revenues; (ii) incur increased costs such as warranty expense and costs associated with customer support; (iii) experience delays, cancellations or rescheduling of orders for our products; (iv) experience increased product returns or discounts; or (v) damage our reputation which could make it difficult for us to sell our products to existing and prospective customers.

Additionally, our operations may be affected by lengthy or recurring disruptions of operations at our production facility or those of our subcontractors. These disruptions may include electrical power outages, fire, earthquakes, flooding, international conflicts, war, acts of terrorism, or other natural or man-made disasters. Specifically, in the fourth quarter of 2011, one of our subcontractors was impacted by the floods in Thailand, resulting in a temporary interruption of supply, and more recently in the fourth quarter of 2012, our New Jersey offices and manufacturing facility were impacted by the loss of power, access restrictions and delivery delays caused by Hurricane Sandy. Disruptions of our manufacturing operations could cause significant delays in our shipments unless and until we are able to shift the manufacturing of such products from an affected facility to another facility or the disruption is remedied. Furthermore, many of our customers require that they qualify a new manufacturing source before they will accept products from such source. This qualification process may be expensive and time consuming. In the event of such delays, we cannot assure you that the required alternative capacity would be available on a timely basis or at all. Even if alternative manufacturing capacity or assembly and test capacity is available, we may not be able to obtain it on favorable terms, which could result in higher costs and/or a loss of customers. We may be unable to obtain sufficient manufacturing capacity to meet demand, either at our own facilities or through external manufacturing. In the event we are unable to supply our customers with products previously assembled by our subcontractors on a timely basis, such customers may seek alternative suppliers.

Due to the highly specialized nature of the gallium arsenide IC manufacturing process, in the event of a disruption at the Warren, New Jersey semiconductor wafer fab, alternative gallium arsenide production capacity for certain processes would not be readily available from third-party sources. Any disruptions could have a material adverse effect on our business, financial condition and results of operations.

We also depend on certain vendors for components, equipment and services. We maintain stringent policies regarding qualification of these vendors. However, if these vendors’ processes vary in reliability or quality, they could negatively affect our products, and thereby, our results of operations.
Our dependence on foreign semiconductor component suppliers, assembly and test operations contractors could lead to delays in or reductions of product shipments.

We do not assemble or test all of our ICs or multi-chip modules. Instead, we provide the IC die and, in some cases, packaging and other components to assembly and test vendors located primarily in Asia. Our products contain numerous component parts, substrates and silicon-based products, obtained from external suppliers. The use of external suppliers involves a number of risks, including the possibility of material disruptions in the supply of key components and the lack of control over delivery schedules, capacity constraints, manufacturing yields, quality, fabrication costs, warranty issues and protection of intellectual property. Further, we are dependent upon a few foreign semiconductor assembly and test subcontractors. If these vendors’ processes vary in reliability or quality, they could negatively affect our products and, therefore, our results of operations. If we are unable to obtain sufficient high quality and timely component parts, assembly or test service, if we experience delays in transferring or requalifying our production between suppliers, assembly or test locations or if means of transportation to or from these locations are interrupted, we would experience increased costs, delays or reductions in product shipment, and/or reduced product yields, which could materially and adversely affect our financial condition and results of operations.

The short life cycles and nature of semiconductor production, including the potential for order cancellation and need to build product to a customer’s forecast may leave us with obsolete or excess inventories.

The life cycles of some of our products depend heavily upon the life cycles of the end products into which our products are designed. For example, we estimate that current life cycles for wireless handsets, and in turn our wireless products, are approximately 9 to 12 months. Products with short life cycles require us to manage production and inventory levels closely. We are subject to increased inventory risks and costs because we build our products based on forecasts provided by customers before receiving purchase orders for the products. As a result we incur inventory and manufacturing costs in advance of anticipated sales. Unanticipated changes in the estimated total demand for our products and/or the estimated life cycles of the end products into which our products are designed can result in obsolete or excess inventories, requiring a write off or a reduction in the inventory value. Such a charge could have an adverse effect on our operating results and financial condition.

Sources for certain components, materials and equipment are limited, which could result in delays or reductions in product shipments.

We do not manufacture any of the starting wafers, packaging or passive components used in the production of our gallium arsenide ICs. Epitaxial wafers, packaging and passive components are available from a limited number of sources. To the extent that we are unable to obtain these materials, packaging or passive components in the required quantities, as has occurred from time to time in the past, we could experience delays or reductions in product shipments, which could materially and adversely affect our financial condition and results of operations.

We depend on a limited number of vendors to supply the equipment used in our manufacturing processes. When demand for semiconductor manufacturing equipment is high, lead times for delivery of such equipment can be substantial. We cannot assure you that we would not lose potential sales if required manufacturing equipment is unavailable and, as a result, we are unable to maintain or increase our production levels. A delay for any reason in increasing capacity would limit our ability to increase sales volumes, which could harm our relationships with customers.

We may pursue selective investments, acquisitions and alliances; the management and integration of additional operations could be expensive and divert management time and acquisitions may dilute the ownership of our stockholders.

Although we have invested in the past, and intend to continue to invest, significant resources in internal research and development activities, the complexity and rapidity of technological changes and the significant expense of internal research and development make it impractical for us to pursue development of all technological solutions on our own. On an ongoing basis, we review investment, alliance and acquisition prospects that would complement our product offerings, augment our market coverage or enhance our technological capabilities. Our ability to complete acquisitions or alliances is dependent upon, and may be limited to, the availability of suitable candidates and capital. In addition, acquisitions and alliances involve risks that could materially adversely affect our financial condition and results of operations, including the management time that may be diverted from operations in
order to pursue and complete such transactions and difficulties in integrating and managing the additional operations and personnel of acquired companies.

We cannot assure you that we will be able to obtain the capital necessary to consummate acquisitions or alliances on satisfactory terms, if at all. Further, any businesses that we acquire will likely have their own capital needs, which may be significant, and which we could be called upon to satisfy independent of the acquisition price. Future acquisitions or alliances could result in the incurrence of debt, costs and contingent liabilities, all of which could materially adversely affect our financial condition and results of operations. Any debt could subject us to substantial and burdensome covenants.

The growth that may result from future acquisitions or alliances may place significant strains on our resources, systems and management. If we are unable to effectively manage such growth by implementing systems, expanding our infrastructure and hiring, training and managing employees, our financial condition and results of operations could be materially adversely affected.

In addition, if we issue equity securities in order to acquire another business, our stockholders’ interest in us, or the combined company, could be materially diluted. Further, in periods following an acquisition, we will be required to evaluate goodwill and acquisition-related intangible assets for impairment. When such assets are found to be impaired, they will be written down to estimated fair value, with a charge against earnings.

We have implemented cost restructuring programs in the past and may need to again in the future.

We implemented cost restructuring programs in the past, including in 2012 and in 2013, and may need to implement such programs again in the future. Such restructuring programs are costly to implement and may inadequately address the operating environment. No assurance can be given that the implementation of cost reduction programs will generate the anticipated cost savings and other benefits or that future or additional measures may be required. We could incorrectly anticipate the extent and term of the market decline and weakness for our products and services and we may be forced to restructure further or may incur future operating charges due to poor business conditions.

The variability of our manufacturing yields may affect our gross margins.

Our manufacturing yields vary significantly among products, depending on the complexity of a particular IC’s design and our experience in manufacturing that type of IC. We have experienced difficulties in achieving planned yields in the past, particularly in pre-production and upon initial commencement of full production volumes, which have adversely affected our gross margins.

Regardless of the process technology used, the fabrication of ICs is a highly complex and precise process. Problems in the fabrication process can cause a substantial percentage of wafers to be rejected or numerous ICs on each wafer to be nonfunctional, thereby reducing yields. These difficulties can include: (i) defects in masks, which are used to transfer circuit patterns onto our wafers; (ii) impurities in the materials used; (iii) operator errors; (iv) contamination of the manufacturing environment; (v) equipment failure; and (vi) interruptions in electrical supply.

Many of our manufacturing costs are fixed and average selling prices for our products tend to decline over time. Therefore, it is critical for us to increase the number of shippable ICs per wafer and increase the production volume of wafers in order to maintain or improve our results of operations. Yield decreases can result in substantially higher unit costs, which could materially and adversely affect our financial condition and results of operations and have done so in the past. We cannot assure you that we will not suffer periodic yield problems, particularly during the early production of new products or introduction of new process technologies. If any new yield problems were to arise or any existing yield problems were to continue, our financial condition and results of operations could be materially and adversely affected.

Unfavorable general economic conditions in individual or world markets could negatively impact our financial performance.

Unfavorable general economic conditions, such as a recession or economic slowdown in the United States or in one or more of our other major markets, could result in lower demand for some of our products, longer sales cycles or increased price competition. Our customer base includes OEMs and ODMs that are reliant on consumer
demand. Consumers may seek to reduce discretionary spending, which could soften demand for our customers’ products and could negatively affect our financial performance. In addition our vendors may be unable to support our production requirements, resulting in delay or non-delivery of inventory shipments.

**Our gallium arsenide semiconductors may cease to be competitive with silicon alternatives.**

Among our product portfolio, we manufacture and sell gallium arsenide semiconductor devices and components, principally PAs and switches, which tend to be more expensive than their silicon counterparts. The cost differential is due to higher costs of raw materials for gallium arsenide and higher unit costs associated with smaller sized wafers and lower production volumes. We expect the cost of producing gallium arsenide devices, which exceed the costs of producing their silicon counterparts, to continue for the foreseeable future. In addition, silicon semiconductor technologies are widely-used process technologies for certain ICs and these technologies continue to improve in performance. Therefore, to remain competitive, we must offer gallium arsenide products that provide superior performance over their silicon-based counterparts. If we do not continue to offer products that provide sufficiently superior performance to justify their higher cost, our financial condition and results of operations could be materially and adversely affected. We cannot assure you that there will continue to be products and markets that require the performance attributes of gallium arsenide solutions.

**We face a risk that capital needed for our business will not be available when we need it.**

In the future, we may decide to access sources of financing to fund growth opportunities. Taking into consideration our combined cash and marketable securities balance of $51.5 million as of December 31, 2012, we believe that our existing sources of liquidity will be sufficient to fund our research and development, capital expenditures, working capital requirements, interest and other financing requirements for at least the next twelve months.

However, there is no assurance that the capital required to fund these expenditures will be available in the future. Conditions existing in the U.S. capital markets, as well as the then current condition of the Company, will affect our ability to raise capital, as well as the terms of any financing. We may not be able to raise enough capital to meet our capital needs on a timely basis or at all. Failure to obtain capital when required could have a material adverse effect on us.

In addition, any strategic investments and acquisitions that we may make to help us grow our business may require additional capital. We cannot assure you that the capital required to fund these investments and acquisitions will be available in the future.

**The liquidity and valuation of our investments in marketable securities could be affected by disruption in financial markets.**

We maintain investments in financial instruments including corporate debt obligations, auction rate securities, and government-related obligations, which included $5.7 million carrying value of auction rate securities at December 31, 2012. These investments must be supported by actively trading financial markets in order to be liquid investments. Financial markets can temporarily or permanently have an imbalance of buyers and sellers that can impact valuations and liquidity. Auction rate markets have experienced imbalances since late 2007 and may continue to be imbalanced. Such imbalances could negatively impact the fair value of our investments, requiring a charge against income as has occurred in the past, our access to cash and the liquidity of our marketable securities. We cannot assure you that our marketable securities could be sold for their carrying value or in our required time frame to support our intermediate term cashflow and liquidity needs.

**Our success depends on our ability to attract, retain and motivate qualified personnel.**

A small number of key executive officers manage our business. Their departure could have a material adverse effect on our operations. We believe that our future success will also depend in large part on our continued ability to attract and retain highly qualified manufacturing personnel, technical sales and marketing personnel, design and application engineers, as well as senior management. We believe that there is, and will continue to be, intense competition for qualified personnel in the semiconductor industry as the emerging broadband wireless and wireline communications markets develop. We cannot be sure that we will be successful in retaining our key personnel or in attracting and retaining the highly qualified personnel noted above, especially during periods of poor
operating performance and/or declines in the price of our common stock. The loss of the services of one or more of our key employees or our inability to attract, retain and motivate qualified personnel could have a material effect on our ability to operate our business, to implement our business strategy and to respond to the rapidly changing market conditions in which we operate. We do not presently maintain key-man life insurance for any of our key executive officers.

We are subject to stringent environmental laws and regulations both domestically and abroad.

We are subject to a variety of federal, state, local and foreign laws and regulations governing the protection of the environment. These environmental laws and regulations include those related to the use, storage, handling, discharge and disposal of toxic or otherwise hazardous materials used in or resulting from our manufacturing processes. Failure to comply with environmental laws and regulations could subject us to substantial liability or force us to significantly change our manufacturing operations. In addition, under some of these laws and regulations, we could be held financially responsible for remedial measures if our properties are contaminated, even if we did not cause the contamination. Although we are aware of contamination resulting from historical third-party operations at one of our facilities, a prior owner of such facility has been performing, and paying for the costs associated with, remediation of this property pursuant to an agreement with the state environmental regulatory authority. However, we cannot assure you that such prior owner will continue to do so or that we will not incur any material costs or liabilities associated with compliance with environmental laws in the future.

We may not be successful in protecting our intellectual property rights or in avoiding claims that we infringe on the intellectual property rights of others.

