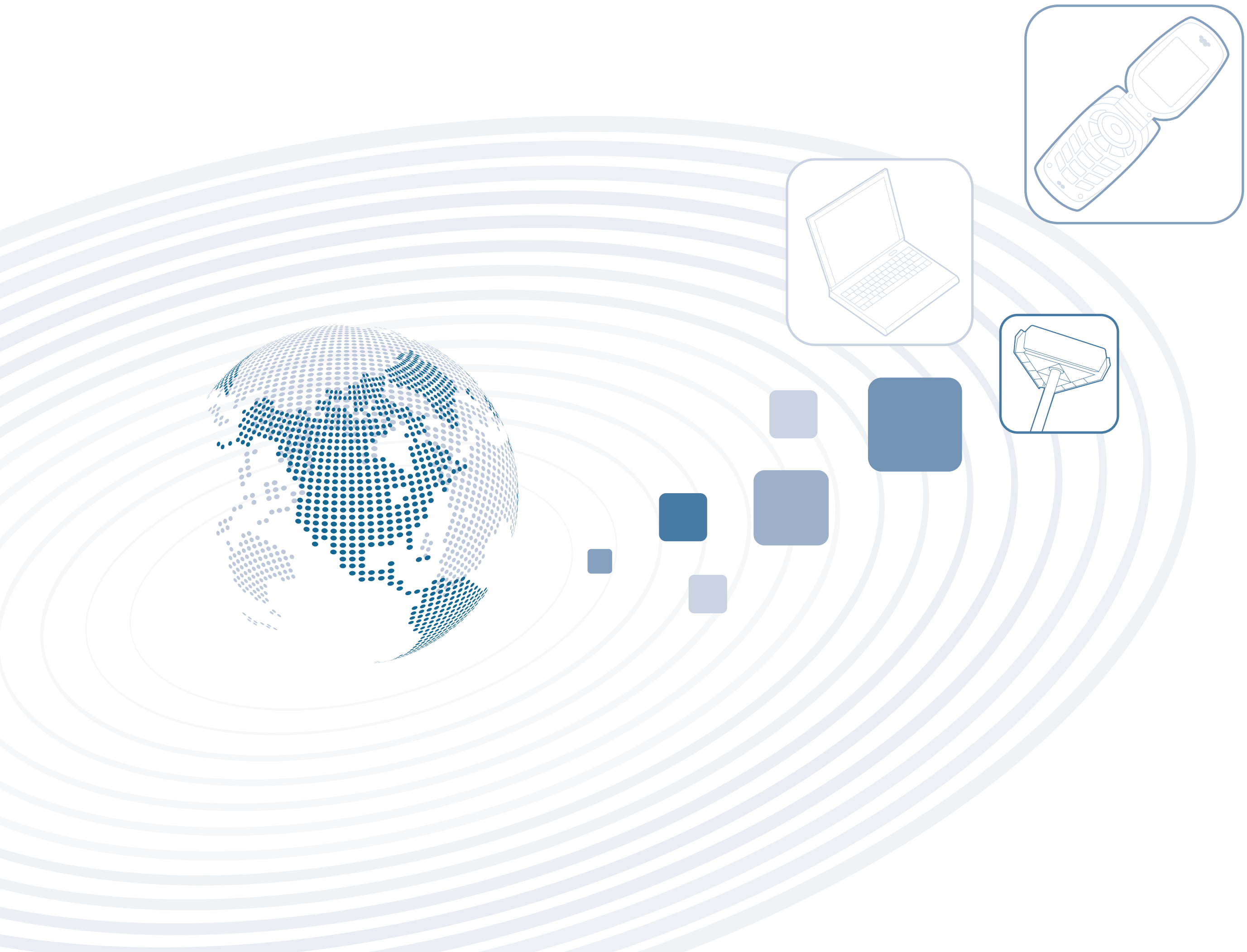
SKYWORKS®



BREAKTHROUGH SIMPLICITY®

Notice of 2007 Annual Meeting & Proxy Statement

2006 Annual Report

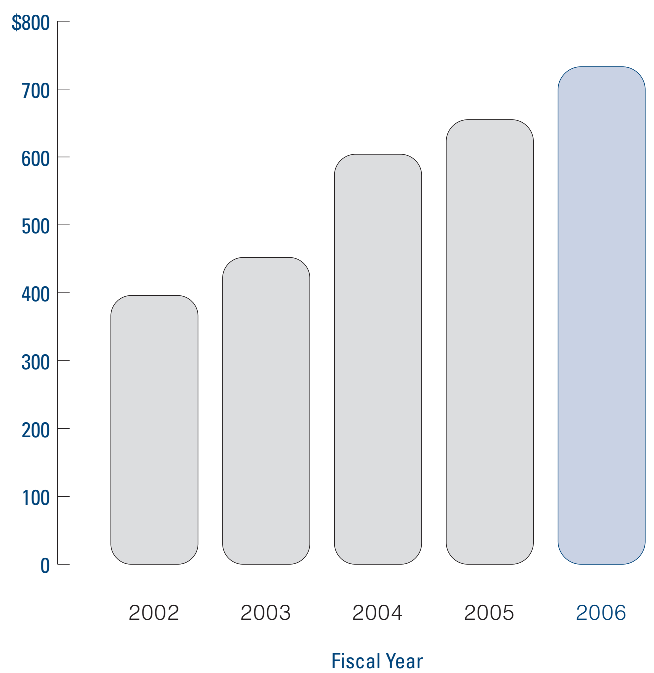
Profile

Skyworks Solutions, Inc. is an innovator of high performance analog and mixed signal semiconductors enabling mobile connectivity. The company's power amplifiers, front-end modules and direct conversion transceivers are at the heart of many of today's leading-edge multimedia handsets. Leveraging core technologies, Skyworks also offers a diverse portfolio of linear products that support automotive, broadband, cellular infrastructure, industrial and medical applications.

Headquartered in Woburn, Mass., Skyworks is worldwide with engineering, manufacturing, sales and service facilities throughout Asia, Europe and North America.

Financial Highlights

Core Revenue (dollars in millions)*



*Please see the table on page 104 for a full reconciliation of core revenue to GAAP revenue.

Letter to Stockholders

David J. Aldrich
President and Chief Executive Officer

DEAR STOCKHOLDERS,

As we reflect on fiscal 2006, I am pleased to report that Skyworks posted solid results in its core business as we intensified focus on areas of clear differentiation: linear products, power amplifiers, front-end modules and radio solutions. With consumers upgrading their voice-only cellular phones to include multimedia capabilities, we captured more dollar content by delivering highly integrated solutions in smaller form factors. During the year, we also made a strategic decision to exit our cellular baseband product area, allowing us to partner with, rather than compete against leading baseband suppliers. This decision has given us the opportunity to create a new operating model that we are convinced will deliver better returns in the long term for you, our stockholders.

FISCAL 2006 BUSINESS HIGHLIGHTS

Our Linear Products business began to show the results of our multiyear efforts, with design wins translating into revenue. As you may recall, we launched Linear Products in 2004 to aggressively leverage Skyworks' analog capabilities, along with our strong catalog sales and distribution channel, into non-handset applications. Throughout fiscal 2006, we posted consecutive record bookings and solid growth, demonstrating our ability to capture market share in diverse end-use applications where innovation and integration are highly valued. Keep in mind that while the addressable market for linear products is highly fragmented, it is roughly four times the size of the cellular handset RF industry, providing us with ample opportunity for future growth and diversification. More specifically, we:

- Released a new Linear Products catalog with 800 products, supporting sales and distribution channels for a multitude of diverse markets,
- Secured orders for CMOS switches, high performance mixers, gain blocks and personal area networking solutions for broadband, infrastructure, automotive and medical applications, and
- Secured a front-end module reference design win with Broadcom for their 802.11 "n" Intensifi™ chipset that supports data rates up to 600 Mbps.

