

RFM News Release

To: Analyst, Portfolio Manager or RFM Investor

Date: October 17, 2001

RE: RF Monolithics Earnings for Q4 and Fiscal Year '01

RF Monolithics, Inc. [NASDAQ:RFMI] ended its fourth quarter and FY'01 year-end on August 31, 2001. Please find the earnings report for this period and information regarding the management conference call:

Oct 17	4:00 p.m. EST (New York) 3:00 p.m. CST (Dallas) 1:00 p.m. PST (Los Angeles)	Q4 '01 Results Released
Oct 17	5:00 p.m. EST (New York) 4:00 p.m. CST (Dallas) 2:00 p.m. PST (Los Angeles)	Management Quarterly Conference Call

To participate in the conference call, please call **1-800-256-5982**, ten-minutes prior to the scheduled call time, or internationally at (415) 908-4709, **no password is necessary**.

This conference call will be Webcast. Please see details in the earnings release attached.

If you encounter any problems getting through or did not receive the earnings, please call RFM immediately at (972) 448-3792 or (972) 448-3700. A copy of the release is posted on our Web Site (www.rfm.com) under news releases.

Please refer to the following chart for the conference call:

RF Monolithics, Inc.
Sales Detail
(in thousands)

	Q4 00	Q3 01	Q4 01
Low-Power Components	\$ 8,616	\$ 8,724	\$ 8,229
Virtual Wire® Short-Range Device Radio Systems	2,094	2,924	2,380
Total Low Power Product Group	\$10,710	\$11,648	\$10,609
Frequency Control Modules	\$ 822	\$ 1,052	\$ 683
Filters	1,395	2,212	994
Total Communications Products Group	\$ 2,217	\$3,264	\$ 1,677
Total Technology Development	\$ 117	\$ 182	\$ 229
Total Sales	\$13,044	\$15,094	\$12,515

RFM News Release

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RF MONOLITHICS REPORTS FOURTH QUARTER AND FISCAL 2001 RESULTS

DALLAS, TEXAS, (October 17, 2001) RF Monolithics, Inc. [NASDAQ:RFMI] today reported sales for the fourth quarter ended August 31, 2001, were \$12.5 million compared with sales of \$13.0 million in the fourth quarter of the prior year. Sales for the year ended August 31, 2001, were \$51.8 million compared with sales of \$47.3 million for the year ended August 31, 2000.

Net loss for the fourth quarter ended August 31, 2001, was \$9.8 million, or a loss of \$1.40 per diluted share, compared to a net loss of \$1.2 million, or \$0.20 per diluted share, for the fourth quarter of the prior year. The loss in the current quarter included approximately \$2.6 million of restructuring and special charges associated with the transitioning of the Company's high volume assembly offshore and \$5.6 million in non-cash valuation allowance against deferred tax benefits in compliance with FAS 109. Net loss for the year ended August 31, 2001, was \$13.2 million or \$1.97 per diluted share, compared to net loss of \$7.6 million or \$1.26 per diluted share for the prior year.

President and CEO of RF Monolithics, Inc., David Kirk commented, "The slowing economy and increased production capacities of our manufacturing partners provided a window of opportunity for us to accelerate our transition of volume assembly offshore. To accomplish this, it was necessary to recognize restructuring and other special charges related to the transition. Additionally, due to recent losses and general economic conditions, we decided to establish a full valuation allowance against our deferred tax benefits." Mr. Kirk further commented, "We began to see some benefits this quarter from our lower cost structure which resulted from the restructuring. On a proforma basis, which excludes the special charges, the pre-tax loss for the quarter would have been approximately \$1.6 million, reflecting lower operating expenses and gross margin improvement of four margin points on a comparative quarter's sales volume. As we complete the final phase of putting our lower cost structure in place, we expect to see our margins continue to improve. We anticipate a gross margin of 20% or more in our first quarter on sales of ten to fifteen percent lower than this quarter. This, of course, paves the way for significant profit improvement when the economy begins to rebound and sales return to historic levels."