Our success depends in part on our ability to obtain patents and copyrights. Despite our efforts to protect our intellectual property, unauthorized third parties may violate our patents or copyrights. In addition to intellectual property that we have patented and copyrighted, we also rely on trade secrets, technical know-how and other non-patented proprietary information relating to our product development and manufacturing activities, which we seek to protect, in part, by entering into confidentiality agreements with our collaborators and employees. We cannot assure you that these agreements will not be breached, that we would have adequate remedies for any breach or that our trade secrets and proprietary know-how will not otherwise become known or independently discovered by others.

We seek to operate without infringing on the intellectual property rights of third parties. As is typical in the semiconductor industry, we have been notified, and may be notified in the future, that we may be infringing on certain patents and/or other intellectual property rights of other parties. We cannot assure you that we will not be subject to litigation to defend our products or processes against claims of patent infringement or other intellectual property claims. Any such litigation could result in substantial costs and diversion of our resources. If we infringe on the intellectual property rights of others, we cannot assure investors that we would be able to obtain any required licenses on commercially reasonable terms and we may be required to pay substantial damages, including treble damages, and cease production of our work product or use of one or more manufacturing processes. Even if we are ultimately successful, patent litigation can be time consuming, disruptive to management and expensive. If any of the foregoing were to occur, our financial condition and results of operations could be materially adversely affected.

We have had significant volatility in our stock price which may continue in the future. Therefore, you may be unable to sell shares of our common stock at or above the price you paid for such shares.

The trading price of our common stock has and may continue to fluctuate significantly. Such fluctuations may be influenced by many factors, including: (i) our operating results and prospects; (ii) the operating results and prospects of our major customers; (iii) announcements by our competitors; (iv) the depth and liquidity of the market for our common stock; (v) investor perception of us and the industry in which we operate; (vi) changes in our earnings estimates or buy/sell recommendations by analysts covering our stock; (vii) general financial and other market conditions; and (viii) domestic and international economic conditions.

Public stock markets have experienced extreme price and trading volume volatility, particularly in the technology sectors of the market. This volatility significantly affected and may in the future affect the market prices of securities of many technology companies for reasons frequently unrelated to or disproportionately impacted by the operating performance of these companies. These broad market fluctuations may materially and adversely affect the market price of our common stock.
In addition, fluctuations in our stock price and our price-to-earnings multiple may have made our stock attractive to momentum, hedge or day-trading investors who often shift funds into and out of stocks rapidly, exacerbating price fluctuations in either direction, particularly when viewed on a quarterly basis.

**New regulations related to “conflict minerals” may force us to incur additional expenses, may make our supply chain more complex and may result in damage to our reputation with customers.**

On August 22, 2012, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, the SEC adopted new requirements for companies that use certain minerals and metals, known as “conflict minerals”, in their products, whether or not these products are manufactured by third parties. These requirements will require companies to perform due diligence, disclose and report whether or not such minerals originate from the Democratic Republic of Congo and adjoining countries. The implementation of these new requirements could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. In addition, we will incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals and metals used in our products. Since our supply chain is complex, we may not be able to sufficiently verify the origins for these minerals and metals used in our products through the due diligence procedures that we implement, which may harm our reputation. In such event, we may also face difficulties in satisfying customers who require that all of the components of our products are certified as conflict mineral free.

**Certain provisions in our governing documents and of Delaware law could deter, delay or prevent a third party from acquiring us and that could deprive shareholders of an opportunity to obtain a takeover premium for our common stock.**

Our amended and restated certificate of incorporation, our amended and restated bylaws and Delaware law contain provisions that could have the effect of making it more difficult for a third party to acquire us, or of discouraging a third party from attempting to acquire control of us. In addition, we have a stockholders’ rights agreement that under certain circumstances would significantly impair the ability of third parties to acquire control of us without prior approval of our board of directors.

Together, our amended and restated certificate of incorporation, our amended and restated by-laws, certain provisions of Delaware law and our stockholders’ rights agreement may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for our common stock and could also limit the price that investors may be willing to pay in the future for our common stock.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

Not applicable.

**ITEM 2. PROPERTIES.**

Our executive offices and primary fabrication facility are located at 141 Mt. Bethel Road, Warren, New Jersey 07059. We currently lease space in several buildings in Warren, New Jersey, located within the industrial complex. Approximately 150,000 square feet of manufacturing and office space is occupied in a building located at 141 Mt. Bethel Road in Warren, New Jersey under a twenty-year lease expiring on December 31, 2016. We occupy approximately another 12,600 square feet of office space in a nearby building under a two-year lease expiring on October 31, 2014.

We also lease approximately 32,700 square feet in aggregate of office space in the following locations: Atlanta, Georgia; Tyngsboro, Massachusetts; San Diego, California; Taipei, Taiwan; China; South Korea; and Japan under lease agreements with remaining terms ranging from one month to six years that can be extended, at our option.

**ITEM 3. LEGAL PROCEEDINGS.**

For information on our legal proceedings see Note 13 Legal Proceedings to the Company’s Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data in this Form 10-K.
ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. 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.

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calendar 2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>2.60</td>
<td>1.14</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>1.90</td>
<td>1.05</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>2.50</td>
<td>1.64</td>
</tr>
<tr>
<td>First Quarter</td>
<td>3.22</td>
<td>2.19</td>
</tr>
<tr>
<td>Calendar 2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>2.90</td>
<td>1.92</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>3.44</td>
<td>2.12</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>4.51</td>
<td>2.82</td>
</tr>
<tr>
<td>First Quarter</td>
<td>8.20</td>
<td>3.96</td>
</tr>
</tbody>
</table>

As of December 31, 2012 there were 71,738,317 shares of Common Stock outstanding (excluding shares held in Treasury) and 226 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.

See also “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” under Part III, Item 12 of this report.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data set forth below should be read in conjunction with Item 7, "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, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010 have been derived from our audited financial statements included herein. The selected consolidated financial data set forth below as of December 31, 2010, 2009 and 2008 and for the years ended December 31, 2009 and 2008 have been derived from our audited financial statements 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.
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

We are a global leader in the design and manufacture of radio frequency semiconductor solutions for cellular wireless, WiFi, and infrastructure applications. Our product portfolio includes power amplifiers, FFEICs, FEMs, and line amplifiers. Our cellular wireless power amplifiers and FEMs enable mobile handsets, smartphones, tablets, notebooks, datacards, automotive, M2M, and industrial devices to access 3G and 4G wireless networks utilizing international standards, such as LTE, HSPA, WCDMA, EVDO, CDMA, and WiMAX. Our WiFi FFEICs and power amplifiers enable wireless LAN connectivity for mobile and fixed-point devices, such as smartphones, tablets, notebooks, and base stations, optimizing the latest WiFi standards, including 802.11ac and 802.11n. Our infrastructure solutions include both wireless infrastructure and CATV products. Our wireless infrastructure power amplifiers enable 3G and 4G small-cell base stations. Our CATV line amplifiers and other RF products provide the critical link in CATV infrastructure network devices, as well as set-top boxes and cable modems. We believe that our solutions are well positioned to address these market dynamics and will enable us to outpace the overall end product unit growth in the cellular wireless, WiFi, and infrastructure communications markets.

Our business strategy is focused on enabling anytime, anywhere connectivity with solutions that offer greater performance and integration to enhance the consumer’s experience. We are a customer-centric organization that works closely with leading equipment manufacturers, such as OEMs and ODMs. We also partner with industry-leading chipset providers where our functionality enhances their reference designs. These relationships enable us to provide targeted applications expertise that helps reduce time-to-market and design new products that target emerging trends in the market.

We are focused on the design and manufacture of differentiated RF solutions. Many of our products leverage our patented InGaP-Plus™ and proven MESFET technologies. InGaP-Plus provides greater flexibility to our engineers and product designers. This technology enables them to develop unique architectures that combine HBT amplifying structures and pHEMT RF switches on the same die. We believe that our products cost-effectively enhance communications devices by improving RF performance, reliability, and integration, while reducing the size, weight and cost of these products.

Our six-inch diameter GaAs fab located at our corporate headquarters in Warren, New Jersey, has been operational since 1999. In addition, we have a strategic foundry agreement with WIN Semiconductors of Taiwan to

<table>
<thead>
<tr>
<th>(amounts in thousands, except for per share amounts)</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$112,643</td>
<td>$152,827</td>
<td>$216,714</td>
<td>$140,484</td>
<td>$258,170</td>
</tr>
<tr>
<td>Gross (loss) profit</td>
<td>(1,226)</td>
<td>31,103</td>
<td>75,845</td>
<td>20,158</td>
<td>78,587</td>
</tr>
<tr>
<td>Operating loss from continuing operations</td>
<td>(71,745)</td>
<td>(50,119)</td>
<td>(535)</td>
<td>(55,323)</td>
<td>(38,267)</td>
</tr>
<tr>
<td>(Loss) income before income taxes</td>
<td>(69,853)</td>
<td>(49,323)</td>
<td>963</td>
<td>(57,404)</td>
<td>(41,872)</td>
</tr>
<tr>
<td>Benefit from income taxes</td>
<td>-</td>
<td>-</td>
<td>(297)</td>
<td>(321)</td>
<td>-</td>
</tr>
<tr>
<td>Net (loss) income from continuing operations</td>
<td>(69,853)</td>
<td>(49,323)</td>
<td>1,260</td>
<td>(57,083)</td>
<td>(41,872)</td>
</tr>
<tr>
<td>(Loss) earnings per share from continuing operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$(0.99)</td>
<td>$(0.73)</td>
<td>$0.02</td>
<td>$(0.92)</td>
<td>$(0.70)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$(0.99)</td>
<td>$(0.73)</td>
<td>$0.02</td>
<td>$(0.92)</td>
<td>$(0.70)</td>
</tr>
</tbody>
</table>

BALANCE SHEET DATA:

| Total cash and marketable securities               | $51,510 | $93,578 | $106,093 | $92,526 | $145,724 |
| Total assets                                       | 126,881 | 188,801 | 233,812 | 214,452 | 303,777 |
| Current portion of long-term debt                  | - | - | - | - | 38,000 |
| Total stockholders’ equity                        | 106,025 | 166,525 | 202,964 | 189,058 | 230,008 |

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supplement our existing wafer fabrication capability and allow for additional and flexible capacity without the requisite capital investment.

Our annual revenues have decreased sequentially since 2010, as the Company experienced a decline in Wireless revenues primarily resulting from a decline in revenue from one of our largest customers after certain of their programs reached end of life and their change in chipset suppliers that did not utilize our power amplifiers.

In late February 2013, we reduced our workforce by approximately 25 employees throughout the Company and anticipate recording approximately $1.9 million of restructuring charges during the first quarter of 2013. The workforce reduction along with other cost reduction actions were initiated with a view to achieving annualized savings of approximately $5.2 million.

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, 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 3 to the accompanying consolidated financial statements.

CRITICAL ACCOUNTING POLICIES & SIGNIFICANT ESTIMATES

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.

<table>
<thead>
<tr>
<th>Description</th>
<th>Judgments and Uncertainties</th>
<th>Effect if Actual Results Differ From Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Recognition</td>
<td>Our revenue recognition accounting methodology contains uncertainties because it requires management to make assumptions and to apply judgment to estimate the value of future credits to customers for price protection and stock rotation. Our estimates of the amount and timing of the reserves is based primarily on distributors’ indicated intent, historical data, current economic conditions and contractual terms.</td>
<td>We have not made any material changes in our accounting methodology used to record revenue allowances for the years ended December 31, 2012, 2011 and 2010. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that would have a material impact to our consolidated financial statements.</td>
</tr>
<tr>
<td>Allowance for Doubtful Accounts</td>
<td>Our allowance for doubtful accounts methodology contains uncertainties because it requires management to apply judgment to evaluate credit risk and collectability of aged accounts receivables based on historical experience and forward looking assumptions.</td>
<td>We have not made any material changes in our accounting methodology used to create and maintain the allowance for doubtful accounts for the years ended December 31, 2012, 2011 and 2010. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that would have a material impact to our consolidated financial statements.</td>
</tr>
<tr>
<td>Description</td>
<td>Judgments and Uncertainties</td>
<td>Effect if Actual Results Differ From Assumptions</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Inventory Valuation</strong></td>
<td>Our inventory reserves contain uncertainties because the calculation requires management to make assumptions and to apply judgment regarding historical experience, forecasted demand and technological obsolescence.</td>
<td>We have not made any material changes to our inventory reserve methodology for the years ended December 31, 2012, 2011 and 2010. We do not believe that significant changes will be made in future estimates or assumptions we use to calculate these reserves. However, if our estimates are inaccurate or technological changes affect consumer demand we may be exposed to unforeseen gains or losses. A 10% difference in our inventory reserves at December 31, 2012 would affect our consolidated financial statements for the year then ended by approximately $0.6 million.</td>
</tr>
<tr>
<td><strong>Warranty Costs</strong></td>
<td>Our warranty reserve methodology contains uncertainties because it requires management to make assumptions and to apply judgment to estimate the value of future product returns by customers. Our estimates of the amount and timing of the reserves is based primarily on historical experience and specific contractual arrangements.</td>
<td>We have not made any material changes to our warranty reserve methodology for the years ended December 31, 2012, 2011 and 2010. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that would have a material impact to our consolidated financial statements.</td>
</tr>
<tr>
<td><strong>Marketable Securities</strong></td>
<td>The valuations include numerous assumptions such as assessments of the underlying structure of each security, expected cash flows, discount rates, credit ratings, workout periods and overall capital market liquidity. Further, the determination of whether the impairment is temporary or other-than-temporary requires significant judgment regarding the extent and timing of declines in value versus its cost basis.</td>
<td>While we have not made any material changes to our valuation methodology for the years ended December 31, 2012, 2011 and 2010, capital market expectations, liquidity and rates have fluctuated in the periods. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that would have a material impact to our consolidated financial statements.</td>
</tr>
</tbody>
</table>

We value our inventory at lower of cost or market (LCM), using the first-in, first-out method. We establish reserves for excess and obsolete inventory based upon a review of forecasted short-term demand in relation to on-hand inventory, salability, general market conditions, and product life cycles.