In the handset business, the industry continued to migrate towards EDGE and WCDMA phones which require simultaneous voice and high speed data functionality. This migration is being fueled by consumers replacing their cellular phones with more versatile models that include multimedia features such as cameras, MP3 players, video streaming, gaming, Web browsing and WiFi-based applications. With this transition comes a need for greater compatibility among the RF and the analog/mixed signal functions to help maintain voice quality, while preserving data integrity. As a result, handset manufacturers today are partnering with select suppliers much earlier in the development process in order to meet stringent performance goals and significantly shorten the development cycle. Consistent with this trend, in fiscal 2006, we gained significant market traction with our portfolio of highly integrated solutions among top-tier OEMs. In particular, we:

- Supported Samsung's migration to EDGE with our Helios™-based RF subsystem, ramping across nearly 20 models including the Ultra-Slim Trace™—the thinnest bar phone available in the United States,
- Powered some of the world's most popular mobile phones including Sony Ericsson's Walkman®, Motorola's MOTORAZR™, KRZR™ and Q™, and LG's award-winning Chocolate™ models, and
- Unveiled front-end modules supporting WCDMA, all three EDGE system architectures, and ultra low-cost handsets—expanding our portfolio to virtually every major air interface.

As handsets become more complex, our customers continue to seek partners who can provide more value through integration, have the necessary scale, and ability to manufacture a broad range of key RF process and device technologies. Skyworks' integration strategy allows us to uniquely meet this call, lower overall bill-of-material costs, and provide manufacturers faster time-to-market, while at the same time increasing our dollar content per handset.

EXIT OF BASEBAND BUSINESS

Amidst this backdrop within our core business, market dynamics within our baseband segment, which tailored products to tier-three and emerging handset OEMs, changed dramatically. Just as quickly as new handset market entrants gained share in 2003 and 2004, the industry's leading OEMs, namely Nokia, Motorola, Samsung, Sony Ericsson and LG, responded. They leveraged their brand power and economies of scale to reclaim market share in 2005 and 2006, proving that new subscribers are brand sensitive. This shift played to Skyworks' technical strengths in front-end modules and radio solutions, but had a negative impact on these emerging customers, and in turn, our baseband business. Given these dynamics and a landscape increasingly dominated by tier-one OEMs, we ceased our cellular baseband operations and implemented a sweeping restructuring enabling us to focus on our core strengths.

THE NEW SKYWORKS

Entering fiscal 2007, Skyworks emerges with an intensified focus on our core analog and RF competencies to gain market share with our diversified linear products portfolio and leadership power amplifier, front-end module and integrated radio solutions. We are

Senior Management Team

Top Row, Left to Right: Bruce J. Freyman, Liam K. Griffin, Allan M. Kline, George M. LeVan and Thomas S. Schiller
Bottom Row, Left to Right: Gregory L. Waters, Nien-Tsu Shen, Stanley A. Swearingen, Jr. and Mark V.B. Tremallo

focusing exclusively on these growth engines where Skyworks possesses a strategic and competitive advantage. By leveraging our strong tier-one market positions and higher average selling prices in EDGE and 3G, we anticipate top-line growth, gross margin expansion, and operating leverage that will drive improved earnings per share.

In summary, we believe we are well positioned to capitalize on these market trends and opportunities. The entire Skyworks team is squarely focused on gaining share, capturing increasing dollar content, executing to world class operational metrics, and ultimately delivering superior returns to our stockholders.

We would like to thank our employees who have been instrumental in developing and delivering our leading product portfolio; our customers for the trust they have placed in us; and you, our stockholders for your continued support. We look forward to a dynamic and prosperous 2007.

David J. Aldrich
President and Chief Executive Officer

"We are focusing exclusively on these growth engines where Skyworks possesses a strategic and competitive advantage."

—David J. Aldrich, President and Chief Executive Officer

Product Pipeline

LINEAR PRODUCTS

- Amplifiers
- Attenuators
- BAW Filters
- Chip Capacitors
- Diodes
- Directional Couplers
- Directional Detectors
- Infrastructure RF Subsystems
- Mixers/Demodulators
- Modulators
- Power Dividers/Combiners
- Phase Shifters
- Receivers
- Switches
- Synthesizers/PLLs
- Technical Ceramics
- Transmitters
- WLAN Front-end Modules

MOBILE PLATFORMS

- GSM/GPRS/EDGE Power Amplifiers
- CDMA Power Amplifiers
- WCDMA Power Amplifiers
- TD-SCDMA Power Amplifiers
- GSM/GPRS/EDGE Front-end Modules
- CDMA Front-end Modules
- WCDMA Front-end Modules
- Multimode Front-end Modules
- WiMAX Front-end Modules
- DCR™ Transceivers
- Helios™ EDGE Radios
- Helios™ WEDGE RF Subsystems

January 29, 2007

Dear Stockholder:

I am pleased to invite you to attend the 2007 annual meeting of stockholders of Skyworks Solutions, Inc. to be held at 2:00 p.m., local time, on Thursday, March 29, 2007, at the Boston Marriott Burlington, One Mall Road, Burlington, Massachusetts (the "Annual Meeting"). We look forward to your participation in person or by proxy. The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the matters that we expect to be acted upon at the Annual Meeting.

If you plan to attend the Annual Meeting, please check the designated box on the enclosed proxy card. Or, if you utilize our telephone or Internet voting systems, please indicate your plans to attend the Annual Meeting when prompted to do so. If you are a stockholder of record, you should bring the top half of your proxy card as your admission ticket and present it upon entering the Annual Meeting. If you are planning to attend the Annual Meeting and your shares are held in "street name" by your broker (or other nominee), you should ask the broker (or other nominee) for a proxy issued in your name and present it at the meeting.

Whether or not you plan to attend the Annual Meeting, and regardless of how many shares you own, it is important that your shares be represented at the Annual Meeting. Accordingly, we urge you to complete the enclosed proxy and return it to us promptly in the postage-prepaid envelope provided, or to complete your proxy by telephone or via the Internet in accordance with the instructions on the proxy card. If you do attend the Annual Meeting and wish to vote in person, you may withdraw a previously submitted proxy at that time.

Sincerely yours,

Dwight W. Decker
Chairman of the Board

SKYWORKS SOLUTIONS, INC.

20 Sylvan Road
Woburn, MA 01801
(781) 376-3000

5221 California Avenue
Irvine, CA 92617
(949) 231-3000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON THURSDAY, MARCH 29, 2007

To the Stockholders of Skyworks Solutions, Inc.:

The 2007 annual meeting of stockholders of Skyworks Solutions, Inc., a Delaware corporation (the "Company"), will be held at 2:00 p.m., local time, on Thursday, March 29, 2007, at the Boston Marriott Burlington, One Mall Road, Burlington, Massachusetts (the "Annual Meeting") to consider and act upon the following proposals:

1. To elect three members of the Board of Directors of the Company to serve as Class II directors with terms expiring at the 2010 annual meeting of stockholders.

2. To ratify the selection by our Audit Committee of KPMG LLP as the independent registered public accounting firm for the Company for fiscal year 2007.

3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on January 29, 2007, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. All stockholders are cordially invited to attend the Annual Meeting. **To ensure your representation at the Annual Meeting, however, we urge you to vote promptly in one of the following ways whether or not you plan to attend the Annual Meeting:** (1) by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose, (2) by completing your proxy using the toll-free number listed on the proxy card, or (3) by completing your proxy via the Internet by visiting the website address listed on your proxy card. Should you receive more than one proxy card because your shares are held in multiple accounts or registered in different names or addresses, please complete, sign, date and return each proxy card, or complete each proxy by telephone or the Internet, to ensure that all of your shares are voted. Your proxy may be revoked at any time prior to the Annual Meeting. Any stockholder attending the Annual Meeting may vote at the meeting even if he or she previously submitted a proxy by mail, telephone or via the Internet. If your shares are held in "street name" by your broker (or other nominee), your vote in person at the Annual Meeting will not be effective unless you have obtained and present a proxy issued in your name from the broker.

By Order of the Board of Directors,

MARK V.B. TREMALLO
Vice President, General Counsel and Secretary

Woburn, Massachusetts
January 29, 2007

SKYWORKS SOLUTIONS, INC.