Quarter Highlights:

- Despite the general economic slow-down, the Company reported annual sales increased approximately 10% over prior year's annual sales. On a year-over-year comparison, the Company's Low-power Component products remained stable while collectively the Company's VWO, Frequency Control and Filter products, which are the products the Company has invested its development and marketing and sales efforts this past year, increased 27%.
- Backlog at year-end was \$17 million which is consistent with prior year's ending backlog.
- While quarterly sales were down 4% from the prior year's fourth quarter and 17% from the previous quarter, the Company did record significant sales activity this quarter for several emerging market applications such as medical alert, tire pressure monitoring and remote meter reading.
- The Company reported over \$200 thousand in technology development sales for the quarter. This represents development of custom products for customer specific applications utilizing the Company's products including Filter, Frequency Control and, Virtual Wire® products.
- The Company signed an agreement with Morioka Seiko Instruments Inc., a daughter company wholly owned by Sieko Instruments Inc. ("Seiko"), for assembly of its Virtual Wire® Products. The addition of Seiko provides the Company with production partners for all of its high volume production products. The Company expects Seiko to be in full production by its third fiscal quarter.
- By the end of the Company's fiscal year, 50% of the Company's products were being produced by its offshore partners and by the end of the first quarter the Company plans for approximately 75% of the Company's sales to be produced offshore.
- The Company, as part of its offshore assembly transition, reduced its Dallas workforce, including contract labor, 41% during the year and expects further reductions by the end of November resulting in a workforce of 235.
- The Company reported restructuring charges of \$1.4 million and special inventory charges of \$1.2 million relating to its transition of high volume assembly offshore.
- In accordance with FAS 109, the Company established a full valuation allowance of \$5.6 million against deferred tax benefits that were included on its balance sheet as of May 31, 2001. Recent losses, including the restructuring and other special charges that occurred in this quarter, as well as the general economic environment made taking the reserve appropriate. The Company, of course, retains the tax benefits involved and will realize the benefits in future periods to the extent the Company is profitable.
- A key result of the Company's acceleration of its restructuring program was a proforma gross margin for the quarter of 15.2%, which excludes the special charges. Going forward, the Company expects

more cost reductions to take effect. The cost reductions that have already been put into place are targeted to result in gross margins of 20% or more in the first quarter.

RFM, headquartered in Dallas, Texas is a leading developer, manufacturer and supplier of a broad range of radio frequency components and modules based on surface acoustic wave technology for the automotive, computer, consumer, industrial and telecommunications markets worldwide.

Forward-Looking Statements:

This news release contains forward-looking statements, made pursuant to the Safe Harbor Provision of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Statements of the Company's plans, objectives, expectations and intentions involve risks and uncertainties. Statements containing terms such as "believe", "expects", "plans" "anticipates" or similar terms are considered to contain uncertainty and are forward-looking statements. Further, the Company's actual results could differ materially from those discussed. Factors that could contribute to such differences include, but are not limited to, the timely development, acceptance and pricing of new products, the successful implementation of improved manufacturing processes, the transition to offshore manufacturing, the impact of competitive products and pricing, availability of sufficient materials, labor, and assembly capacity to meet product demand, general economic conditions as they affect the Company's customers and manufacturing partners, as well as the other risks detailed from time to time in the Company's SEC reports, including the report on Form 10-K for the year ended August 31, 2000. The Company does not assume any obligation to update any information contained in this release.

Management Conference Call:

RFM will host a Conference Call, open to the public, today at 5:00 p.m. EST. The public will have the opportunity to listen to the Conference Call over the Internet or by dialing a toll-free number. Below is the information you will need:

Internet Access-

RFM at <http://www.rfm.com> . Click on the "Investor Relations" section and then click on "WebCast Live". You may also access the Conference Call at <http://ccbn.com>. Click on "application" and select "Company Boardroom" then Click on "Conference Calls" tab, Click on "RF Monolithics". To listen to the live call, please go to the Web site at least 15 minutes early to download and install any necessary audio software. A replay will be available through CCBN's retail sites.