We provide for potential warranty claims by recording a current charge to income. We estimate potential claims by examining current and historical returns, current economic conditions and contractual terms to provide for an amount which we believe will cover future warranty obligations for products sold.

Available-for-sale securities are stated at fair value, as determined by quoted market prices or independent valuation models, which uses a combination of two calculations: (1) a discounted cash flow model and (2) a market comparables method. We review our investments on an ongoing basis for indications of possible impairment, and if an impairment is identified and considered other-than-temporary, it is recorded as a charge to income. The primary factors we consider in classifying the timing of an impairment are the extent to which and period of time that the fair value of each investment has declined below its cost basis. Unrealized
improvement gains in value subsequent to recording an impairment charge to income are reflected in other comprehensive income, whereas realized gains and losses are recorded through Other income (expense). The amortized cost of debt securities is adjusted for accretion of market discounts over the effective life of the debt securities and recorded through interest income.

Stock-Based Compensation

We have a stock-based compensation plan which includes non-qualified stock options, share awards, and an employee stock purchase plan. See Note 9 of Item 8 for a discussion of our stock-based compensation programs. We determine the fair value of stock-based compensation for our non-qualified stock options and employee stock purchase plans at the date of grant using the Black Scholes option-pricing model. Our determination of fair value of share-based payment awards on the date of grant contains assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, our expected stock price volatility over the term of the award, risk-free rate, the expected life and potential forfeitures of awards. Management periodically evaluates these assumptions and updates stock-based compensation expense accordingly.

Valuation of Long-Lived Assets

Long-lived assets is primarily comprised of fixed 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. We assess the impairment of long-lived assets whenever events or option-pricing models and generally accepted valuation techniques require management to make assumptions and to apply judgment to determine the fair value of our awards. These assumptions and judgments include estimating the future rates of volatility of our stock price, employee turnover and employee stock option exercise behaviors. Changes in these assumptions can materially affect the fair value estimate and stock based compensation recognized by the Company.

We have not made any material changes in the accounting methodology we used to calculate stock-based compensation for the years ended December 31, 2012, 2011 and 2010. We do not believe that there is a reasonable likelihood there will be a material change in future estimates or assumptions used to determine stock-based compensation expense.

We have not made any material changes in the accounting methodology we use to assess impairment loss for the years ended December 31, 2012, 2011 and 2010. As of December 31, 2012, we evaluated fixed assets for impairment and performed a recoverability analysis based on undiscounted cash flows. The results of the analysis indicate that
changes in circumstances indicate that their carrying value may not be recoverable. The assets are fully-recoverable. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to calculate long-lived asset impairment losses. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we may record material losses.

**Income Taxes**

We account for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between tax and financial reporting. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

Management judgment is required in developing our provision for income taxes, including the determination of deferred tax assets and liabilities and any valuation allowances that might be required against the deferred tax assets. We maintain a full valuation allowance on our deferred tax assets. Accordingly, we have not recorded a benefit or provision for income taxes other than for the refund of certain research and experimental tax credits during 2010.

We have not made any material changes in the accounting methodology we used to measure our deferred tax asset valuation allowance for the years ended December 31, 2012, 2011 and 2010. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to record our valuation allowances for deferred tax assets. However, if actual results are not consistent with our estimates and assumptions used in estimating future taxable income, we may record material income tax benefits.
RESULTS OF OPERATIONS

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>101.1</td>
<td>79.6</td>
<td>65.0</td>
</tr>
<tr>
<td>Gross (loss) profit</td>
<td>(1.1%)</td>
<td>20.4%</td>
<td>35.0%</td>
</tr>
<tr>
<td>Research and development expense</td>
<td>39.0</td>
<td>29.5</td>
<td>23.1</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>21.5</td>
<td>23.0</td>
<td>12.9</td>
</tr>
<tr>
<td>Restructuring charges and impairment recovery</td>
<td>2.1</td>
<td>0.7</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(63.7%)</td>
<td>(32.8%)</td>
<td>(0.2%)</td>
</tr>
<tr>
<td>Interest income</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-</td>
<td>-</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>1.2</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td>(Loss) income before income taxes</td>
<td>(62.0%)</td>
<td>(32.3%)</td>
<td>0.5%</td>
</tr>
<tr>
<td>Benefit from income taxes</td>
<td>-</td>
<td>-</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>(62.0%)</td>
<td>(32.3%)</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

2012 COMPARED TO 2011

NET SALES. Net sales for the year ended December 31, 2012 decreased 26.3% to $112.6 million, compared to net sales for the year ended December 31, 2011 of $152.8 million. The net sales decrease primarily resulted from a decrease in market demand for WCDMA cellular device markets.

Net sales for the year ended December 31, 2012 of the Company’s cellular wireless products decreased 29.9% to $83.8 million compared to net sales for the year ended December 31, 2011 of $119.5 million. The decrease in sales was primarily the result of decreased demand in our WCDMA cellular device markets primarily due to decreased demand from our former largest customer due to certain products reaching end of life and their change in chipset providers that do not utilize our power amplifiers.

Net sales for the year ended December 31, 2012 of the Company’s infrastructure products decreased 15.9% to $23.7 million compared to net sales for the year ended December 31, 2011 of $28.2 million. The decrease in sales was primarily due to decreased demand for tuner and splitter products in cable set-top box applications.

Net sales for the year ended December 31, 2012 of the Company’s WiFi products remained flat at $5.1 million compared to net sales for the year ended December 31, 2011.

GROSS MARGIN. Gross margin for 2012 decreased to (1.1%) of net sales, compared with 20.4% of net sales in the prior year. The decrease in gross margin was primarily due to lower production and sales volume and a concentration of fixed costs as a percent of smaller revenues. Fixed production costs include, but are not limited to depreciation, maintenance and operations’ support functions.

RESEARCH & DEVELOPMENT. Company-sponsored Research and development (R&D) expenses decreased 2.5% during 2012 to $43.9 million from $45.0 million during 2011. The decrease was primarily due to a management separation charge of $0.8 million included in the first quarter of 2011.

SELLING AND ADMINISTRATIVE. Selling and administrative expenses decreased 30.9% during 2012 to $24.3 million from $35.1 million in 2011. The decrease was primarily due to cost savings from staff reductions
from restructurings and the elimination of management separation charges recorded in the first and fourth quarters of 2011 which total $6.4 million.

RESTRUCTURING CHARGES. During 2012, we implemented workforce reductions that eliminated approximately 40 positions throughout the Company, resulting in restructuring charges of $2.3 million for severance, related benefits and other costs. During the second quarter of 2011, we implemented workforce reductions, which eliminated approximately 40 positions throughout the Company, resulting in a restructuring charge of $1.0 million for severance and related benefits.

OTHER INCOME, NET. During 2012, Other income of $1.4 million was primarily from redemption proceeds received on one of our auction rate securities (ARS) which was in excess of our amortized cost basis.

2011 COMPARED TO 2010

NET SALES. Net sales for the year ended December 31, 2011 decreased 29.5% to $152.8 million, compared to net sales for the year ended December 31, 2010 of $216.7 million. The net sales decrease primarily resulted from a decrease in market demand for WCDMA cellular device markets and in infrastructure from lower cable set-top box and WiMax applications’ demand.

Net sales for the year ended December 31, 2011 of the Company’s cellular wireless products decreased 25.3% to $119.5 million compared to net sales for the year ended December 31, 2010 of $159.9 million. The decrease in sales was primarily the result of decreased demand in our WCDMA cellular device markets due to 1) declines at one of our largest customers due to certain products reaching end of life and their change in chipset providers that do not utilize our power amplifiers and 2) a decline in the market penetration of datacard products for embedded wireless connectivity.

Net sales for the year ended December 31, 2011 of the Company’s infrastructure products decreased 46.7% to $28.2 million compared to net sales for the year ended December 31, 2010 of $52.8 million. The decrease in sales was primarily due to decreased demand from cable set-top box and WiMax applications.

Net sales for the year ended December 31, 2011 of the Company’s WiFi products increased 29.6% to $5.1 million compared to net sales for the year ended December 31, 2010 of $4.0 million. The increase in sales was primarily due to increased demand from laptop applications.

GROSS MARGIN. Gross margin for 2011 decreased to 20.4% of net sales, compared with 35.0% of net sales in the prior year. The decrease in gross margin was primarily due to lower production and sales volume and a concentration of fixed costs as a percent of smaller revenues. Fixed production costs include, but are not limited to depreciation, maintenance and operations’ support functions.

RESEARCH & DEVELOPMENT. Company-sponsored Research and development (R&D) expenses decreased 10.1% during 2011 to $45.0 million from $50.1 million during 2010. The decrease resulted from improved controls over our key projects, lower labor costs and recruitment expense.

SELLING AND ADMINISTRATIVE. Selling and administrative expenses increased 25.6% during 2011 to $35.1 million from $28.0 million in 2010. The increase was primarily due to management separation charges recorded in the first and fourth quarters of 2011 totaling $6.4 million.

RESTRUCTURING CHARGES AND IMPAIRMENT RECOVERY. During the second quarter of 2011, we implemented workforce reductions, which eliminated approximately 40 positions, resulting in a restructuring charge of $1.0 million for severance and related benefits. During the second quarter of 2010, we sold the wafer fabrication building in Kunshan, China which had been fully written-off in 2008. The sale resulted in a net recovery of $1.7 million.

BENEFIT FROM INCOME TAXES. The Housing and Economic Recovery Act of 2008 included the partial refund of certain carried-forward Research and Experimental (R&E) tax credits. During the third quarter of 2010, the Company finalized and filed its R&E claim as part of its 2009 Federal tax return and subsequently received cash of $0.3 million. Such refund was recorded as a benefit from income taxes.
LIQUIDITY AND SOURCES OF CAPITAL

At December 31, 2012 we had $24.9 million of cash and cash equivalents and $26.6 million in marketable securities.

Operations used $43.6 million in cash during 2012, primarily as a result of our operating results adjusted for non-cash expenses, as reduced by $4.8 million of cash generated by reducing working capital. Investing activities provided $33.1 million of cash during 2012, consisting of net sales of marketable securities of $35.9 million, which were partly offset by purchases of equipment of $2.8 million. Financing activities provided $2.8 million of cash during 2012, consisting of proceeds received from the employee stock purchase plan and stock option exercises.

At December 31, 2012, the Company had unconditional purchase obligations of approximately $3.4 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 complementary businesses or technologies, investments in other companies or repurchases of our 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.

The table below summarizes required cash payments as of December 31, 2012:

<table>
<thead>
<tr>
<th>CONTRACTUAL OBLIGATIONS</th>
<th>PAYMENTS DUE BY PERIOD (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Operating leases</td>
<td>10,528</td>
</tr>
<tr>
<td>Unconditional purchase obligations</td>
<td>3,407</td>
</tr>
<tr>
<td>Total contractual cash obligations</td>
<td>$13,935</td>
</tr>
</tbody>
</table>

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Changes to accounting principles generally accepted in the United States of America are established by the Financial Accounting Standards Board (FASB) in the form of Accounting Standards Updates to the FASB’s Accounting Standards Codification.

In May 2011, the FASB issued guidance on fair value measurements and disclosure requirements. The guidance provides a consistent definition of fair value to ensure fair value measurement and disclosure requirements are similar between U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. This guidance is effective for interim and annual periods beginning on or after December 15, 2011. Adoption of this guidance did not have a material impact on our consolidated financial statements.

In February 2013, the FASB amended its disclosure requirements for those amounts reclassified out of accumulated other comprehensive income. Entities are required to separately disclose each component of other comprehensive income, current period reclassifications out of accumulated other comprehensive income, and other amounts of current-period other comprehensive income. Additional information will be required about the effects on net income of significant amounts reclassified out of each component of accumulated other comprehensive income. These additional disclosure requirements will be required for reporting periods beginning after December 31, 2012 and will not have an impact on our consolidated financial statements.

In December 2011, the FASB and International Accounting Standards Board (“IASB”) issued joint requirements related to balance sheet disclosures related to offsetting assets and liabilities. Entities are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the
statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards (“IFRS”). Disclosures are required to be retrospective for all comparative periods presented. We are required to adopt this standard for the first quarter of 2013. We do not expect this accounting standard to have a material impact on our condensed consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

None.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our cash and available-for-sale securities are exposed to changes in short-term interest rates. Our available-for-sale securities consist of fixed income securities, U.S. government agency debt securities, a corporate bond security and certain auction rate securities, the latter of which are discussed more specifically below. 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, 2012, we held marketable securities with an estimated fair value of $26.6 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, 2012:

<table>
<thead>
<tr>
<th>Estimated Principal Amount and Weighted Average Stated Interest Rate by Expected Maturity Value</th>
<th>Fair Value ($’s 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
</tr>
<tr>
<td>Principal</td>
<td>$17,700</td>
</tr>
<tr>
<td>Weighted Average Stated Interest Rates</td>
<td>1.63%</td>
</tr>
</tbody>
</table>

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 valued 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.