20 Sylvan Road
Woburn, MA 01801
(781) 376-3000

5221 California Avenue
Irvine, CA 92617
(949) 231-3000

PROXY STATEMENT

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Skyworks Solutions, Inc., a Delaware corporation ("Skyworks" or the "Company"), for use at the Company's annual meeting of stockholders to be held at 2:00 p.m., local time, on Thursday, March 29, 2007, at the Boston Marriott Burlington, One Mall Road, Burlington, Massachusetts or at any adjournment or postponement thereof (the "Annual Meeting"). The Company's Annual Report, which includes financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operation for the fiscal year ended September 29, 2006, is being mailed together with this Proxy Statement to all stockholders entitled to vote at the Annual Meeting. This Proxy Statement and form of proxy are being first mailed to stockholders on or about February 5, 2007.

Only stockholders of record at the close of business on January 29, 2007 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting. As of January 29, 2007, there were 163,156,053 shares of Skyworks' common stock issued and outstanding. Pursuant to Skyworks' certificate of incorporation and by-laws, and applicable Delaware law, each share of common stock entitles the holder of record at the close of business on the Record Date to one vote on each matter considered at the Annual Meeting. As a stockholder, you may vote in one of the following three ways whether or not you plan to attend the Annual Meeting: (1) by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose, (2) by completing your proxy using the toll-free telephone number listed on the proxy card, or (3) by completing your proxy via the Internet at the website address listed on the proxy card. If you attend the Annual Meeting, you may vote in person at the meeting even if you have previously completed your proxy by mail, telephone or via the Internet. If your shares are held in "street name" by your broker (or other nominee), the broker (or other nominee) is required to vote those shares in accordance with your instructions. If you do not give instructions to your broker, the broker will be entitled to vote the shares with respect to "discretionary" items as described below but will not be permitted to vote the shares with respect to "non-discretionary" items (in which case any shares voted by the broker will be treated as "broker non-votes"). If your shares are held in "street name" by your broker (or other nominee), please check your proxy card or contact your broker (or other nominee) to determine whether you will be able to vote by telephone or via the Internet.

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted at the Annual Meeting. Proxies may be revoked by (i) delivering to the Secretary of the Company, before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy, (ii) duly completing a later-dated proxy relating to the same shares and presenting it to the Secretary of the Company before the taking of the vote at the Annual Meeting or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be delivered to the Company's principal executive offices at Skyworks Solutions, Inc., 20 Sylvan Road, Woburn, MA 01801, Attention: Secretary, or hand delivered to the Secretary of the Company, before the taking of the vote at the Annual Meeting.

The representation in person or by proxy of at least a majority of the issued and outstanding common shares entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business. Shares that abstain from voting on any proposal and "broker non-votes" will be counted as shares that are present and entitled to vote for purposes of determining whether a quorum exists at the Annual Meeting. For purposes of determining the outcome of any matter as to which a broker (or other nominee) has indicated that it does not have discretionary voting authority, those shares will be treated as not present and not entitled to vote with respect to that matter (even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other matters).

Pursuant to the Company's by-laws, directors are elected by a plurality vote and, therefore, the three nominees who receive the most votes will be elected. Stockholders will not be allowed to cumulate their votes in the election of directors. Accordingly, abstentions, which will not be voted, will not affect the outcome of the election of the nominees to the Board of Directors. In addition, the election of directors is a "discretionary" matter on which a broker (or other nominee) is authorized to vote in the absence of instruction from the beneficial owner.

Regarding Proposal 2, an affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting, and entitled to vote on such matter, is required for approval. Proposal 2 involves a matter on which a broker (or other nominee) does have discretionary authority to vote. With respect to Proposal 2 an abstention will have the same effect as a "no" vote. There are no proposals involving matters on which a broker (or other nominee) does not have discretionary authority to vote. An automated system administered by the Company's transfer agent tabulates the votes. The vote on each matter submitted to stockholders is tabulated separately.

The persons named as attorneys-in-fact in the proxies, David J. Aldrich and Allan M. Kline, were selected by the Board of Directors and are officers of the Company. Each executed proxy returned in time to be counted at the Annual Meeting will be voted. Where a choice has been specified in an executed proxy with respect to the matters to be acted upon at the Annual Meeting, the shares represented by the proxy will be voted in accordance with the specifications. If no such specifications are indicated, such proxies will be voted FOR the three nominees to the Board of Directors and FOR the ratification of the selection of KPMG LLP as the independent registered public accounting firm of the Company for the 2007 fiscal year.

If you plan to attend the Annual Meeting, please be sure to check the designated box on your proxy card indicating your intent to attend, and save the admission ticket attached to your proxy (the top half); or, indicate your intent to attend through Skyworks' telephone or Internet voting procedures, and save the admission ticket attached to your proxy. If your shares are held in "street name" by your broker (or other nominee), please check your proxy card or contact your broker (or other nominee) to determine whether you will be able to indicate your intent to attend by telephone or via the Internet. In order to be admitted to the Annual Meeting, you will need to present your admission ticket, as well as provide a valid picture identification, such as a driver's license or passport. If your shares are held in "street name" by your broker (or other nominee), you should contact your broker (or other nominee) to obtain a proxy in your name and present it at the Annual Meeting in order to vote.

Some brokers (or other nominees) may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of this Proxy Statement and our Annual Report may have been sent to multiple stockholders in your household. If you are a stockholder and your household or address has received only one Annual Report and one Proxy Statement, the Company will promptly deliver a separate copy of the Annual Report and the Proxy Statement to you, upon your written request to Skyworks Solutions, Inc., 5221 California Avenue, Irvine, CA 92617, Attention: Investor Relations, or oral request to Investor Relations at (949) 231-4700. If you would like to receive separate copies of our Annual Report and Proxy Statement in the future, you should direct such request to your broker (or other nominee). Even if your household or address has received only one Annual Report and one Proxy Statement, a separate proxy card should have been provided for each stockholder account. Each individual proxy card should be signed, dated, and returned in the enclosed postage-prepaid envelope (or voted by telephone or via the Internet, as described therein). If your household has received multiple copies of our Annual Report and Proxy Statement, you can request the delivery of single copies in the future by contacting your broker (or other nominee), or the Company at the address or telephone number above.

If you are a participant in the Skyworks 401(k) Savings and Investment Plan, you will receive a proxy card for the Skyworks shares you own through the 401(k) Plan. That proxy card will serve as a voting instruction card for the trustee of the 401(k) Plan, and your 401(k) Plan shares will be voted as you instruct.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

To the Company's knowledge, the following table sets forth the beneficial ownership of the Company's common stock as of January 12, 2007, by the following individuals or entities: (i) each person who beneficially owns 5% or more of the outstanding shares of the Company's common stock as of January 12, 2007; (ii) the

Named Executives (as defined herein under the heading "Compensation of Executive Officers and Directors"); (iii) each director and nominee for director; and (iv) all current executive officers and directors of the Company, as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission ("SEC"), is not necessarily indicative of beneficial ownership for any other purpose, and does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of those shares. As of January 12, 2007, there were 163,093,941 shares of Skyworks common stock issued and outstanding.

In computing the number of shares of Company common stock beneficially owned by a person and the percentage ownership of that person, shares of Company common stock that are subject to stock options or other rights held by that person that are currently exercisable or that will become exercisable within 60 days of January 12, 2007, are deemed outstanding. These shares are not, however, deemed outstanding for the purpose of computing the percentage ownership of any other person.

Names and Addresses of Beneficial Owners(1)	Number of Shares Beneficially Owned(2)	Percent of Class
Fidelity Management & Research Company	18,261,681(3)	11.1%
David J. Aldrich	2,047,740(4)	1.2%
Kevin D. Barber	403,580(5)	(*)
Kevin L. Beebe	45,000	(*)
Moiz M. Beguwala	368,028(6)	(*)
Dwight W. Decker	1,232,656(6)	(*)
Timothy R. Furey	176,250	(*)
Liam K. Griffin	493,835(4)	(*)
Balakrishnan S. Iyer	451,037	(*)
Allan M. Kline	296,654(4)(7)	(*)
Thomas C. Leonard	147,807	(*)
David P. McGlade	26,250	(*)
David J. McLachlan	133,850	(*)
Robert A. Schriesheim	0	(*)
Gregory L. Waters	442,244(4)	(*)
All directors and executive officers as a group (17 persons)	6,933,807(4)(5)(6)(7)	4.1%

* Less than 1%

(1) Unless otherwise noted, each person's address is the address of the Company's principal executive offices at Skyworks Solutions, Inc., 20 Sylvan Road, Woburn, MA 01801 and stockholders have sole voting and investment power with respect to shares, except to the extent such power may be shared by a spouse or otherwise subject to applicable community property laws.

