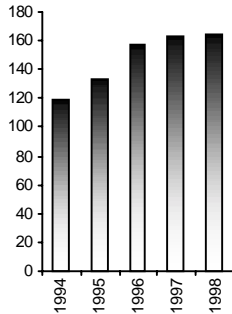


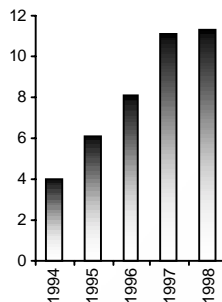
revenues

(\$ Millions)



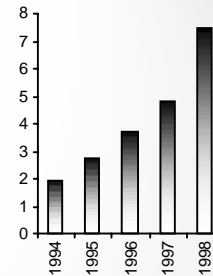
net income

(\$ Millions)



equity per share

(\$)



Microsemi Corporation is a global supplier of high reliability power semiconductors for the Satellite, Telecommunications, Computers and Peripherals, Military/Aerospace, Industrial/Commercial, and Medical markets. The company's semiconductor products include diodes, transient voltage suppressors (TVS), transistors, silicon controlled rectifiers (SCR's), opto products and application specific modules which can be used in virtually all electrical and electronic circuits. Typical functions include solid state switching, signal processing, voltage and power regulation, circuit protection, and absorption of electrical surges and transient voltage spikes. Technologies for these devices range from the very mature mesa rectifier diodes, still used in all power supply applications, to the newly designed micro-miniature transient absorbers which are mounted within the cables used to connect computer and telecommunications equipment. These semiconductor products are targeted at high growth, niche applications in our diverse markets. Microsemi high reliability components are found in commercial and military aircraft, human implantable medical devices, missile

systems, and all U.S. and European launch vehicles and spacecraft. Commercial and industrial applications include electric vehicles, cellular/mobile phones, locomotives, electric welders, computers, telecommunication systems, outboard motors, etc. - virtually any place electricity is used. The Company maintains engineering and manufacturing facilities in California, Arizona,

Colorado, Florida, Pennsylvania, and Massachusetts, with additional manufacturing support capacity in Ireland, Mexico, Hong Kong, Shanghai, and Bombay, India.

profile

corporate

financial highlights

1998 overview

Financial Highlights	Fiscal Year 1998	Fiscal Year 1997	Percent Change
Net Sales	\$164,710,000	\$163,234,000	1%
Operating Income	\$20,459,000	\$22,519,000	-9%
Provision for Income Taxes	\$6,939,000	\$7,455,000	-7%
Net Income	\$11,322,000	\$11,051,000	2%
Weighted-Average Common Shares Outstanding			
Basic	10,735,000	8,493,000	
Diluted	11,956,000	11,901,000	
Basic Earnings Per share	\$1.05	\$1.30	-19%
Diluted Earnings Per share	\$0.98	\$1.03	-5%
Backlog of Unfilled Orders	\$51,000,000	\$77,100,000	-34%
Working Capital	\$57,063,000	\$55,813,000	2%
Current Ratio	2.5	2.4	4%
Long-term Debt to Equity	0.2	1.1	-82%
Stockholders' Equity	\$87,017,000	\$41,909,000	108%
Equity per Share	7.46	4.80	55%

market prices of common stock

The following table shows the closing price range for the Company's Common Stock for the quarterly periods indicated as reported by NASDAQ.

Fiscal 1998:	High	Low	Fiscal 1997:	High	Low
First Quarter	17 ³ / ₄	13 ⁷ / ₈	First Quarter	14 ¹ / ₈	9 ⁵ / ₈
Second Quarter	22	15 ¹ / ₂	Second Quarter	15 ¹ / ₂	11 ¹ / ₄
Third Quarter	16 ¹ / ₂	9 ⁹ / ₁₆	Third Quarter	14	11 ¹¹ / ₁₆
Fourth Quarter	11 ¹ / ₂	6 ⁵ / ₈	Fourth Quarter	17 ¹ / ₂	12 ⁵ / ₈

sales & marketing

Microsemi continues to outpace the growth of the discrete semiconductor industry. A key ingredient of our success is FOCUS and its reward is LEADERSHIP in our chosen markets as reflected by profitable MARKET SHARE.