We invest the majority of our cash in money market funds, fixed income securities and U.S. government agency debt securities in order to protect principal, maintain liquidity as well as fund operations. Fluctuations in interest rates will affect the yield on monies invested by the Company. 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.

We invest the majority of our cash in money market funds, fixed income securities and U.S. government agency debt securities in order to protect principal, maintain liquidity as well as fund operations. Fluctuations in interest rates will affect the yield on monies invested by the Company. 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 marketable securities are classified as available-for-sale and therefore reported on our balance sheet at market value. Within our $26.6 million in marketable securities at December 31, 2012, we held a total of $10.3 million of fixed income securities, $7.5 million of U.S. government agency debt securities, $5.7 million of
auction rate securities (ARS), and $3.1 million as a former-auction corporate debt security originally purchased as an ARS prior to its exchange for the underlying 30 year notes due 2037. ARS were a short-term cash management instrument used by the market and the Company prior to 2008. The instrument used a monthly Dutch auction process to provide liquidity on long-term financial instruments by resetting the applicable interest rate and through the reset, allowed existing investors to rollover or liquidate their holdings at par value. During the second half of 2007 and the first quarter of 2008, ARS failed to auction due to sell orders exceeding buy orders and trading continues to be constrained. The funds associated with the failed auctions will not be accessible until a successful auction occurs, a suitable buyer is found outside of the auction process or an issuer redeems its security.

We anticipate selling the existing and former-auction corporate debt securities prior to a recovery in valuation. We will continue to monitor and evaluate these investments for impairment and for short term classification purposes. We may not be able to access cash by selling the aforementioned debt or preferred securities without the loss of principal until a buyer is located, a future auction for these investments is successful, they are redeemed by their issuers 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 or in perpetuity for the preferred ARS. Based on our ability to access our cash, 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.
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
ANADIGICS, Inc.

We have audited the accompanying consolidated balance sheets of ANADIGICS, Inc. as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audit also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 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 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. at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

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, 2012, 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 28, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 28, 2013
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$112,643</td>
<td>$152,827</td>
<td>$216,714</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>113,869</td>
<td>121,724</td>
<td>140,869</td>
</tr>
<tr>
<td><strong>Gross (loss) profit</strong></td>
<td>(1,226)</td>
<td>31,103</td>
<td>75,845</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>43,892</td>
<td>45,037</td>
<td>50,120</td>
</tr>
<tr>
<td><strong>Selling and administrative expenses</strong></td>
<td>24,289</td>
<td>35,138</td>
<td>27,977</td>
</tr>
<tr>
<td><strong>Restructuring charges and impairment recovery</strong></td>
<td>2,338</td>
<td>1,047</td>
<td>(1,717)</td>
</tr>
<tr>
<td></td>
<td>70,519</td>
<td>81,222</td>
<td>76,380</td>
</tr>
<tr>
<td><strong>Operating loss</strong></td>
<td>(71,745)</td>
<td>(50,119)</td>
<td>(535)</td>
</tr>
<tr>
<td><strong>Interest income</strong></td>
<td>-</td>
<td>528</td>
<td>576</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>-</td>
<td>(25)</td>
<td>(154)</td>
</tr>
<tr>
<td><strong>Other income, net</strong></td>
<td>1,364</td>
<td>245</td>
<td>868</td>
</tr>
<tr>
<td><strong>(Loss) income before income taxes</strong></td>
<td>(69,853)</td>
<td>(49,323)</td>
<td>963</td>
</tr>
<tr>
<td><strong>Benefit from income taxes</strong></td>
<td>-</td>
<td>-</td>
<td>(297)</td>
</tr>
<tr>
<td><strong>Net (loss) income</strong></td>
<td>(69,853)</td>
<td>(49,323)</td>
<td>1,260</td>
</tr>
<tr>
<td><strong>(Loss) earnings per share:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (0.99)</td>
<td>$ (0.73)</td>
<td>$ 0.02</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (0.99)</td>
<td>$ (0.73)</td>
<td>$ 0.02</td>
</tr>
<tr>
<td>Weighted average common shares outstanding used in computing (loss) earnings per share:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>70,721</td>
<td>67,771</td>
<td>65,084</td>
</tr>
<tr>
<td>Diluted</td>
<td>70,721</td>
<td>67,771</td>
<td>67,554</td>
</tr>
</tbody>
</table>
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME  
(AMOUNTS IN THOUSANDS)

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$ (69,853)</td>
</tr>
<tr>
<td>Other comprehensive (loss) income:</td>
<td></td>
</tr>
<tr>
<td>Unrealized gain (loss) on marketable securities</td>
<td>2,193</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>6</td>
</tr>
<tr>
<td>Reclassification adjustment:</td>
<td></td>
</tr>
<tr>
<td>Net recognized gain on marketable securities previously included in other comprehensive (loss) income</td>
<td>(1,393)</td>
</tr>
<tr>
<td>Comprehensive (loss) income</td>
<td>$ (69,047)</td>
</tr>
</tbody>
</table>

See accompanying notes.
ANADIGICS, INC.  
CONSOLIDATED BALANCE SHEETS  
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)  

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$24,949</td>
<td>$32,695</td>
</tr>
<tr>
<td>Short-term marketable securities</td>
<td>17,750</td>
<td>24,127</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $172 at December 31, 2012 and December 31, 2011</td>
<td>12,233</td>
<td>17,329</td>
</tr>
<tr>
<td>Inventories</td>
<td>18,840</td>
<td>19,733</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>3,031</td>
<td>3,198</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$76,803</td>
<td>$97,082</td>
</tr>
<tr>
<td><strong>Marketable securities</strong></td>
<td>8,811</td>
<td>36,756</td>
</tr>
<tr>
<td><strong>Plant and equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment and furniture</td>
<td>200,873</td>
<td>199,908</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>46,810</td>
<td>46,667</td>
</tr>
<tr>
<td>Projects in process</td>
<td>1,964</td>
<td>2,049</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation and amortization</strong></td>
<td>249,647</td>
<td>248,624</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>219</td>
<td>239</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$126,881</td>
<td>$188,801</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND STOCKHOLDERS EQUITY** |                  |
| **Current liabilities:**               |                  |
| Accounts payable                       | $14,099          | $11,905          |
| Accrued liabilities                    | 4,345            | 7,946            |
| Accrued restructuring costs            | 395              | -                |
| Total current liabilities              | 18,839           | 19,851           |
| **Other long-term liabilities**        | 2,017            | 2,425            |
| **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, 2012 and 2011, and 71,853 and 69,394 issued at December 31, 2012 and 2011, respectively | 719             | 694               |
| Additional paid-in capital             | 611,279          | 602,757          |
| Accumulated deficit                   | (508,966)        | (439,113)        |
| Accumulated other comprehensive income | 3,252            | 2,446            |
| Treasury stock at cost: 115 shares at December 31, 2012 and 2011 | (259)            | (259)            |
| Total stockholders’ equity            | $126,881         | $188,801         |

See accompanying notes.
### CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(AMOUNTS IN THOUSANDS)

<table>
<thead>
<tr>
<th></th>
<th>Common Stock Shares</th>
<th>Common Stock Amount</th>
<th>Treasury Stock Shares</th>
<th>Treasury Stock Amount</th>
<th>Additional Paid-In Capital</th>
<th>Accumulated Deficit</th>
<th>Accumulated Other Comprehensive Income (loss)</th>
<th>Total Stockholders' Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance, December 31, 2009</strong></td>
<td>64,517</td>
<td>$645</td>
<td>(115)</td>
<td>$259</td>
<td>$576,975</td>
<td>$(391,050)</td>
<td>$2,747</td>
<td>$189,058</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>758</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued under employee stock purchase plan</td>
<td>488</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted stock activity, net of forfeitures</td>
<td>1,153</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of stock-based compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, December 31, 2010</td>
<td>66,916</td>
<td>$669</td>
<td>(115)</td>
<td>$259</td>
<td>$589,562</td>
<td>$(389,790)</td>
<td>$2,782</td>
<td>$202,964</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>441</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued under employee stock purchase plan</td>
<td>384</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted stock activity, net of forfeitures</td>
<td>1,653</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of stock-based compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(336)</td>
<td>$(336)</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, December 31, 2011</td>
<td>69,394</td>
<td>$694</td>
<td>(115)</td>
<td>$259</td>
<td>$602,757</td>
<td>$(439,113)</td>
<td>$2,446</td>
<td>$166,525</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>950</td>
<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares issued under employee stock purchase plan</td>
<td>407</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted stock activity, net of forfeitures</td>
<td>1,102</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of stock-based compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$(49,323)</td>
<td>$(49,323)</td>
</tr>
<tr>
<td>Balance, December 31, 2012</td>
<td>71,853</td>
<td>$719</td>
<td>(115)</td>
<td>$259</td>
<td>$611,279</td>
<td>$(508,966)</td>
<td>$3,252</td>
<td>$106,025</td>
</tr>
</tbody>
</table>

See accompanying notes.
## ANADIGICS, INC.
### CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

#### YEAR ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net (loss) income</td>
<td>$(69,853)</td>
<td>$(49,323)</td>
<td>$1,260</td>
</tr>
<tr>
<td>Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>16,530</td>
<td>18,239</td>
<td>19,115</td>
</tr>
<tr>
<td>Stock based compensation</td>
<td>5,797</td>
<td>11,514</td>
<td>9,235</td>
</tr>
<tr>
<td>Amortization of premium on marketable securities</td>
<td>636</td>
<td>405</td>
<td>-</td>
</tr>
<tr>
<td>Marketable securities recovery, accretion, impairment and other</td>
<td>(1,393)</td>
<td>(208)</td>
<td>808</td>
</tr>
<tr>
<td>Recovery on sale of China building</td>
<td>-</td>
<td>-</td>
<td>(1,717)</td>
</tr>
<tr>
<td>Gain on disposal of equipment</td>
<td>(89)</td>
<td>(41)</td>
<td>(116)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>5,096</td>
<td>17,970</td>
<td>(15,286)</td>
</tr>
<tr>
<td>Inventories</td>
<td>893</td>
<td>1,001</td>
<td>(2,484)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>191</td>
<td>190</td>
<td>(784)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>2,194</td>
<td>(6,045)</td>
<td>5,971</td>
</tr>
<tr>
<td>Accrued and other liabilities</td>
<td>(3,608)</td>
<td>(2,509)</td>
<td>(1,251)</td>
</tr>
<tr>
<td>Net cash (used in) provided by operating activities</td>
<td>(43,606)</td>
<td>(8,807)</td>
<td>13,135</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of plant and equipment</td>
<td>(2,816)</td>
<td>(5,229)</td>
<td>(5,747)</td>
</tr>
<tr>
<td>Proceeds from sale of building and equipment</td>
<td>47</td>
<td>348</td>
<td>1,918</td>
</tr>
<tr>
<td>Purchases of marketable securities</td>
<td>(34,530)</td>
<td>(65,152)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from sales and redemptions of marketable securities</td>
<td>70,409</td>
<td>12,700</td>
<td>1,275</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>33,110</td>
<td>(57,333)</td>
<td>(2,554)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuances of common stock, net of related costs</td>
<td>2,750</td>
<td>1,706</td>
<td>3,376</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>2,750</td>
<td>1,706</td>
<td>3,376</td>
</tr>
<tr>
<td>Net (decrease) increase in cash and cash equivalents</td>
<td>(7,746)</td>
<td>(64,434)</td>
<td>13,957</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period</td>
<td>32,695</td>
<td>97,129</td>
<td>83,172</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>$24,949</td>
<td>$32,695</td>
<td>$97,129</td>
</tr>
</tbody>
</table>
Supplemental disclosures of cash flow information:

| Net taxes paid (refund) | $152 | $136 | $(243) |

See accompanying notes.
ANADIGICS, INC.

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 global leader in the design and manufacture of radio frequency semiconductor solutions for cellular wireless, WiFi, and infrastructure applications. The Company’s product portfolio includes power amplifiers, FEICs, FEMs, and line amplifiers. The Company’s cellular wireless products enable mobile handsets, smartphones, tablets, notebooks, datacards, automotive, M2M, and industrial devices to access 3G and 4G wireless networks utilizing international standards, such as LTE, HSPA, WCDMA, EVDO, CDMA and WiMAX. The Company’s WiFi products enable wireless LAN connectivity for mobile and fixed-point devices, such as smartphones, tablets, notebooks, and base stations, optimizing the latest WiFi standards, including 802.11ac and 802.11n. The Company’s infrastructure solutions include both wireless infrastructure and CATV products. The Company’s wireless infrastructure power amplifiers enable 3G and 4G small-cell bastions, while its CATV products provide the critical link in CATV infrastructure network devices, as well as set-top boxes and cable modems. The Company believes its solutions are well positioned to address these market dynamics and will enable it to outpace the overall end product unit growth in the cellular wireless, WiFi, and infrastructure communications markets.

The Company designs, develops and manufactures RFICs primarily using GaAs compound semiconductor substrates with various process technologies, MESFET, pHEMT, and 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.

The Company has evaluated subsequent events and determined that, other than the workforce reduction disclosed in Note 2, there were no subsequent events to recognize or disclose in these consolidated financial statements.