(2) Includes the number of shares of Company common stock subject to stock options held by that person that are currently exercisable or will become exercisable within sixty (60) days of January 12, 2007 (the "Current Options"), as follows: Aldrich — 1,634,628 shares under Current Options; Barber — 403,580 shares under Current Options; Beebe — 45,000 shares under Current Options; Beguwala — 355,994 shares under Current Options; Decker — 1,181,326 shares under Current Options; Furey — 176,250 shares under Current Options; Griffin — 359,766 shares under Current Options; Iyer — 444,955 shares under Current Options; Kline — 257,266 shares under Current Options; Leonard — 101,250 shares under Current Options; McGlade — 26,250 shares under Current Options; McLachlan — 131,250 shares under Current Options; Schriesheim — 0 shares under Current Options; Waters — 326,016 shares under Current Options; directors and executive officers as a group (17 persons) — 5,942,811 shares under Current Options.

(3) Consists of shares beneficially owned by FMR Corp., an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, as a result of its sole ownership of Fidelity Management & Research Company ("Fidelity Research") and Fidelity Management Trust Company ("Fidelity Trust") and indirect ownership of Pyramis Global Advisors Trust Company ("PGATC"). Fidelity Research, an investment

advisor registered under Section 203 of the Investment Advisors Act of 1940, is the beneficial owner of 17,589,481 shares as a result of acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940 that hold the shares. Fidelity Trust, a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 31,900 shares as a result of its serving as investment manager of the institutional account(s). PGATC, a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 640,300 shares as a result of its serving as investment manager of institutional accounts owning such shares. Of the shares beneficially owned, FMR Corp. (through its ownership Fidelity Research, Fidelity Trust and PGATC) has sole voting power with respect to 593,800 shares and sole disposition power with respect to 18,261,681 shares. The address of Fidelity Research and Fidelity Trust is 82 Devonshire Street, Boston, Massachusetts 02109. The address of PGATC is 53 State Street, Boston, Massachusetts 02109. With respect to the information relating to the affiliated FMR Corp. entities, the Company has relied on information supplied by FMR Corp.on a Schedule 13G filed with the SEC on January 10, 2007.

(4) Includes shares held in the Company's 401(k) savings plan.

(5) Mr. Barber resigned his position as an executive officer of the Company on October 18, 2006, and his employment was terminated on December 31, 2006.

(6) Includes shares held in savings plan(s) of Conexant Systems, Inc., resulting from the distribution of Skyworks' shares for shares of Conexant Systems, Inc. held in those plans in connection with the merger of the wireless communications business of Conexant Systems, Inc. with Alpha Industries, Inc. on June 25, 2002.

(7) Includes 250 shares of Company common stock held in trust for the benefit of other persons, as to all of which Mr. Kline disclaims beneficial ownership.

PROPOSALS TO BE VOTED

PROPOSAL 1

ELECTION OF DIRECTORS

The Company's certificate of incorporation and by-laws provide that the Board of Directors shall be divided into three classes, each class consisting, as nearly as possible, of one-third of the total number of directors, with each class having a three-year term. In connection with Mr. Robert A. Schriesheim's appointment as a director on May 11, 2006, the Board of Directors increased its size from nine (9) to ten (10) members. Accordingly, the Board of Directors currently is composed of ten (10) members: three Class I directors, three Class II directors and four Class III directors. The terms of these three classes are staggered in a manner so that only one class is elected by stockholders annually.

In compliance with the provisions of the Company's certificate of incorporation and by-laws, Mr. Schriesheim was appointed as a Class I director in order to most nearly achieve equality of number of directors among the three designated classes. A director elected by the Board of Directors to fill a vacancy (including a vacancy created by an increase in the authorized number of directors) shall serve for the remainder of the full term of the class of directors in which the vacancy occurred and until such director's successor is elected and has been duly qualified or until his earlier death, resignation or removal.

Messrs. Beebe, Furey and McLachlan have been nominated for election as Class II directors to hold office until the 2010 annual meeting of stockholders and thereafter until their successors have been duly elected and qualified. Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the meeting. Shares represented by all proxies received by the Board of Directors and not so marked as to withhold authority to vote for the nominees will be voted **FOR** the election of the three nominees.

Each person nominated for election has agreed to serve if elected, and the Board of Directors knows of no reason why any nominee should be unable or unwilling to serve, but if such should be the case, proxies will be voted for the election of some other person. No director, director nominee or executive officer is related by blood, marriage or adoption to any other director or executive officer. No arrangements or understandings exist between any director or person nominated for election as a director and any other person pursuant to which such person is to be selected as a director or nominee for election as a director.

Set forth below is summary information for each person nominated and each person whose term of office as a director will continue after the Annual Meeting, including the year such nominee or director was first elected a director, the positions currently held by the nominee and each director with the Company, the year each nominee's or director's term will expire and class of director of each nominee and each director. This information is followed by additional biographical information about these individuals, as well as the Company's other executive officers.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE NOMINEES LISTED BELOW

Nominee's or Director's Name (and Year He First Became a Director)	Position(s) with the Company	Year Director Term Will Expire	Class of Director
Nominees:			
Kevin L. Beebe (2004) (1) (2) (3)	Non-Employee Director	2010	II
Timothy R. Furey (1998) (2) (3)	Non-Employee Director	2010	II
David J. McLachlan (2000) (1) (3)	Non-Employee Director	2010	II
Continuing Directors:			
Balakrishnan S. Iyer (2002)	Non-Employee Director	2009	I
Thomas C. Leonard (1996)	Non-Employee Director	2009	I
Robert A. Schriesheim (2006) (1) (2)	Non-Employee Director	2009	I
David J. Aldrich (2000)	President, Chief Executive Officer and Director	2008	III
Moiz M. Beguwala (2002)	Non-Employee Director	2008	III
Dwight W. Decker (2002)	Non-Employee Director and Chairman of the Board	2008	III
David P. McGlade (2005) (1) (2) (3)	Non-Employee Director	2008	III

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Nominating and Corporate Governance Committee

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth for each director and executive officer of the Company, his age and position with the Company as of January 29, 2007:

Name	Age	Title
Dwight W. Decker	56	Chairman of the Board
David J. Aldrich	49	President, Chief Executive Officer and Director
Kevin L. Beebe	47	Director
Moiz M. Beguwala	60	Director
Timothy R. Furey	48	Director
Balakrishnan S. Iyer	50	Director
Thomas C. Leonard	72	Director
David P. McGlade	46	Director
David J. McLachlan	68	Director
Robert A. Schriesheim	46	Director
Allan M. Kline	61	Vice President and Chief Financial Officer
Liam K. Griffin	40	Senior Vice President, Sales and Marketing
George M. LeVan	61	Vice President, Human Resources
Stanley A. Swearingen, Jr.	47	Vice President and General Manager, Linear Products
Mark V.B. Tremallo	50	Vice President, General Counsel and Secretary
Gregory L. Waters	46	Executive Vice President and General Manager, Front-End Solutions

Dwight W. Decker, age 56, has been Chairman of the Board of Directors since June 2002. Dr. Decker has also served as Chairman of the Board of Conexant Systems, Inc. (a publicly traded broadband communication semiconductor company) since December 1998 and has served as a director of Conexant since 1996. Since November 2004, Dr. Decker has also served as Conexant's Chief Executive Officer, a position he previously held from December 1998 until March 2004. He served as Senior Vice President of Rockwell International Corporation (now, Rockwell Automation, Inc.) (an electronic controls and communications company) and President, Rockwell Semiconductor Systems (now Conexant) from July 1998 to December 1998; Senior Vice President of Rockwell; and President, Rockwell Semiconductor Systems and Electronic Commerce prior thereto. Dr. Decker is also a director of Mindspeed Technologies, Inc. (a publicly traded networking infrastructure semiconductor company), Pacific Mutual Holding Company (a privately held life insurance company) and Jazz Semiconductor, Inc. (a privately held semiconductor wafer foundry). He is also a director or member of numerous professional and civic organizations.