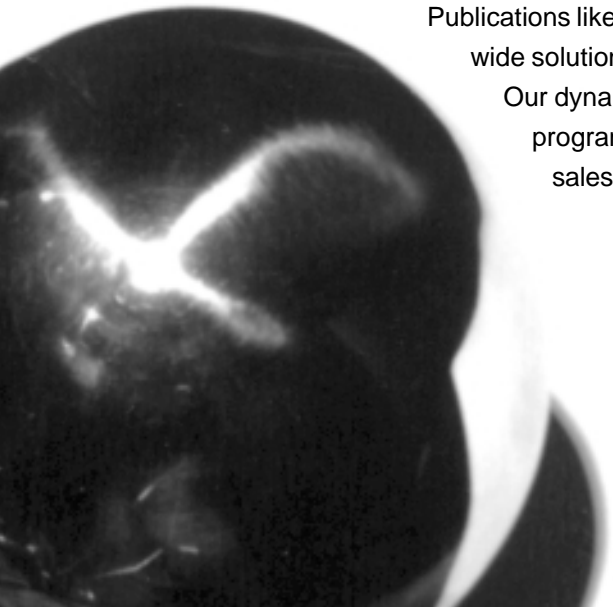
Microsemi is the #1 supplier of discrete components to Mil-Aero, Satellites, and Implantable Medical devices in the world. Overall the company has moved up to the #3 position of U.S. based semiconductor suppliers in the diodes, rectifiers and TVS product segment.

Microsemi will continue to outpace the market through targeted acquisitions and targeted new product introductions supporting our existing and new focus niches. In FY98 Microsemi strategically positioned itself and made significant inroads into wireless communication applications and we expect our market share to grow in this segment in the coming years.

On the service front, it is FOCUS on our key customers that continues to move us toward a customer-centric enterprise culture. In FY98 we restructured our Marketing efforts to convey a single company image by the way we look and the way we go to market; and the company integrated multidivisional activities into focused programs for acquisition of new customers and improved service metrics to our existing key accounts.

Publications like our Microcurrents continue to focus on corporate wide solutions to specific applications in our chosen markets.

Our dynamic Web site, wide area network and E-Commerce program are all coming together to support our ONE on ONE sales and service approach around the world.



directors and corporate officers

Philip Frey, Jr.	Chairman of the Board, President and Chief Executive Officer
David R. Sonksen	Vice President Finance, Chief Financial Officer, Treasurer and Secretary
Robert B. Phinizy	Director, Private Investor; Consultant
Martin H. Jurick	Director
Joseph M. Scheer	Director, Private Investor; Consultant
Brad Davidson	Director, President of Securities Pricing and Research, Inc.
Andy T.S. Yuen	Vice President International Operations
James M. Thomas	Vice President Human Resources
Eduardo R. Fernandez	Vice President Sales and Marketing

independent accountants

PricewaterhouseCoopers LLP
Costa Mesa, California

general counsel

Stradling Yocca Carlson & Rauth
Newport Beach, California

registrar and transfer agent

ChaseMellon Shareholder Services
400 South Hope Street
Los Angeles, California 90017

subsidiaries

Microsemi Corp. - Scottsdale Scottsdale, Arizona	Microsemi Corp. - Colorado Broomfield, Colorado	Micro UPSD, Inc. Watertown, Massachusetts
Sertech Laboratories, Inc./SSI Watertown, Massachusetts	Microsemi RF Products, Inc. Montgomeryville, Pennsylvania	Microsemi PPC, Inc. Riviera Beach, Florida
Microsemi (H.K.) Ltd. Hong Kong	RPM-Micro Escondido, California	Micro (Bermuda), Ltd. Ennis, Ireland
Semcon Electronics Pvt., Ltd. Bombay, India	BKC Semiconductors Inc. Lawrence, Massachusetts	

annual meeting

The annual shareholders' meeting will be held at the Corporate Headquarters, 2830 South Fairview Street, Santa Ana, California, on February 23, 1999 at 10:00 a.m.



Microsemi

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