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: allowance for doubtful accounts, recoverability and valuation of inventories, warranty reserve, valuation of 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:

<table>
<thead>
<tr>
<th>Customer (primary application)</th>
<th>2012</th>
<th>%</th>
<th>2011</th>
<th>%</th>
<th>2010</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electronics (Wireless)</td>
<td>$34,372</td>
<td>31%</td>
<td>$29,326</td>
<td>19%</td>
<td>$24,052</td>
<td>11%</td>
</tr>
<tr>
<td>Huawei Technologies (Wireless)</td>
<td>$15,169</td>
<td>14%</td>
<td>&lt;10%</td>
<td>&lt;10%</td>
<td>&lt;10%</td>
<td>&lt;10%</td>
</tr>
<tr>
<td>ZTE Corporation (Wireless)</td>
<td>$12,818</td>
<td>11%</td>
<td>$20,416</td>
<td>13%</td>
<td>$21,772</td>
<td>10%</td>
</tr>
<tr>
<td>Research In Motion Limited (Wireless)</td>
<td>&lt;10%</td>
<td>&lt;10%</td>
<td>$33,704</td>
<td>22%</td>
<td>$56,284</td>
<td>26%</td>
</tr>
</tbody>
</table>

Accounts receivable at December 31, 2012 and 2011 from the greater than 10% customers accounted for 69% and 62% of total accounts receivable, respectively.

REVENUE RECOGNITION

Revenue from product sales is recognized when title to the products is transferred to the customer, which occurs upon shipment or delivery, depending upon the terms of the sales order. The Company sells to certain distributors who are granted limited contractual right of return and exchange and certain pre-negotiated individual product-customer price protection. Revenue from sales of products to distributors is recognized, net of allowances, upon shipment of the products to the distributors. At the time of shipment, title transfers to the distributors and payment from the distributors is due on our standard commercial terms; payment terms are not contingent upon resale of the products. Revenue is appropriately reduced for the portion of shipments subject to return, exchange or price protection. Allowances for the distributors are recorded upon shipment and calculated based on the distributors’ indicated intent, historical data, current economic conditions and contractual terms. The Company believes it can reasonably and reliably estimate allowances for credits to distributors in a timely manner. 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.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company establishes an allowance for doubtful accounts for estimated losses resulting from customers' failure to make payments, based upon historical experience.

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 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 3-7 years. Leasehold improvements are amortized and included in depreciation over the useful life of the leasehold or the life of the lease, whichever is shorter.

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 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 other than for the refund of certain research and experimental tax credits during 2010. The Company recognizes interest and penalties related to the underpayment of income taxes in income tax expense. No unrecognized tax benefits, interest or penalties were accrued at December 31, 2012 and 2011. 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 to be cash equivalents.

MARKETABLE SECURITIES

Available for sale securities are stated at fair value, as determined by quoted market prices or as needed, independent valuation models, with unrealized gains and losses reported in other accumulated comprehensive income or loss. Unrealized losses are reviewed and those considered other than temporary are recorded as a charge to other income (expense). Subsequent gains or losses upon redemption or sale of these securities in excess of, or below, their adjusted cost basis are also recorded as other income (expense). The Company considers it more likely than not that it will sell certain auction rate securities prior to a full recovery in valuation. The cost of securities sold is based upon the specific identification method. The amortized cost of securities is adjusted for amortization of premium and accretion of market discounts over the securities’ effective life or maturity and recorded in interest income. See Note 4 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. The Company capitalizes production overhead costs to inventory on the basis of normal capacity of its production facility and in periods of abnormally low utilization charges the related expenses as a period cost in the statement of operations. 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. Once established, these write-downs are considered permanent adjustments to the cost basis of the excess inventory. If actual demand and market conditions are less favorable than those projected by management, additional inventory write-downs may be required. In the event the Company sells inventory that had been covered by a specific inventory reserve, the sale is recorded at the actual selling price and the related cost of goods sold at the full inventory cost, net of the reserve.

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 earnings per share is computed by dividing net (loss) 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 awards 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 that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. 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. See Note 4 for additional fair value disclosures.

STOCK-BASED COMPENSATION

The Company has various stock-based compensation plans for employees and directors, which are described more fully in Note 10. The Company records stock compensation expense for all stock-based payment awards made to its employees and directors. 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.

RECLASSIFICATIONS

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

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Changes to accounting principles generally accepted in the United States of America are established by the Financial Accounting Standards Board (FASB) in the form of Accounting Standards Updates to the FASB’s Accounting Standards Codification.

In May 2011, the FASB issued guidance on fair value measurements and disclosure requirements. The guidance provides a consistent definition of fair value to ensure fair value measurement and disclosure requirements are similar between U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. This guidance is effective for interim and annual periods beginning on or after December 15, 2011. Adoption of this guidance did not have a material impact on the Company’s consolidated financial statements.

In February 2013, the FASB amended its disclosure requirements for those amounts reclassified out of accumulated other comprehensive income. Entities are required to separately disclose each component of other comprehensive income, current period reclassifications out of accumulated other comprehensive income, and other amounts of current-period other comprehensive income. Additional information will be required about the effects on net income of significant amounts reclassified out of each component of accumulated other comprehensive income. These additional disclosure requirements will be required for reporting periods beginning after December 31, 2012 and will not have an impact on the Company’s consolidated financial statements.

In December 2011, the FASB and International Accounting Standards Board (“IASB”) issued joint requirements related to balance sheet disclosures related to offsetting assets and liabilities. Entities are required to
disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards (“IFRS”). Disclosures are required to be retrospective for all comparative periods presented. The Company is required to adopt this standard for the first quarter of 2013. The Company does not expect this accounting standard to have a material impact on our condensed consolidated financial statements.

2. RESTRUCTURING, MANAGEMENT SEPARATION CHARGES, IMPAIRMENT RECOVERY, AND SUBSEQUENT EVENT

RESTRUCTURING
During 2012, the Company implemented workforce reductions that eliminated approximately 40 positions throughout the Company, resulting in restructuring charges of $2,338 for severance, related benefits and other costs.

During 2011, the Company implemented a workforce reduction that eliminated approximately 40 positions throughout the Company, resulting in a Restructuring charge of $1,047 for severance and related benefits.

Activity and liability balances related to the restructurings were as follows:

<table>
<thead>
<tr>
<th>December 31, 2010 balance</th>
<th>Accrued Restructuring Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring expense</td>
<td>1,047</td>
</tr>
<tr>
<td>Payments</td>
<td>(1,047)</td>
</tr>
<tr>
<td>December 31, 2011 balance</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring expense</td>
<td>2,338</td>
</tr>
<tr>
<td>Payments</td>
<td>(1,943)</td>
</tr>
<tr>
<td>December 31, 2012 balance</td>
<td>$395</td>
</tr>
</tbody>
</table>

MANAGEMENT SEPARATION CHARGES
During the fourth quarter of 2011, the Company recorded a $4,234 management separation charge, inclusive of accelerated stock-based compensation of $1,775, within Selling and administrative expenses. The management separation charge arose from the resignation of our former Chief Financial Officer, and included contractual separation pay, accelerated vesting of certain equity awards, and certain other costs.

During the first quarter of 2011, the Company recorded certain management separation charges of $838 and $2,111, inclusive of accelerated stock-based compensation of $568 and $116, within Research and development and Selling and administrative expenses, respectively. The management separation charges arose from the resignations of our former Chief Executive Officer and another Executive Officer, and included contractual separation pay, accelerated vesting of certain equity awards, and certain other costs.

IMPAIRMENT RECOVERY
During 2008, the Company had written-off the value of an unfinished wafer fabrication building in Kunshan, China following an evaluation of alternatives in light of the then current circumstances, including: surplus industry production capacity, reduced demand experienced by the Company as well as the broader macroeconomic environment. As a result of its analysis of projected discounted cashflows, the Company recorded a $12,957 impairment charge in 2008 related to the China wafer fabrication facility. During the second quarter of 2010, the Company sold this wafer fabrication building for net proceeds of $1,717, resulting in the partial recovery of a related impairment charge.

SUBSEQUENT EVENT
In February 2013, the Company implemented a workforce reduction that eliminated approximately 25 positions throughout the Company and anticipates recording approximately $1.9 million of restructuring charges during the first quarter of 2013 covering severance, related benefits and other costs.
3. SEGMENTS

The Company has one reportable segment. Its ICs are primarily manufactured using common manufacturing facilities located in the same domestic geographic area. The method for determining what information to report is based on management’s use of financial information for the purposes of assessing performance and making operating decisions. 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 operating segment information. The Company’s business units share similar long term business models, research and development expenses and selling and administrative expenses. The Company has concluded at December 31, 2012 that it has only one reportable segment. The Company will re-assess its conclusions at least annually.

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

<table>
<thead>
<tr>
<th>End Application</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Cellular wireless</td>
<td>$83,809</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>23,690</td>
</tr>
<tr>
<td>WiFi</td>
<td>5,144</td>
</tr>
<tr>
<td>Total</td>
<td>$112,643</td>
</tr>
</tbody>
</table>

The Company sells to five geographic regions: Asia, Europe, Latin America, USA and Other. The geographic region is determined by the destination of the shipped product. Net sales to each of the five geographic regions are as follows:

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Asia</td>
<td>$92,652</td>
</tr>
<tr>
<td>Europe</td>
<td>3,881</td>
</tr>
<tr>
<td>Latin America</td>
<td>9,101</td>
</tr>
<tr>
<td>USA</td>
<td>6,601</td>
</tr>
<tr>
<td>Other</td>
<td>408</td>
</tr>
<tr>
<td>Total</td>
<td>$112,643</td>
</tr>
</tbody>
</table>

4. FAIR VALUE AND MARKETABLE SECURITIES

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Inputs used to measure fair value are classified in the following hierarchy:

- **Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities
- **Level 2** Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability
- **Level 3** Unobservable inputs for the asset or liability
The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table presents a summary of fair value information for available-for-sale securities:

<table>
<thead>
<tr>
<th>Security Type</th>
<th>Amortized Cost Basis</th>
<th>Fair Value</th>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Income Securities (2)</strong></td>
<td>$32,574</td>
<td>$32,532</td>
<td>-</td>
<td>$32,532</td>
<td>-</td>
</tr>
<tr>
<td><strong>U.S. Government Agency debt securities (2)</strong></td>
<td>19,573</td>
<td>19,556</td>
<td>19,556</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Former-auction corporate debt security (3)</strong></td>
<td>1,681</td>
<td>2,834</td>
<td>-</td>
<td>2,834</td>
<td>-</td>
</tr>
<tr>
<td><strong>Auction Rate Securities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Debt (3)</td>
<td>762</td>
<td>1,215</td>
<td>-</td>
<td>-</td>
<td>1,215</td>
</tr>
<tr>
<td>Preferred Equity</td>
<td>2,404</td>
<td>3,031</td>
<td>-</td>
<td>2,403</td>
<td>628</td>
</tr>
<tr>
<td>State and Municipal Debt (3)</td>
<td>1,434</td>
<td>1,715</td>
<td>-</td>
<td>$1,715</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total at December 31, 2011</strong></td>
<td>$58,428</td>
<td>$60,883</td>
<td>$19,556</td>
<td>$39,484</td>
<td>$1,843</td>
</tr>
<tr>
<td><strong>Fixed Income Securities (2)</strong></td>
<td>$10,235</td>
<td>$10,240</td>
<td>-</td>
<td>$10,240</td>
<td>-</td>
</tr>
<tr>
<td><strong>U.S. Government Agency debt securities (2)</strong></td>
<td>7,508</td>
<td>7,510</td>
<td>7,510</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Former-auction corporate debt security (3)</strong></td>
<td>1,740</td>
<td>3,078</td>
<td>-</td>
<td>3,078</td>
<td>-</td>
</tr>
<tr>
<td><strong>Auction Rate Securities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred Equity</td>
<td>2,404</td>
<td>4,081</td>
<td>-</td>
<td>2,513</td>
<td>1,568</td>
</tr>
<tr>
<td>State and Municipal Debt (3)</td>
<td>1,394</td>
<td>1,652</td>
<td>-</td>
<td>$1,652</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total at December 31, 2012</strong></td>
<td>$23,281</td>
<td>$26,561</td>
<td>$7,510</td>
<td>$17,483</td>
<td>$1,568</td>
</tr>
</tbody>
</table>

(1) Difference between amortized cost basis and fair value represents gross unrealized gain or loss.
(2) Available for sale debt securities with contractual maturities of 2 years or less.
(3) Available for sale debt securities with contractual maturities in excess of 10 years.

**AUCTION RATE SECURITIES AND FORMER-AUCTION CORPORATE DEBT SECURITY**

Auction rate securities (ARS) were a short-term cash management instrument used by the market and the Company prior to 2008. The instruments used a monthly Dutch auction process to provide liquidity on long-term financial instruments that reset the applicable interest rate and through the reset, allowed existing investors to rollover or liquidate their holdings at par value. During 2007 and early 2008, ARS failed to auction due to sell orders exceeding buy orders and trading continues to be constrained. The funds associated with the failed auctions will not be accessible until a successful auction occurs, a suitable buyer is found outside of the auction process or an issuer redeems its security. The Company considers it more likely than not that it will sell their marketable debt securities prior to a recovery in valuation.

Certain ARS market information was insufficient to determine the fair value of the Company’s investments in ARS resulting in Level 2 and Level 3 valuations. Given the complexity of ARS investments, the Company obtained the assistance of an independent valuation firm to assist management in assessing the fair value of its ARS portfolio. The third party valuations developed to estimate the ARS fair value were determined using a combination of two calculations (1) a discounted cash flow (DCF) model, where the expected cash flows of the ARS are discounted to the present using a yield that incorporates compensation for illiquidity, and (2) a market comparables (MC) method, where the ARS are valued based on indications, from the secondary market, of what discounts buyers demand when purchasing similar ARS. The valuations include numerous assumptions such as assessments of the underlying structure of each security, expected cash flows, discount rates, credit ratings, workout periods, and overall capital market liquidity.