David J. Aldrich, age 49, has served as President, Chief Executive Officer, and Director of the Company since April 2000. From September 1999 to April 2000, Mr. Aldrich served as President and Chief Operating Officer. From May 1996 to May 1999, when he was appointed Executive Vice President, Mr. Aldrich served as Vice President and General Manager of the semiconductor products business unit. Mr. Aldrich joined the Company in 1995 as Vice President, Chief Financial Officer and Treasurer. From 1989 to 1995, Mr. Aldrich held senior management positions at M/A-COM, Inc. (a developer and manufacturer of radio frequency and microwave semiconductors, components and IP networking solutions), including Manager Integrated Circuits Active Products, Corporate Vice President Strategic Planning, Director of Finance and Administration and Director of Strategic Initiatives with the Microelectronics Division.

Kevin L. Beebe, age 47, has been a director since January 2004. He has been Group President of Operations at ALLTEL Corporation (a publicly traded telecommunications services company)since 1998. From 1996 to 1998, Mr. Beebe served as Executive Vice President of Operations for 360o Corporation (a wireless communication company). He has held a variety of executive and senior management positions at several divisions of Sprint, including Vice President of Operations and Vice President of Marketing and Administration for Sprint Cellular, Director of Marketing for Sprint North Central Division, Director of Engineering and Operations Staff and Director of Product Management and Business Development for Sprint Southeast Division, as well as Staff Director of Product Services at Sprint Corporation. Mr. Beebe began his career at AT&T/Southwestern Bell as a Manager.

Moiz M. Beguwala, age 60, has been a director since June 2002. He is an executive employee of Conexant Systems, Inc., and served as Senior Vice President and General Manager of the Wireless Communications business unit of Conexant from January 1999 to June 2002. Prior to Conexant's spin-off from Rockwell International Corporation, Mr. Beguwala served as Vice President and General Manager, Wireless Communications Division, Rockwell Semiconductor Systems, Inc. from October 1998 to December 1998; Vice President and General Manager Personal Computing Division, Rockwell Semiconductor Systems, Inc. from January 1998 to October 1998; and Vice President, Worldwide Sales, Rockwell Semiconductor Systems, Inc. from October 1995 to January 1998. Mr. Beguwala serves on the Board of Directors of SIRF Technology (a publicly traded GPS semiconductor solutions company) and RF Magic (a privately held semiconductor company).

Timothy R. Furey, age 48, has been a director since 1998. He has been Chief Executive Officer of MarketBridge (a privately owned sales and marketing strategy and technology professional services firm) since 1991. His company's clients include organizations such as IBM, British Telecom and other global Fortune 500 companies selling complex technology products and services into both OEM and end-user markets. Prior to 1991, Mr. Furey held a variety of consulting positions with Boston Consulting Group, Strategic Planning Associates, Kaiser Associates and the Marketing Science Institute.

Balakrishnan S. Iyer, age 50, has been a director since June 2002. He served as Senior Vice President and Chief Financial Officer of Conexant Systems, Inc. from December 1998 to June 2003, and has been a director of Conexant since February 2002. Prior to joining Conexant, Mr. Iyer served as Senior Vice President and Chief Financial Officer of VLSI Technology Inc. Prior to that, he was corporate controller for Cypress Semiconductor Corp. and Director of Finance for Advanced Micro Devices, Inc. Mr. Iyer serves on the Board of Directors of Conexant, Invitrogen Corporation, Power Integrations, QLogic Corporation, and IHS, Inc. (each a publicly traded company).

Thomas C. Leonard, age 72, has been a director since August 1996. From April 2000 until June 2002 he served as Chairman of the Board of the Company, and from September 1999 to April 2000, he served the Company as Chief Executive Officer. From July 1996 to September 1999, he served as President and Chief Executive Officer. Mr. Leonard joined the Company in 1992 as a Division General Manager and was elected a Vice President in 1994. Mr. Leonard has over 30 years' experience in the microwave industry, having held a variety of executive and senior level management and marketing positions at M/A-COM, Inc., Varian Associates, Inc. and Sylvania.

David P. McGlade, age 46, has been a director since February 2005. Since April 2005, he has served as the Chief Executive Officer and a director of Intelsat Ltd. (a privately held worldwide provider of satellite communications services). Previously, Mr. McGlade served as an Executive Director of mmO2 PLC and as the Chief Executive Officer of O2 UK, a subsidiary of mmO2, a position he held from October 2000 until March 2005. Before joining O2 UK, Mr. McGlade was President of the Western Region for Sprint PCS; Chief Executive Officer and co-founder of Pure Matrix, a U.S. software company that enables the creation of services on mobile phones; Chief Executive Officer of CatchTV, an Internet/TV convergence company; and Vice President, Operations at TCI.

David J. McLachlan, age 68, has been a director since 2000. Mr. McLachlan served as a senior advisor to the Chairman and Chief Executive Officer of Genzyme Corporation (a publicly traded biotechnology company) from 1999 to 2004. He also was the Executive Vice President and Chief Financial Officer of Genzyme Corporation from 1989 to 1999. Prior to joining Genzyme, Mr. McLachlan served as Vice President, Chief Financial Officer of Adams-Russell Company (an electronic component supplier and cable television franchise owner). Mr. McLachlan also serves on the Boards of Directors of Dyax Corp. (a publicly traded biotechnology company) and HearUSA, Ltd. (a publicly traded hearing care services company).

Robert A. Schriesheim, age 46, has been a director since 2006. Mr. Schriesheim has been Executive Vice President, Chief Financial Officer and Principal Financial Officer of Lawson Software, Inc. (a publicly traded ERP software provider) since October 2006, and a director since May 2006. Previously, he was affiliated with ARCH Development Partners, LLC (a seed stage venture capital fund) since August 2002, and served as a managing general partner since January 2003. From February 1999 to March 2002, Mr. Schriesheim served in various capacities including as Executive Vice President of Corporate Development , Chief Financial Officer, and a director, of Global Telesystems, Inc. ("GTS") (a London, England-based, publicly traded provider of telecommunications, data and related services). In 2001, to facilitate its sale, Mr. Schriesheim led GTS through a pre arranged filing under Chapter 11 of the United States Bankruptcy Code ("U.S.B.C.") and, in prearranged proceedings, a petition for surseance (moratorium), offering a composition, in the Netherlands. All such proceedings were approved, confirmed and completed by March 31, 2002 as part of the sale of the company. From 1997 to 1999, Mr. Schriesheim was President and Chief Executive Officer of SBC Equity Partners, Inc. (a private equity firm). From 1996 to 1997, Mr. Schriesheim was Vice President of Corporate Development for Ameritech Corporation (a communications company). From 1993 to 1996, he was Vice President of Global Corporate Development for AC Nielsen Company, a subsidiary of Dunn & Bradstreet. Mr. Schriesheim is also a director of Dobson Communications Corp. (a publicly traded wireless services communications company), as well as several private technology companies. Mr. Schriesheim has an A.B. degree from Princeton University and an M.B.A. degree from the University of Chicago Graduate School of Business.