Telephone Access-

The toll-free dial-in number is 1-800-256-5982 and there is no password. Please call 10 minutes prior to scheduled start time. After the Conference Call, a replay will be available and can be accessed by dialing 1-800-633-8284, password is 16065817. This replay will be active from 7:00 p.m. EST October 17 through 12:00 a.m. EST October 19, 2001 and again from 5:00 a.m. until 5:00 p.m. October 17, 2001.

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RFM Financial News Release

RF Monolithics, Inc.
Condensed Statements of Income
(In Thousands, Except Per Share Amounts)

	Three Months Ended August 31,		Twelve Months Ended August 31,	
	2001	2000	2001	2000
	<u>(Unaudited)</u>		<u>(Unaudited)</u>	
Sales	\$ 12,515	\$ 13,044	\$ 51,771	\$ 47,256
Cost of sales	<u>11,869</u>	<u>11,025</u>	<u>45,597</u>	<u>43,250</u>
Gross profit	<u>646</u>	<u>2,019</u>	<u>6,174</u>	<u>4,006</u>
Research and development	844	1,180	3,852	4,700
Sales and marketing	1,285	1,557	5,748	6,047
General and administrative	767	830	3,184	3,546
Restructuring	1,399	0	1,399	0
Litigation and unusual legal	0	301	0	301
Operating expenses	<u>4,295</u>	<u>3,868</u>	<u>14,183</u>	<u>14,594</u>
Income (loss) from operations	(3,649)	(1,849)	(8,009)	(10,588)
Other income (expense), net	<u>(554)</u>	<u>(206)</u>	<u>(1,559)</u>	<u>(634)</u>
Income (loss) before income taxes	(4,203)	(2,055)	(9,568)	(11,222)
Income tax (benefit) expense	<u>5,551</u>	<u>(818)</u>	<u>3,673</u>	<u>(3,614)</u>
Net (loss) income	<u><u>\$(9,754)</u></u>	<u><u>\$ (1,237)</u></u>	<u><u>\$(13,241)</u></u>	<u><u>\$(7,608)</u></u>
Earnings (loss) per share:				
Basic	<u><u>\$ (1.40)</u></u>	<u><u>\$ (.20)</u></u>	<u><u>\$ (1.97)</u></u>	<u><u>\$ (1.26)</u></u>
Diluted	<u><u>\$ (1.40)</u></u>	<u><u>\$ (.20)</u></u>	<u><u>\$ (1.97)</u></u>	<u><u>\$ (1.26)</u></u>
Weighted average common shares outstanding:				
Basic	<u><u>6,948</u></u>	<u><u>6,191</u></u>	<u><u>6,712</u></u>	<u><u>6,046</u></u>
Diluted	<u><u>6,948</u></u>	<u><u>6,191</u></u>	<u><u>6,712</u></u>	<u><u>6,046</u></u>

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RF Monolithics, Inc.
Condensed Balance Sheets
(In Thousands)

	<u>August 31,</u> <u>2001</u>	<u>August 31,</u> <u>2000</u>
ASSETS		
Cash, cash equivalents and short-term investments	\$ 332	\$ 4,085
Accounts receivable, net	8,305	9,868
Inventories	11,618	11,176
Other current assets	<u>787</u>	<u>3,209</u>
Total current assets	21,042	28,338
Net property and equipment	16,748	14,063
Other assets	<u>562</u>	<u>3,366</u>
Total	<u>\$38,352</u>	<u>\$ 45,767</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 8,369	\$ 15,313
Long-term debt	<u>9,927</u>	<u>68</u>
Total liabilities	18,296	15,381
Stockholders' equity	<u>20,056</u>	<u>30,386</u>
Total	<u>\$38,352</u>	<u>\$ 45,767</u>

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