Interest income of $118 and $179 was recognized to accrete the amortized cost basis of the Company’s existing and former-auction debt securities during the years ended December 31, 2012 and 2011, respectively.
The table below provides a reconciliation of the beginning and ending balances for each type of security valued using a Level 3 valuation.

<table>
<thead>
<tr>
<th>($ in 000’s)</th>
<th>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State &amp; Municipal Debt Security (a)</td>
<td>Corporate Debt Security (b)</td>
</tr>
<tr>
<td></td>
<td>Days ended December 31, 2011 and 2012</td>
<td></td>
</tr>
<tr>
<td>Balance at December 31, 2010</td>
<td>1,695</td>
<td>1,199</td>
</tr>
<tr>
<td>Transfers out of Level 3 (e)</td>
<td>(1,702)</td>
<td>-</td>
</tr>
<tr>
<td>Total gains or losses realized/unrealized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Included in net loss</td>
<td>75</td>
<td>36</td>
</tr>
<tr>
<td>Included in other comprehensive income</td>
<td>32</td>
<td>(20)</td>
</tr>
<tr>
<td>Redemptions</td>
<td>(100)</td>
<td>-</td>
</tr>
<tr>
<td>Ending Balance December 31, 2010</td>
<td>$-</td>
<td>$1,215</td>
</tr>
<tr>
<td>Transfers out of Level 3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total gains or losses realized/unrealized</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Included in net loss</td>
<td>-</td>
<td>1,250</td>
</tr>
<tr>
<td>Included in other comprehensive income</td>
<td>-</td>
<td>(452)</td>
</tr>
<tr>
<td>Redemptions</td>
<td>-</td>
<td>(2,013)</td>
</tr>
<tr>
<td>Ending Balance December 31, 2012</td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>

Amount of total gains or losses for the period included in earnings(loss) attributable to the change in unrealized gains or losses relating to Level 3 assets still held at the reporting date $- $- $- $- $-

Level 3 securities held at December 31, 2012:

- Face value | - | - | - | $3,125 | $3,125 |
- Financial ratings | - | - | A2 & NR |
- Weighted average interest rate (*) | - | - | - | 1.9% | 1.9% |
- Maturity date | - | - | - | N/A |

* The interest rates is based on a premium to one month LIBOR.

(a) Security represents an interest in pooled student loans that are guaranteed by the Federal Family Education Loan Program.

(b) Security issued by a publicly-held insurance company trust, which holds investments in U.S. Government obligations, highly rated commercial paper and money market funds and other investments approved by two credit rating agencies. The $2,500 face value security was redeemed by the issuer at a discount in the first quarter of 2012 for $2,013, resulting in a gain of $1,250 over its amortized cost basis.

(c) Preferred security issued by a diversified closed-end management investment company, which is governed by the Investment Company Act of 1940 with regard to operating standards, antifraud rules, diversification requirements and an asset coverage requirement for asset backing of 200% of the par value of the preferred stock issued.

(d) Preferred securities issued by subsidiaries of two publicly-held debt default insurers. For one security, the DCF model uses a 5% discount rate and MC method observed secondary markets for similar securities trading at a 25% discount to face value. For the second security, the DCF model discount rate and the secondary market discount were 34% and 81%, respectively. On a weighted average basis, the DCF discount rate and the secondary market discount were 15% and 45%, respectively.
(e) In the second quarter of 2011, the Company transferred its state and municipal debt security and closed-end preferred security from Level 3 to Level 2 after having assessed external valuations and observing sustained trading in similar securities.

5. INVENTORIES

Inventories consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Raw materials</td>
<td>$5,108</td>
</tr>
<tr>
<td>Work in progress</td>
<td>9,781</td>
</tr>
<tr>
<td>Finished goods</td>
<td>3,951</td>
</tr>
<tr>
<td>Total</td>
<td>$18,840</td>
</tr>
</tbody>
</table>

6. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Accrued compensation</td>
<td>$1,945</td>
</tr>
<tr>
<td>Warranty reserve</td>
<td>770</td>
</tr>
<tr>
<td>Accrued management separation liability</td>
<td>110</td>
</tr>
<tr>
<td>Other</td>
<td>1,520</td>
</tr>
<tr>
<td></td>
<td>$4,345</td>
</tr>
</tbody>
</table>

Changes in the Company’s product warranty reserve are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Beginning balance</td>
<td>$430</td>
</tr>
<tr>
<td>Additions charged to costs and expenses</td>
<td>1,507</td>
</tr>
<tr>
<td>Claims processed</td>
<td>(1,167 )</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$770</td>
</tr>
</tbody>
</table>

7. COMMITMENTS AND CONTINGENCIES

The Company leases manufacturing, warehousing and office space under noncancelable operating leases that expire through 2016. Rent expense was $2,567, $2,617, $2,623, in 2012, 2011 and 2010, respectively. At December 31, 2012 and 2011, there were no capital lease obligations outstanding. The future minimum lease payments under the noncancelable operating leases, excluding deferred rent adjustments, are as follows:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$2,672</td>
</tr>
<tr>
<td>2014</td>
<td>2,645</td>
</tr>
<tr>
<td>2015</td>
<td>2,542</td>
</tr>
</tbody>
</table>
In addition to the above, at December 31, 2012, the Company had unconditional purchase obligations of approximately $3,407.

8. INCOME TAXES

For the years ended December 31, 2012 and 2011, the current Federal component of income taxes was zero. For the year ended December 31, 2010, the current Federal component of income taxes was $297 benefit, resulting from a refund of research and experimental credits received under the Housing and Economic Recovery Act of 2008.

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, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th>December 31,</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accruals/reserves</td>
<td>$9,091</td>
<td>$12,127</td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>181,815</td>
<td>154,860</td>
</tr>
<tr>
<td>Research and experimentation credits</td>
<td>14,086</td>
<td>14,053</td>
</tr>
<tr>
<td>Deferred rent expense</td>
<td>772</td>
<td>928</td>
</tr>
<tr>
<td>Difference in basis of plant and equipment</td>
<td>9,483</td>
<td>9,477</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(215,247)</td>
<td>(191,445)</td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

As of December 31, 2012, the Company had net operating loss carryforwards of approximately $505,122 for federal and $267,659 for 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, 2012, $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 vesting of 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, 2012, the Company has excess tax benefits, related to stock-based compensation of $18,656 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 are considered to be permanently invested and no provision for U.S. federal and state income taxes on those earnings or translation adjustments has 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:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Tax at U.S. statutory rate</td>
<td>$(24,448)</td>
</tr>
<tr>
<td>Effect of permanent items</td>
<td>163</td>
</tr>
<tr>
<td>State and foreign tax (benefit), net of federal tax effect</td>
<td>(2,255)</td>
</tr>
<tr>
<td>Research and experimentation tax credits, net</td>
<td>(33)</td>
</tr>
<tr>
<td>Valuation allowance, net</td>
<td>23,802</td>
</tr>
<tr>
<td>Other</td>
<td>2,771</td>
</tr>
<tr>
<td>(Benefit from) provision for income taxes</td>
<td>$ -</td>
</tr>
</tbody>
</table>

9. STOCKHOLDERS' EQUITY

On December 17, 1998, the Company adopted a Shareholders’ Rights Agreement (the Agreement). Pursuant to the Agreement, as amended on November 30, 2000 and October 2, 2008, 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, 2018, 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.

10. EMPLOYEE BENEFIT PLANS

The Company records stock-based compensation expense for all stock-based payment awards made to our employees and directors. 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.

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 Employee Stock Purchase Plan (ESP Plan).
Employees and outside directors have been granted restricted stock shares or units (collectively, 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 16,050 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 stock 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 6,694 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 407 ($2.04), 384 ($2.00) and 488 ($3.83) for the years ended December 31, 2012, 2011 and 2010, respectively.

Stock-based compensation expense arises from the amortization of restricted stock grants, unamortized stock option grants and from the ESP Plan. The Company uses the straight-line basis in calculating stock-based compensation expense.

The table below summarizes stock-based compensation by source and by financial statement line item:

<table>
<thead>
<tr>
<th></th>
<th>For years ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Amortization of restricted stock awards</td>
<td>$4,813</td>
</tr>
<tr>
<td>Amortization of ESP Plan</td>
<td>314</td>
</tr>
<tr>
<td>Amortization of stock option awards</td>
<td>670</td>
</tr>
<tr>
<td>Total stock-based compensation</td>
<td>$5,797</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>By Financial Statement line item</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>$888</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>1,626</td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>3,218</td>
</tr>
<tr>
<td>Restructuring charges and impairment recovery</td>
<td>65</td>
</tr>
</tbody>
</table>

No tax benefits have been recorded due to the Company’s full valuation allowance position.

Restricted Stock Awards

Under the Plans, the Company grants restricted stock shares and units to its employees. The value of restricted stock grants are fixed upon the date of grant and amortized over the related vesting period, primarily ranging up to three years. Restricted stock is subject to forfeiture if employment terminates prior to vesting. The Company estimates that approximately 2.5% of its restricted stock and option awards are forfeited annually (exclusive of LTI’s, as described below). The restricted stock shares carry voting and certain forfeitable dividend rights commencing upon grant, whereas restricted stock units do not. Neither restricted stock shares nor restricted stock units may 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, 2010 to December 31, 2012 is presented in tabular form below:
<table>
<thead>
<tr>
<th>Shares outstanding at December 31, 2009</th>
<th>Restricted Stock Shares</th>
<th>Restricted Stock Units</th>
<th>Stock Options</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Shares</td>
<td>WA price per share</td>
<td>Units</td>
</tr>
<tr>
<td>Shares granted</td>
<td>638</td>
<td>$9.90</td>
<td>828</td>
</tr>
<tr>
<td>Shares awarded</td>
<td></td>
<td>2,009</td>
<td></td>
</tr>
<tr>
<td>Shares vested/options exercised</td>
<td>(279)</td>
<td>9.74</td>
<td>(1,338)</td>
</tr>
<tr>
<td>Forfeited/expired (1)</td>
<td>(179)</td>
<td>11.66</td>
<td>(39)</td>
</tr>
<tr>
<td>Balance at December 31, 2010</td>
<td>180</td>
<td>$8.39</td>
<td>1,460</td>
</tr>
<tr>
<td>Shares vested/options exercised</td>
<td>-</td>
<td>-</td>
<td>2,573</td>
</tr>
<tr>
<td>Forfeited/expired (3)</td>
<td>(1)</td>
<td>9.72</td>
<td>(409)</td>
</tr>
<tr>
<td>Balance at December 31, 2011</td>
<td>-</td>
<td>-</td>
<td>1,970</td>
</tr>
<tr>
<td>Shares vested/options exercised</td>
<td>-</td>
<td>-</td>
<td>661</td>
</tr>
<tr>
<td>Forfeited/expired (4)</td>
<td>-</td>
<td>-</td>
<td>(1,102)</td>
</tr>
<tr>
<td>Balance at December 31, 2012</td>
<td>-</td>
<td>-</td>
<td>1,430</td>
</tr>
</tbody>
</table>

(1) Year 2010 restricted stock shares forfeited include 156 performance award shares.
(2) Year 2011 stock options granted include 417 performance stock option shares.
(3) Year 2011 stock options forfeited include 167 performance stock option shares.
(4) Year 2012 stock options forfeited include 83 performance stock option shares.

Exercisable options and their related average exercise prices were 2,011 ($5.27), 3,485 ($4.55) and 2,929 ($6.03) as of December 31, 2012, 2011 and 2010, respectively.

In June 2011, the Company’s Chief Executive Officer and then Chief Financial Officer were awarded a base grant of 417 long-term incentive stock options (LTI stock options) contingent upon the Company’s shareholder return performance against the performance of the Philadelphia Semiconductor Index component companies. The award and performance will be evaluated annually in one-third increments measuring Company shareholder returns during the one, two and three year periods following the award. Depending upon performance, the number of shares issuable pursuant to the LTI stock options can range from 50% to 150% of the base option shares. Company performance below the 25th-percentile in a measurement period would result in no vesting for that period. The LTI stock options have an exercise price of $3.24, a ten year term to expiration, and an average fair value of $2.62. The fair value estimate was calculated with the assistance of a valuation consultant using a Monte Carlo Simulation model. During the fourth quarter of 2011, 167 shares of the 417 LTI stock options were forfeited upon the separation of our former Chief Financial Officer. In the second quarter of 2012, 83 shares were canceled for non-achievement of performance goals at the end of the first annual requisite service period.

On February 16, 2012, subject to stockholder approval of additional 2005 Long-Term Incentive and Share Award Plan shares at the Company’s 2013 Annual Stockholder Meeting, the Company awarded 260 restricted stock units to two of its officers. 50% of the restricted stock units will have time-based vesting conditions (time-based) and 50% will have performance-based vesting conditions (performance-based). The time-based restricted stock units will vest 1/3rd on May 20, 2013, 1/3rd on February 18, 2014 and 1/3rd on February 18, 2015. The performance-based restricted stock units will vest based on absolute total stockholder return for one-year, two-year and three-year periods starting from the baseline date of December 31, 2011, compared to total stockholder return targets for each of the respective periods. As of December 31, 2012, the performance metrics for the first one-year period was not met on the performance-based officer awards. In May, 2012, subject to stockholder approval at the Company’s 2013 Annual Stockholder Meeting, an additional 608 time-based and 105 performance-based restricted stock units were awarded to employees of the Company. These restricted stock units will vest consistent with the aforementioned officer awards. Due to the uncertainty of the 2013 shareholder approval vote, neither compensation expense nor inclusion in disclosure tables for these awards is reported herein.
The total fair value of restricted stock vested during the years ended December 31, 2012, 2011 and 2010 were $2,208, $6,942 and $6,827, respectively. The intrinsic value of exercised options during the years ended December 31, 2012, 2011 and 2010 were $512, $787 and $3,075, respectively.