Allan M. Kline, age 61, has been Vice President and Chief Financial Officer since January 2004. From May 2003 until January 2004, Mr. Kline served as Chief Financial Officer of Fibermark, Inc. (a producer of specialty fiber-based materials), which filed a voluntary petition for reorganization under Chapter 11 of the U.S.B.C. on November 15, 2004. Prior to this, from June 1996 to February 2002, Mr. Kline served as Chief Financial Officer for Acterna Corporation (a global communications test and management company), which filed a voluntary petition for reorganization under Chapter 11 of the U.S.B.C. on May 6, 2003. He has also served as Chief Financial Officer for CrossComm Corp. (a provider of internetworking systems) from 1995 to 1996 and for Cabot Safety Corporation, a subsidiary of Cabot Corporation (a basic materials manufacturer) from 1990 to 1994. Mr. Kline was also a Vice President at O'Connor, Wright Wyman, Inc. (a merger and acquisition advisory firm) from August 2002 to May 2003, and served on the Board of Directors of Acterna and CrossComm. Mr. Kline also serves as a director of the Massachusetts Network Communications Council. He began his career at Arthur Young & Co. in 1969, where he was a partner for six years.

Liam K. Griffin, age 40, joined the Company in August 2001 and serves as Senior Vice President, Sales and Marketing. Previously, Mr. Griffin was employed by Vectron International, a division of Dover Corp., as Vice President of Worldwide Sales from 1997 to 2001, and as Vice President of North American Sales from 1995 to 1997. His prior experience included positions as a Marketing Manager at AT&T Microelectronics, Inc. and Product and Process Engineer at AT&T Network Systems.

George M. LeVan, age 61, has served as Vice President, Human Resources since June 2002. Previously, Mr. LeVan served as Director, Human Resources, from 1991 to 2002 and has managed the human resource department since joining the Company in 1982. Prior to 1982, he held human resources positions at Data Terminal Systems, Inc., W.R. Grace & Co., Compo Industries, Inc. and RCA.

Stanley A. Swearingen, Jr., age 47, joined the Company in August 2004 and serves as Vice President and General Manager, Linear Products. Prior to joining Skyworks, from November 2000 to August 2004, Mr. Swearingen was Vice President and General Manager of Agere Systems' Computing Connectivity division, where he was responsible for the design and manufacturing of wired and wireless connectivity solutions. Prior to this, from July 1999 to November 2000, he served as President and Chief Operating Officer of Quantex Microsystems (a direct provider of personal computers, servers and Internet infrastructure products). He has also held senior management positions at National Semiconductor, Cyrix and Digital Equipment Corp.

Mark V.B. Tremallo, age 50, joined the Company in April 2004 and serves as Vice President, General Counsel and Secretary. Previously, from January 2003 to April 2004, Mr. Tremallo was Senior Vice President and General Counsel at TAC Worldwide Companies (a technical workforce solutions provider). Prior to TAC, from May 1997 to May 2002, he was Vice President, General Counsel and Secretary at Acterna Corp. (a global communications test equipment and solutions provider), which filed a voluntary petition for reorganization under Chapter 11 of the U.S.B.C. on May 6, 2003. Earlier, Mr. Tremallo served as Vice President, General Counsel and Secretary at Cabot Safety Corporation.

Gregory L. Waters, age 46, joined the Company in April 2003, and has served as Executive Vice President and General Manager, Front-End Solutions since October 2006, Executive Vice President beginning November 2005, and Vice President and General Manager, Cellular Systems as of May 2004. Previously, from February 2001 until April 2003, Mr. Waters served as Senior Vice President of Strategy and Business Development at

Agere Systems and, beginning in 1998, held positions there as Vice President of the Wireless Communications business and Vice President of the Broadband Communications business. Prior to working at Agere, Mr. Waters held a variety of senior management positions within Texas Instruments, including Director of Network Access Products and Director of North American Sales.

As part of the terms of the merger of the wireless communications business of Conexant Systems, Inc. with and into Alpha Industries, Inc. on June 25, 2002 (the "Merger"), four designees of Conexant — Donald R. Beall (who retired as a director in April 2005), Moiz M. Beguwala, Dwight W. Decker and Balakrishnan S. Iyer — were appointed to our Board of Directors. Each of the remaining three Conexant designees to our Board of Directors continues to have a business relationship with Conexant. Mr. Decker currently serves as the chief executive officer and chairman of the board of Conexant. Mr. Iyer currently serves as a non-employee director of Conexant. Mr. Beguwala is a current employee, as well as a former executive officer, of Conexant.

CORPORATE GOVERNANCE

General

Board of Director and Stockholder Meetings: The Board of Directors met nine (9) times during the fiscal year ended September 29, 2006 ("fiscal year 2006"). Each director attended at least 75% of the Board of Directors meetings and the meetings of the committees of the Board of Directors on which he served in fiscal year 2006. The Company's policy is that directors are encouraged to attend the annual meeting of stockholders and expected to do so when such meeting is held in conjunction with a regularly scheduled meeting of the Board of Directors. Two (2) members of the Board of Directors attended the 2006 annual meeting of stockholders.

Board of Director Independence: Each year, the Board of Directors reviews the relationships that each director has with the Company and with other parties. Only those directors who do not have any of the categorical relationships that preclude them from being independent within the meaning of applicable NASDAQ Stock Market, Inc. Marketplace Rules (the "NASDAQ Rules") and who the Board of Directors affirmatively determines have no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, are considered to be independent directors. The Board of Directors has reviewed a number of factors to evaluate the independence of each of its members. These factors include its members' current and historic relationships with the Company and its competitors, suppliers and customers; their relationships with management and other directors; the relationships their current and former employers have with the Company; and the relationships between the Company and other companies of which a member of the Company's Board of Directors is a director or executive officer. After evaluating these factors, the Board of Directors has determined that a majority of the members of the Board of Directors, namely Kevin L. Beebe, Moiz M. Beguwala, Timothy R. Furey, Balakrishnan S. Iyer, Thomas C. Leonard, David J. McLachlan, David P. McGlade and Robert A. Schriesheim, do not have any relationships that would interfere with the exercise of independent judgment in carrying out their responsibilities as a director and are independent directors of the Company within the meaning of applicable NASDAQ Rules.

Corporate Governance Guidelines: The Board of Directors has adopted corporate governance practices to help fulfill its responsibilities to the stockholders in overseeing the work of management and the Company's business results. These guidelines are intended to ensure that the Board of Directors has the necessary authority and practices in place to review and evaluate the Company's business operations, as needed, and to make decisions that are independent of the Company's management. In addition, the guidelines are intended to align the interests of directors and management with those of the Company's stockholders. A copy of the Company's Corporate Governance Guidelines is available on the Investor Relations portion the Company's website at: *http://www.skyworksinc.com*.

In accordance with these Corporate Governance Guidelines, independent members of the Board of Directors of the Company met in executive session without management present three (3) times during fiscal year 2006. Members of the Nominating and Corporate Governance Committee rotate as presiding director for these meetings.

Stockholder Communications: Our stockholders may communicate directly with the Board of Directors as a whole or to individual directors by writing directly to those individuals at the following address: 20 Sylvan Road, Woburn, MA 01801. The Company will forward to each director to whom such communication is addressed, and to the Chairman of the Board in his capacity as representative of the entire Board of Directors, any mail received at the Company's corporate office to the address specified by such director and the Chairman of the Board.

Codes of Ethics: The Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all of our employees, officers and directors, as well as a Code of Ethics For Principal Financial Officers. Links to these codes of ethics are on the Investor Relations portion of the Company's website at: *http://www.skyworksinc.com.*

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has a standing Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee.

Audit Committee: Skyworks has established a separately designated Audit Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The members of the Audit Committee are Mr. McLachlan, who serves as the chairman, and Messrs. Beebe, McGlade and Schriesheim. The Board of Directors has determined that each of the members of the committee is independent within the meaning of applicable NASDAQ Rules and Rule 10A-3 under the Exchange Act. The Board of Directors has determined that each of the Chairman of the Audit Committee, Mr. McLachlan, and Mr. Schriesheim, is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K. The Audit Committee met nine (9) times during fiscal year 2006.

The primary responsibility of the Audit Committee is the oversight of the quality and integrity of the Company's financial statements, the Company's internal financial and accounting processes, and the independent audit process. Additionally, the Audit Committee has the responsibilities and authority necessary to comply with Rule 10A-3 under the Exchange Act. The committee meets privately with the independent registered public accounting firm, reviews their performance and independence from management and has the sole authority to retain and dismiss the independent registered public accounting firm. These and other aspects of the Audit Committee's authority are more particularly described in the Company's Audit Committee Charter, which the Board of Directors adopted and is reviewed annually by the committee and is attached to this Proxy Statement as an Appendix and is available on the Investor Relations portion of our website at: *http://www.skyworksinc.com.*

The Audit Committee has adopted a formal policy concerning approval of audit and non-audit services to be provided to the Company by its independent registered public accounting firm, KPMG LLP. The policy requires that all services provided by KPMG LLP, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Audit Committee pre-approved all audit and non-audit services provided by KPMG LLP for fiscal year 2006.

Compensation Committee: The members of the Compensation Committee are Mr. Furey, who serves as the chairman, and Messrs. Beebe, McGlade and Schriesheim, each of whom the Board of Directors has determined is independent within the meaning of applicable NASDAQ Rules. The Compensation Committee met four (4) times during fiscal year 2006. The functions of the Compensation Committee include establishing the appropriate level of compensation, including short and long-term incentive compensation, of the Chief Executive Officer, all other executive officers and any other officers or employees who report directly to the Chief Executive Officer. The Compensation Committee also administers Skyworks' equity-based compensation plans. The Board of Directors has adopted a written charter for the Compensation Committee, which the Board of Directors adopted and is available on the Investor Relations portion of the Company's website at: *http://www.skyworksinc.com.*

Nominating and Corporate Governance Committee: The members of the Nominating and Corporate Governance Committee, each of whom the Board of Directors has determined is independent within the meaning of applicable NASDAQ Rules, are Mr. Beebe, who serves as the chairman, and Messrs. Furey, McGlade, and McLachlan. The Nominating and Corporate Governance Committee met two (2) times during fiscal year 2006. The Nominating and Corporate Governance Committee is responsible for evaluating and recommending individuals for election or re-election to the Board of Directors and its committees, including any recommendations that may be submitted by stockholders, the evaluation of the performance of the Board of

Directors and its committees, and the evaluation and recommendation of the corporate governance policies. These and other aspects of the Nominating and Corporate Governance Committee's authority are more particularly described in the Nominating and Corporate Governance Committee Charter, which the Board of Directors adopted and is available on the Investor Relations portion of the Company's website at: *http://www.skyworksinc.com.*

Director Nomination Procedures: The Nominating and Corporate Governance Committee evaluates director candidates in the context of the overall composition and needs of the Board of Directors, with the objective of recommending a group that can best manage the business and affairs of the Company and represent the interests of the Company's stockholders using its diversity of experience. The committee seeks directors who possess certain minimum qualifications, including the following:

- A director must have substantial or significant business or professional experience or an understanding of technology, finance, marketing, financial reporting, international business or other disciplines relevant to the business of the Company.
- A director (other than an employee-director) must be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Board of Directors or of a Board committee.
- The committee also considers the following qualities and skills, among others, in its selection of directors and as candidates for appointment to the committees of the Board of Directors:
    - Economic, technical, scientific, academic, financial, accounting, legal, marketing, or other expertise applicable to the business of the Company;
    - Leadership or substantial achievement in their particular fields;
    - Demonstrated ability to exercise sound business judgment;
    - Integrity and high moral and ethical character;
    - Potential to contribute to the diversity of viewpoints, backgrounds, or experiences of the Board of Directors as a whole;
    - Capacity and desire to represent the balanced, best interests of the Company as a whole and not primarily a special interest group or constituency;
    - Ability to work well with others;
    - High degree of interest in the business of the Company;
    - Dedication to the success of the Company;
    - Commitment to the responsibilities of a director; and
    - International business or professional experience.

In addition, the committee will consider that a majority of the Board of Directors must meet the independence requirements promulgated by the applicable NASDAQ Rules. The Company expects that a director's existing and future commitments will not materially interfere with such director's obligations to the Company. For candidates who are incumbent directors, the committee considers each director's past attendance at meetings and participation in and contributions to the activities of the Board of Directors. The committee identifies candidates for director nominees in consultation with the Chief Executive Officer of the Company and the Chairman of the Board of Directors, through the use of search firms or other advisors or through such other methods as the committee deems to be helpful to identify candidates. Once candidates have been identified, the committee confirms that the candidates meet all of the minimum qualifications for director nominees set forth above through interviews, background checks, or any other means that the committee deems to be helpful in the evaluation process. The committee then meets to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board of Directors. Based on the results of the evaluation process, the committee recommends candidates for director nominees for election to the Board of Directors.

The Nominating and Corporate Governance Committee will consider director candidates recommended by stockholders provided the stockholders follow the procedures set forth below. The committee does not intend to alter the manner in which it evaluates candidates, including the criteria set forth above, based on whether the candidate was recommended by a stockholder or otherwise. To date, the Nominating and Corporate Governance Committee has not received a recommendation for a director nominee from any stockholder of the Company's voting stock.

Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board of Directors may do so by submitting a written recommendation to the committee not later than October 16, 2007, in accordance with the procedures set forth below in this Proxy Statement under the heading "Stockholder Proposals." For nominees for election to the Board of Directors proposed by stockholders to be considered, the recommendation for nomination must be in writing and must include the following information:

- Name of the stockholder, whether an entity or an individual, making the recommendation;
- A written statement disclosing such stockholder's beneficial ownership of the Company's capital stock;
- Name of the individual recommended for consideration as a director nominee;
- A written statement from the stockholder making the recommendation stating why such recommended candidate would be able to fulfill the duties of a director;
- A written statement from the stockholder making the recommendation stating how the recommended candidate meets the independence requirements established by the SEC and The NASDAQ Stock Market, Inc.;
- A written statement disclosing the recommended candidate's beneficial ownership of the Company's capital stock; and
- A written statement disclosing relationships between the recommended candidate and the Company which may constitute a conflict of interest.

Nominations may be sent to the attention of the committee via U.S. mail or expedited delivery service to Skyworks Solutions, Inc., 20 Sylvan Road, Woburn, Massachusetts 01801, Attn: Nominating and Corporate Governance Committee, c/o Secretary of Skyworks Solutions, Inc.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee of the Board of Directors currently comprises Messrs. Beebe, Furey, McGlade and Schriesheim. No member of this committee was at any time during the past fiscal year an officer or employee of the Company, was formerly an officer of the Company or any of its subsidiaries, or had any employment relationship with the Company or any of its subsidiaries. No such member of the Compensation Committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K under the Exchange Act. No executive officer of Skyworks has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director of or member of the Compensation Committee of Skyworks.

PROPOSAL 2

RATIFICATION OF THE SELECTION OF KPMG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY

The Audit Committee has selected KPMG LLP as the Company's independent registered public accounting firm for the current fiscal year ending September 28, 2007 ("fiscal year 2007"), and has further directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. KPMG LLP was the independent registered public accounting firm for the Company for the fiscal year ended September 29, 2006, and has been the independent registered public accounting firm for the Company's predecessor, Alpha Industries, Inc., since 1975. We are asking the stockholders to ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year 2007.

Representatives of KPMG LLP are expected to attend the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate stockholder questions.

Stockholder ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm is not required by the Company's by-laws or other applicable legal requirements. However, the Audit Committee is submitting the selection of KPMG LLP to the stockholders for ratification as a matter of good corporate practice. In the event stockholders fail to ratify the appointment, the Audit Committee may reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the Company's and stockholders' best interests.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF KPMG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM OF THE COMPANY

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Skyworks' Board of Directors is responsible for providing independent, objective oversight of Skyworks' accounting functions and internal controls. The Audit Committee is composed of four directors, each of whom is independent within the meaning of applicable NASDAQ Rules. The Audit Committee operates under a written charter approved by the Board of Directors.

Management is responsible for the Company's internal control and financial reporting process. The Company's independent registered public accounting firm is responsible for performing an independent audit of Skyworks' consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report concerning such financial statements. The Audit Committee's responsibility is to monitor and oversee these processes.