<table>
<thead>
<tr>
<th>Options currently exercisable</th>
<th>Weighted average information as of December 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares issuable upon exercise</td>
<td>2,011</td>
</tr>
<tr>
<td>Weighted average exercise price</td>
<td>$5.27</td>
</tr>
<tr>
<td>Weighted average remaining contractual term</td>
<td>3.9 years</td>
</tr>
<tr>
<td>Weighted average remaining contractual term for outstanding options</td>
<td>4.8 years</td>
</tr>
</tbody>
</table>

Intrinsic value of exercisable options: $435
Intrinsic value of outstanding options: $443
Unrecognized stock-based compensation cost:
Option plans: $565
Restricted stock: $3,301

Weighted average remaining vest period for option plans: 1.5 years
Weighted average remaining vest period for restricted stock: 1.2 years

Stock options outstanding at December 31, 2012 are summarized as follows:

<table>
<thead>
<tr>
<th>Range of exercise prices</th>
<th>Outstanding Options at December 31, 2012</th>
<th>Weighted average remaining contractual life</th>
<th>Weighted average exercise price</th>
<th>Exercisable at December 31, 2012</th>
<th>Weighted average exercise price</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.23 - $1.93</td>
<td>741</td>
<td>5.4</td>
<td>$1.92</td>
<td>733</td>
<td>$1.93</td>
</tr>
<tr>
<td>$2.10 - $3.24</td>
<td>662</td>
<td>7.2</td>
<td>$3.17</td>
<td>207</td>
<td>$3.03</td>
</tr>
<tr>
<td>$3.30 - $8.79</td>
<td>539</td>
<td>2.4</td>
<td>$6.48</td>
<td>519</td>
<td>$6.51</td>
</tr>
<tr>
<td>$8.84 - $18.98</td>
<td>553</td>
<td>3.7</td>
<td>$9.38</td>
<td>552</td>
<td>$9.38</td>
</tr>
</tbody>
</table>

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, 2012, 2011 and 2010 are summarized below (excludes the aforementioned LTI option grants).

<table>
<thead>
<tr>
<th>Stock option awards:</th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>1.0%</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>70%</td>
</tr>
<tr>
<td>Average expected term (in years)</td>
<td>5</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0%</td>
</tr>
<tr>
<td>Weighted average fair value of options granted</td>
<td>$1.14</td>
</tr>
</tbody>
</table>

ESP Plan:

<table>
<thead>
<tr>
<th>Stock option awards:</th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>0.2%</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>61%</td>
</tr>
<tr>
<td>Average expected term</td>
<td>1</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0%</td>
</tr>
<tr>
<td>Weighted average fair value of purchase option</td>
<td>$0.77</td>
</tr>
</tbody>
</table>
The Company regularly assesses the assumptions used in its option valuation. For equity awards with an expected term of one year or less, the assumption for expected volatility is solely based on the Company’s historical volatility. For equity awards with expected terms of greater than one year, the Company used a combination of implied and historical volatility for options granted in the years ended December 31, 2012, 2011 and 2010. The expected term of the stock options is based on historical observations of employee exercise patterns 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.

The Company 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. In 2009, the Company discontinued matching 401(k) contributions as a part of an overall cost reduction plan and subsequently resumed effective January 1, 2011. The Company matches 30% of employee contributions up to 10% of their gross pay. The Company recorded expense relating to plan contributions of $855, $928 and $0 for the years ended December 31, 2012, 2011 and 2010, respectively.

11. (LOSS) EARNINGS PER SHARE

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

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Weighted average common shares for basic (loss) earnings per share</td>
<td>70,721</td>
</tr>
<tr>
<td>Stock options (*)</td>
<td>-</td>
</tr>
<tr>
<td>Unvested restricted stock (*)</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted weighted average shares for diluted (loss) earnings per share</td>
<td>70,721</td>
</tr>
</tbody>
</table>

* Incremental shares from restricted stock and stock options are computed using the treasury stock method.

Dilution arising from the Company's outstanding stock options or unvested restricted stock was not included in the years ended December 31, 2012 and 2011 as their effect was anti-dilutive. Potential dilution arising from any of the remainder of the Company's outstanding stock options or unvested restricted stock is detailed below. Such potential dilution was excluded as their effect was anti-dilutive.

<table>
<thead>
<tr>
<th></th>
<th>Year ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Stock options</td>
<td>2,495</td>
</tr>
<tr>
<td>Unvested restricted stock</td>
<td>1,430</td>
</tr>
</tbody>
</table>

12. OTHER ACCUMULATED COMPREHENSIVE INCOME

The components of other accumulated comprehensive income are as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Unrealized income on marketable securities</td>
<td>$3,255</td>
</tr>
<tr>
<td>Foreign currency translation adjustment</td>
<td>(3)</td>
</tr>
</tbody>
</table>
13. LEGAL PROCEEDINGS

On or about November 11, 2008, plaintiff Charlie Attias filed a putative securities class action lawsuit in the United States District Court for the District of New Jersey, captioned **Charlie Attias v. Anadigics, Inc., et al.,** No. 3:08-cv-05572; and, on or about November 21, 2008, plaintiff Paul Kuznetz filed a related class action lawsuit in the same court, captioned **Paul J. Kuznetz v. Anadigics, Inc., et al.,** No. 3:08-cv-05750 (jointly, the “Class Actions”). The Complaints in the Class Actions, which were consolidated under the caption **In re Anadigics, Inc. Securities Litigation,** No. 3:08-cv-05572, by an Order of the District Court dated November 24, 2008, sought unspecified damages for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as well as Rule 10b-5 promulgated thereunder, in connection with alleged misrepresentations and omissions in connection with, among other things, Anadigics's manufacturing capabilities and the demand for its products. On October 23, 2009, plaintiffs filed a Consolidated Amended Class Action Complaint, (the “First Amended Complaint”), which named the Company, a then-current officer and a former officer-director, and alleged a proposed class period running from July 24, 2007 through August 7, 2008. On December 23, 2009, defendants filed a motion to dismiss the First Amended Complaint. After holding extensive oral argument on defendants' motion, the District Court found plaintiffs’ First Amended Complaint to be deficient, but afforded them another opportunity to amend their pleading. The District Court therefore denied defendants' motion to dismiss without prejudice to defendants' renewing the motion in response to plaintiffs' Second Amended Complaint, which plaintiffs filed on October 4, 2010. The Second Amended Complaint, which contained the same substantive claims that were alleged in the First Amended Complaint, alleged a proposed class period running from February 12, 2008 through August 7, 2008. Defendants filed a motion to dismiss the Second Amended Complaint on December 3, 2010. By an Opinion and an Order dated September 30, 2011, the District Court dismissed with prejudice plaintiffs' Second Amended Complaint. Shortly thereafter, plaintiffs appealed the District Court’s Opinion and Order to the United States Court of Appeals for the Third Circuit. On October 17, 2012, following briefing and argument, the Court of Appeals affirmed the District Court’s dismissal with prejudice of plaintiffs’ claims.

On or about January 14, 2009, a shareholder's derivative lawsuit, captioned **Sicari v. Anadigics, Inc., et al.,** No. SOM-L-88-09, was filed in the Superior Court of New Jersey, and, on or about February 2, 2009, a related shareholder's derivative lawsuit, captioned **Moradzadeh v. Anadigics, Inc., et al.,** No. SOM-L-198-09, was filed in the same court (jointly, the "Derivative Lawsuits"). The Derivative Lawsuits seek unspecified damages for alleged state law claims against certain of the Company's current and former directors arising out of the matters at issue in the Class Actions. By Order dated March 6, 2009, the New Jersey Superior Court consolidated the Derivative Lawsuits under the caption **In re Anadigics, Inc. Derivative Litigation,** No. SOM-L-88-09. By Order dated March 27, 2009, the Superior Court stayed the Derivative Lawsuits pending disposition of the defendants’ motion to dismiss the First Amended Complaint in the Class Actions. By Order dated September 13, 2010, the Superior Court extended the stay of the Derivative Lawsuits until the disposition of defendants’ motion to dismiss the Second Amended Complaint in the Class Actions. Subsequently the derivative plaintiffs dismissed the Derivative Lawsuits without prejudice.

The Company is also a party to ordinary course litigation arising out of the operation of our business. The Company believes that the ultimate resolution of such ordinary course litigation should not have a material adverse effect on its consolidated financial condition or results of operations.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

2012 and 2011 Quarterly Financial Data

The following table sets forth certain unaudited results of operations for each quarter during 2012 and 2011. 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).
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
<th>2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec. 31</td>
<td>Sep. 29</td>
<td>June 30</td>
<td>Mar. 31</td>
</tr>
<tr>
<td>Net sales</td>
<td>$30,476</td>
<td>$28,642</td>
<td>$25,099</td>
<td>$28,426</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>31,017</td>
<td>28,809</td>
<td>27,296</td>
<td>26,747</td>
</tr>
<tr>
<td>Gross (loss)profit</td>
<td>(541)</td>
<td>(167)</td>
<td>(2,197)</td>
<td>1,679</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>10,145</td>
<td>10,823</td>
<td>11,310</td>
<td>11,614</td>
</tr>
<tr>
<td>Selling and administrative expense</td>
<td>5,516</td>
<td>5,597</td>
<td>6,321</td>
<td>6,855</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>-</td>
<td>605</td>
<td>1,239</td>
<td>494</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(16,202)</td>
<td>(17,192)</td>
<td>(21,067)</td>
<td>(17,284)</td>
</tr>
<tr>
<td>Interest income</td>
<td>117</td>
<td>128</td>
<td>133</td>
<td>150</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other income, net</td>
<td>24</td>
<td>25</td>
<td>1</td>
<td>1,314</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (16,061)</td>
<td>$ (17,039)</td>
<td>$ (20,933)</td>
<td>$ (15,820)</td>
</tr>
<tr>
<td>Net loss per share:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>$ (0.23)</td>
<td>$ (0.24)</td>
<td>$ (0.30)</td>
<td>$ (0.23)</td>
</tr>
<tr>
<td>Diluted</td>
<td>$ (0.23)</td>
<td>$ (0.24)</td>
<td>$ (0.30)</td>
<td>$ (0.23)</td>
</tr>
</tbody>
</table>
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND
FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be
disclosed in our reports filed with the Securities and Exchange Commission, or SEC, is recorded, processed,
summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information
is accumulated and communicated to our management, including our Chief Executive Officer, or CEO, and Chief
Financial Officer, or CFO, as appropriate, to allow timely decisions regarding required disclosure. As of December
31, 2012, an evaluation was performed under the supervision and with the participation of our Management,
including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and
procedures (as defined in Rules 13a-15(e) under the U.S. Securities Exchange Act of 1934). Based on that
evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures
were effective as of December 31, 2012.

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, 2012.

The effectiveness of our internal control over financial reporting as of December 31, 2012 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.
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. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, 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 sheets of ANADIGICS, Inc. as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive (loss) income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2012 of ANADIGICS Inc. and our report dated February 28, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
MetroPark, New Jersey
February 28, 2013
ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The Company has adopted a Code of Conduct and Business Ethics that applies to directors, officers and employees, including the President and Chief Executive Officer, and Chief Financial Officer and has posted such code on its website at (www.anadigics.com). Changes to and waivers granted with respect to the Company’s Code of Conduct and Business Ethics for officers and directors that are required to be disclosed pursuant to the applicable rules and regulations will be filed on a current report on Form 8-K and posted on the Company website.

The registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2013 annual meeting of shareholders that is responsive to the information required with respect to this Item.

ITEM 11. EXECUTIVE COMPENSATION.

The registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2013 annual meeting of shareholders that is responsive to the information required with respect to this Item.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2013 annual meeting of shareholders that is responsive to the information required with respect to this Item.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE.

The registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2013 annual meeting of shareholders that is responsive to the information required with respect to this Item.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The registrant incorporates by reference herein information to be set forth in its definitive proxy statement for its 2013 annual meeting of shareholders that is responsive to the information required with respect to this Item.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) 1. Financial Statements

Financial Statements are included in Item 8, "Financial Statements and Supplementary Data" as follows:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets - December 31, 2012 and 2011
- Consolidated Statements of Comprehensive (Loss) Income - Year ended December 31, 2012, 2011 and 2010
2. Financial Statement Schedules

Schedule II - Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

(b) Exhibit List

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Amended and Restated Certificate of Incorporation of the Company, together with all amendments thereto. Filed as an exhibit to the Company's Registration Statement on Form S-3 (Registration No. 333-75040), and incorporated herein by reference.</td>
</tr>
<tr>
<td>3.2</td>
<td>Amended and Restated By-laws of the Company. Filed as an exhibit to the Company's current report on Form 8-K dated January 22, 2008, and incorporated herein by reference.</td>
</tr>
<tr>
<td>4.1</td>
<td>Form of Common Stock Certificate. Filed as an exhibit to the Company's Registration Statement on Form S-1 (Registration No. 33-89928), and incorporated herein by reference.</td>
</tr>
<tr>
<td>4.2</td>
<td>Form of Registration Rights Agreement. Filed as an exhibit to the Company's Registration Statement on Form S-1 (Registration No. 33-89928), and incorporated herein by reference.</td>
</tr>
<tr>
<td>4.3</td>
<td>Schedule to Form of Registration Rights Agreement. Filed as an exhibit to the Company's Registration Statement on Form S-1 (Registration No. 333-20783), and incorporated herein by reference.</td>
</tr>
<tr>
<td>4.5</td>
<td>Amendment No. 1 dated as of November 30, 2000 to the Rights Agreement dated as of December 17, 1998 between the Company and Chase Mellon Shareholder Services L.L.C., as Rights Agent. Filed as an exhibit to the Company’s Current Report on Form 8-K dated December 4, 2000, and incorporated herein by reference.</td>
</tr>
<tr>
<td>4.6</td>
<td>Amendment No. 2 dated as of October 2, 2008, to the Rights Agreement, dated as of December 17, 1998, as amended as of November 30, 2000, between the Company and Mellon Investor Services LLC (f/k/a ChaseMellon Shareholder Services, L.L.C.). Filed as an exhibit to the Company’s Form 8-A filed on October 2, 2008 and incorporated herein by reference.</td>
</tr>
<tr>
<td>10.1</td>
<td>1994 Long-Term Incentive and Share Award Plan. Filed as an exhibit to the Company's Registration Statement on Form S-1 (Registration No. 33-89928), and incorporated herein by reference.</td>
</tr>
<tr>
<td>10.2</td>
<td>1995 Long-Term Incentive and Share Award Plan, as amended May 29, 1997 and May 24, 2000. Filed as an exhibit to the Company’s Current Report on Form S-8 (Registration No. 333-49632), and incorporated herein by reference.</td>
</tr>
<tr>
<td>10.3</td>
<td>Employee Savings and Protection Plan. Filed as an exhibit to the Company's Registration Statement on Form S-1 (Registration No. 33-89928), and as incorporated herein by reference.</td>
</tr>
<tr>
<td>10.4</td>
<td>Amended and Restated Employee Stock Purchase Plan. Filed as an exhibit to the Company's Quarterly Report on Form 10-Q filed on May 16, 2008, and incorporated herein by reference; as amended and filed as an exhibit to the Company’s Current Report on Form 8-K dated May 14, 2010; each as incorporated herein by reference.</td>
</tr>
<tr>
<td>10.5</td>
<td>Lease Agreement between United States Land Resources, L.P. (and its successor in interest, Warren Hi-Tech Center, L.P.), and the Company dated as of April 26, 1996. Filed as an exhibit to the Company's Registration Statement on Form S-1 (Registration No. 333-20783); as amended in the Company’s Annual Report filed on Form 10-K dated March 29, 2002; each as incorporated herein by reference.</td>
</tr>
<tr>
<td>10.6</td>
<td>Form of 1997 Long-Term Incentive and Share Award Plan. Filed as an exhibit to the Company’s Annual Report on Form 10-K dated March 29, 2002; each as incorporated herein by reference.</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>10.7</strong></td>
<td>Amended and Restated 2005 Long Term Incentive and Share Award Plan. Filed as an exhibit to the Company’s current report on Form 8-K filed on May 16, 2008; and incorporated herein by reference; as amended and filed as an exhibit to the Company’s Current Report on Form 8-K dated May 14, 2010; each as incorporated herein by reference.</td>
</tr>
<tr>
<td><strong>10.8</strong></td>
<td>Employment Agreement between the Company and Ron Michels, dated as of March 28, 2011. Filed as an exhibit to the Company’s current report on Form 8-KA filed on April 19, 2011; and as incorporated herein by reference.</td>
</tr>
<tr>
<td><strong>10.9</strong></td>
<td>Employment Agreement between the Company and John Van Saders, dated as of March 28, 2011. Filed as an exhibit to the Company’s current report on Form 8-KA dated April 19, 2011; and as incorporated herein by reference.</td>
</tr>
<tr>
<td><strong>10.10</strong></td>
<td>Employment Agreement between the Company and Terrence G. Gallagher, dated as of November 14, 2011. Filed as an exhibit to the Company’s current report on Form 8-KA filed on December 19, 2011; and as incorporated herein by reference.</td>
</tr>
<tr>
<td><strong>21</strong></td>
<td>Subsidiary Listing</td>
</tr>
<tr>
<td><strong>23.1</strong></td>
<td>Consent of Ernst &amp; Young LLP.</td>
</tr>
<tr>
<td><strong>24.1</strong></td>
<td>Power of Attorney (included on the signature page of this Annual Report on Form 10-K).</td>
</tr>
<tr>
<td><strong>31.1</strong></td>
<td>Rule 13a-14(a)/15d-14(a) Certification of Ronald Michels, President and Chief Executive Officer of ANADIGICS, Inc.</td>
</tr>
<tr>
<td><strong>31.2</strong></td>
<td>Rule 13a-14(a)/15d-14(a) Certification of Terrence G. Gallagher, Vice President and Chief Financial Officer of ANADIGICS, Inc.</td>
</tr>
<tr>
<td><strong>32.1</strong></td>
<td>Section 1350 Certification of Ronald Michels, President and Chief Executive Officer of ANADIGICS, Inc.</td>
</tr>
<tr>
<td><strong>32.2</strong></td>
<td>Section 1350 Certification of Terrence G. Gallagher, Vice President and Chief Financial Officer of ANADIGICS, Inc.</td>
</tr>
</tbody>
</table>

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ANADIGICS, INC.

BY: /s/ Ronald Michels

-----------------------------------------
Ronald Michels
CHIEF EXECUTIVE OFFICER AND PRESIDENT
February 28, 2013

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Ronald Michels and Terrence G. Gallagher as his attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign and file any and all amendments to this Annual Report on Form 10-K, with all exhibits thereto and hereto, and other documents with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.
PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Ronald Michels</td>
<td>President, Chief Executive Officer (Principal Executive Officer) and Director</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>Ronald Michels</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Terrence G. Gallagher</td>
<td>Vice President and Chief Financial Officer (Principal Financial Accounting Officer)</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>Terrence G. Gallagher</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Lewis Solomon</td>
<td>Chairman of the Board of Directors</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>Lewis Solomon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Paul S. Bachow</td>
<td>Director</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>Paul S. Bachow</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ David Fellows</td>
<td>Director</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>David Fellows</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Harry T. Rein</td>
<td>Director</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>Harry T. Rein</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Ronald Rosenzweig</td>
<td>Director</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>Ronald Rosenzweig</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Dennis Strigl</td>
<td>Director</td>
<td>February 28, 2013</td>
</tr>
<tr>
<td>Dennis Strigl</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Schedule II—Valuation and Qualifying Accounts

<table>
<thead>
<tr>
<th>Description (Dollars in Thousands)</th>
<th>Balance at beginning of period</th>
<th>Additions charged to costs and expenses</th>
<th>Deductions</th>
<th>Balance at end of period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deducted from asset account:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>$ 172</td>
<td>$ -</td>
<td>-</td>
<td>(1) $ 172</td>
</tr>
<tr>
<td>Reserve for excess and obsolete inventory</td>
<td>5,559</td>
<td>1,317</td>
<td>(989)</td>
<td>5,887</td>
</tr>
<tr>
<td>Year ended December 31, 2012:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deducted from asset account:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>$ 739</td>
<td>$ -</td>
<td>(567)</td>
<td>(1) $ 172</td>
</tr>
<tr>
<td>Reserve for excess and obsolete inventory</td>
<td>8,948</td>
<td>137</td>
<td>(3,526)</td>
<td>5,559</td>
</tr>
<tr>
<td>Year ended December 31, 2011:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deducted from asset account:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>$ 739</td>
<td>$ -</td>
<td>-</td>
<td>(1) $ 739</td>
</tr>
<tr>
<td>Reserve for excess and obsolete inventory</td>
<td>9,879</td>
<td>1,496</td>
<td>(2,427)</td>
<td>8,948</td>
</tr>
</tbody>
</table>

(1) Uncollectible accounts written-off to the allowance account.  
(2) Inventory write-offs to the reserve account.
EXHIBIT 21

Subsidiaries of ANADIGICS, Inc.

<table>
<thead>
<tr>
<th>Name of Subsidiary</th>
<th>State of Jurisdiction of Incorporation</th>
<th>% Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANADIGICS (U.K.) Limited</td>
<td>United Kingdom</td>
<td>100%</td>
</tr>
<tr>
<td>ANADIGICS Denmark ApS</td>
<td>Denmark</td>
<td>100%</td>
</tr>
<tr>
<td>ANADIGICS Acquisition Corp</td>
<td>Delaware</td>
<td>100%</td>
</tr>
<tr>
<td>ANADIGICS Holding Corp.</td>
<td>Delaware</td>
<td>100%</td>
</tr>
<tr>
<td>Broadband &amp; Wireless Investors, Incorporated</td>
<td>Delaware</td>
<td>100%</td>
</tr>
</tbody>
</table>

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statements (Form S-3 Nos. 333-75040, 333-120947, 333-139124, 333-141161, 333-160404 and 333-183017),
2. Registration Statement (Form S-8 No. 333-49632) pertaining to the ANADIGICS, Inc. 1995 Long-Term Incentive and Share Award Plan, as amended,
3. Registration Statement (Form S-8 No. 333-32533) pertaining to the ANADIGICS, Inc. 1995 Long-Term Incentive and Share Award Plan, as amended, and 1997 Long-Term Incentive and Share Award Plan for Employees,
4. Registration Statement (Form S-8 No. 333-63836) pertaining to the ANADIGICS, Inc. 1997 Long-Term Incentive and Share Award Plan for Employees and Employee Stock Purchase Plan,
5. Registration Statement (Form S-8 No. 333-125971) pertaining to the ANADIGICS, Inc. 2005 Long-Term Incentive and Share Award Plan and the Amended and Restated Employee Stock Purchase Plan,
6. Registration Statement (Form S-8 Nos. 333-136280 and 333-157711) pertaining to the ANADIGICS, Inc. Amended and Restated 2005 Long-Term Incentive and Share Award Plan, and
7. Registration Statements (Form S-8 Nos. 333-151293 and 333-172129) pertaining to the ANADIGICS, Inc. Amended and Restated Employee Stock Purchase Plan and the Amended and Restated 2005 Long-Term Incentive and Share Award Plan;

of our reports dated February 28, 2013, with respect to the consolidated financial statements and schedule of ANADIGICS, Inc. and the effectiveness of internal control over financial reporting of ANADIGICS, Inc. included in this Annual Report (Form 10-K) of ANADIGICS, Inc. for the year ended December 31, 2012.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 28, 2013
CERTIFICATION

I, Ronald Michels, certify that:

1. I have reviewed this Annual Report on Form 10-K of ANADIGICS, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2013

By:/s/ Ronald Michels
Ronald Michels
President and Chief Executive Officer
CERTIFICATION

I, Terrence G. Gallagher, certify that:

1. I have reviewed this Annual Report on Form 10-K of ANADIGICS, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 28, 2013

By:/s/ Terrence G. Gallagher
   Terrence G. Gallagher
   Vice President and Chief Financial Officer
CERTIFICATION

The undersigned, Ronald Michels, President and Chief Executive Officer of ANADIGICS, Inc. (the "Company") hereby certifies that the Annual Report of the Company on Form 10-K for the period ended December 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2013

By:/s/ Ronald Michels
                                      Ronald Michels
                                      President and Chief Executive Officer

This certification shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to ANADIGICS, Inc. and will be retained by ANADIGICS, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

The undersigned, Terrence G. Gallagher, Vice President and Chief Financial Officer of ANADIGICS, Inc. (the "Company") hereby certifies that the Annual Report of the Company on Form 10-K for the period ended December 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2013

By:/s/ Terrence G. Gallagher
                                      Terrence G. Gallagher
                                      Vice President and Chief Financial Officer

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<td>100%</td>
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of our reports dated February 28, 2013, with respect to the consolidated financial statements and schedule of ANADIGICS, Inc. and the effectiveness of internal control over financial reporting of ANADIGICS, Inc. included in this Annual Report (Form 10-K) of ANADIGICS, Inc. for the year ended December 31, 2012.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 28, 2013
CERTIFICATION

I, Ronald Michels, certify that:

1. I have reviewed this Annual Report on Form 10-K of ANADIGICS, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2013

By: /s/ Ronald Michels
Ronald Michels
President and Chief Executive Officer
CERTIFICATION

I, Terrence G. Gallagher, certify that:

1. I have reviewed this Annual Report on Form 10-K of ANADIGICS, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

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Date: February 28, 2013

By:/s/ Terrence G. Gallagher
Terrence G. Gallagher
Vice President and Chief Financial Officer
CERTIFICATION

The undersigned, Ronald Michels, President and Chief Executive Officer of ANADIGICS, Inc. (the "Company") hereby certifies that the Annual Report of the Company on Form 10-K for the period ended December 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.
Date: February 28, 2013

By:/s/ Ronald Michels
Ronald Michels
President and Chief Executive Officer

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CERTIFICATION

The undersigned, Terrence G. Gallagher, Vice President and Chief Financial Officer of ANADIGICS, Inc. (the "Company") hereby certifies that the Annual Report of the Company on Form 10-K for the period ended December 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.
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