In connection with these responsibilities, the Audit Committee met with management and representatives of KPMG LLP, the Company's independent registered public accounting firm, and reviewed and discussed the audited financial statements for the year ended September 29, 2006 results of the internal and external audit examinations, evaluations of the Company's internal controls and the overall quality of Skyworks' financial reporting. The Audit Committee also discussed with the independent registered public accounting firm the matters required by Statement of Auditing Standards No. 61 (Communications with Audit Committees). The Audit Committee also received written disclosures and a letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent registered public accounting firm such firm's independence vis-à-vis the Company.

Based upon the Audit Committee's review and discussions described above, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended September 29, 2006, as filed with the SEC.

THE AUDIT COMMITTEE

Kevin L. Beebe
David P. McGlade
David J. McLachlan, *Chairman*
Robert A. Schriesheim

AUDIT FEES

KPMG LLP provided audit services to the Company consisting of the annual audit of the Company's 2006 consolidated financial statements contained in the Company's Annual Report on Form 10-K and reviews of the financial statements contained in the Company's Quarterly Reports on Form 10-Q for fiscal year 2006. The following table summarizes the fees of KPMG LLP billed to us for the last two fiscal years.

Fee Category	Fiscal Year 2006	% of Total	Fiscal Year 2005	% of Total
Audit Fees-Financial Statement Audit	$ 811,000	61%	$ 615,900	47%
Audit Fees-Section 404 of Sarbanes-Oxley	493,000	37%	684,500	52%
Total Audit Fees(1)	$1,304,000	98%	$1,300,400	99%
Audit-Related Fees(2)	8,000	0%	15,250	1%
Tax Fees(3)	26,000	2%	—	0%
All Other Fees(4)	2,000	0%	3,000	0%
Total Fees	$1,340,000	100%	$1,318,650	100%

In 2003, the Audit Committee adopted a formal policy concerning approval of audit and non-audit services to be provided to the Company by its independent registered public accounting firm, KPMG LLP. The policy requires that all services to be provided by KPMG LLP, including audit services and permitted audit-related and non-audit services, must be pre-approved by the Audit Committee. The Audit Committee pre-approved all audit and non-audit services provided by KPMG LLP during fiscal 2006 and fiscal 2005.

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(1) Audit fees consist of fees for the audit of our financial statements, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements. Fiscal year 2005 and fiscal year 2006 audit fees also included fees for services incurred in connection with rendering an opinion under Section 404 of the Sarbanes Oxley Act.

(2) Audit related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit and the review of our financial statements and which are not reported under "Audit Fees." These services relate to an employee benefit plan audit, registration statement filings for financing activities and consultations concerning financial accounting and reporting standards.

(3) Tax fees consist of fees for tax compliance, tax advice and tax planning services. Tax compliance services, which relate to preparation or review of original and amended tax returns, claims for refunds and tax payment-planning services, accounted for $26,000 and $0 of the total tax fees for fiscal year 2006 and 2005, respectively. Tax advice and tax planning services relate to assistance with tax audits.

(4) All other fees for fiscal year 2006 and 2005 consist of licenses for accounting research software.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee, which is comprised solely of independent directors within the meaning of applicable NASDAQ Rules, outside directors within the meaning of Section 162 of the IRC and non-employee directors within the meaning of Rule 16b-3 under the Exchange Act, is responsible for determining all components of the compensation to be paid to the Chief Executive Officer of Skyworks, each of the Company's executive officers, and any other officers or employees who report directly to the Chief Executive Officer (collectively, the "Senior Executives"). The committee approves and periodically evaluates the Company's compensation policies applicable to the Senior Executives, including the Chief Executive Officer, and reviews the performance of such Senior Executives. The committee believes that executive compensation should be directly linked to corporate performance and increases in stockholder value. Its objectives are to provide: (1) levels of compensation that enable Skyworks to attract and retain key talent needed to obtain its business objectives; (2) variable compensation opportunities linked directly to Company performance; and (3) stock-based compensation opportunities that link executive compensation to stockholder value. The elements of compensation for the Senior Executives are base salary, short-term cash incentives, and long-term stock-based awards.

Compensation for Skyworks' Senior Executives, including salary, short-term cash incentives and long-term stock-based incentives, is established at levels intended to be competitive with the compensation of comparable executives in similar companies. In determining competitive compensation standards, the Compensation Committee utilized studies from third-party compensation consultants at Aon/Radford Consulting on executive compensation in comparable high technology and semiconductor companies. At the request of the committee, Aon/Radford Consulting, assisted by management, selected, as a comparator, a peer group of 17 publicly-traded, U.S.-based corporations with which the Company may compete in recruiting executive talent. The comparator group selected has been approved by the committee. Following a review of these studies, the Compensation Committee established base salaries, short-term cash incentive targets and long-term stock-based awards. Base salaries and long-term stock-based awards were generally targeted at the market median, and in certain instances were targeted closer to the 75th percentile of the Company's peers based on roles, responsibilities and performance. Total cash compensation (i.e., base salary plus short-term cash incentive) was also targeted at the market median with the opportunity for executives to earn above the market median based on performance. In establishing individual compensation, the Compensation Committee considers the individual experience and performance of the executive, as well as the performance of Skyworks. The Chief Executive Officer is not present during voting or deliberations of the Compensation Committee concerning his compensation. However, the Compensation Committee does consider the recommendations of the Chief Executive Officer regarding the compensation of the other Senior Executives. These recommendations include an assessment of the individual's responsibilities, experience, individual performance and contribution to the Company's performance, and also generally take into account internal factors such as historical compensation and level in the organization, in addition to external factors such as the competitive environment for attracting and retaining executives. In light of the considerations discussed above in determining base salaries, and the recommendations of the Compensation Committee's compensation consultant, the committee increased the base salaries of the Senior Executives an average of 4% effective for the fiscal year ended September 29, 2006. Given the Company's performance in fiscal year 2005, the Company's Chief Executive Officer did not receive a salary increase for the fiscal year ended September 29, 2006.

Short-term cash incentive compensation for each Senior Executive is established annually by the Compensation Committee by tying a significant portion of each Senior Executive's total cash compensation to the Company's accomplishment of specific financial objectives. The Compensation Committee established aggressive forward-looking financial targets for Skyworks' Senior Executives for fiscal year 2006. During fiscal year 2006, the Company's financial performance did not meet these targets. Accordingly, no annual cash incentive payments were made to the Chief Executive Officer or any of the other Senior Executives for fiscal year 2006.

The Compensation Committee currently provides Senior Executives with long-term stock-based compensation under Skyworks' 2005 Long-Term Incentive Plan. In the past, the Compensation Committee typically awarded nonqualified stock options under its stock-based compensation plans. Given the mandate of the expensing of stock-based compensation awards, the Company has started to grant alternative equity vehicles, such as restricted stock. The committee determines who should receive grants, when grants should be made, the type of grants to be made, the applicable vesting schedules and the number of shares subject to each award. These grants are intended to tie the value of Senior Executives' compensation to the long-term value of Skyworks' common stock. The stock-based awards granted by the committee typically utilize vesting periods in order to encourage key employees to remain employed by Skyworks. In general, the Compensation Committee bases its decisions regarding the grant of stock-based awards on recommendations of management and the committee's third-party compensation consultant, with the intention of keeping the executives' overall compensation, including the stock-based component of that compensation, at a competitive level with the Skyworks' comparator group. The Compensation Committee also considers the number of shares of common stock outstanding, the number of shares of common stock authorized for issuance under its stock-based compensation plans, the number of options and shares held by the Senior Executive for whom an award is being considered and the other elements of the Senior Executive's compensation, as well as the Company's compensation objectives and policies described above. As with the determination of base salaries and short-term cash incentives, the Committee exercises subjective judgment and discretion in view of the above criteria. During fiscal year 2006, the Compensation Committee granted a combination of restricted stock and stock options to each of the Senior Executives under stock-based compensation plans, targeted at the market median of the Company's peers, with adjustments to reflect roles within the Company, individual performance and current equity holdings.

Skyworks also permits Senior Executives and other employees to purchase Skyworks common stock at a discount through the Company's Employee Stock Purchase Plan. Skyworks' employees, including the Senior Executives, may also participate in the Company's 401(k) Plan, under which Skyworks' employer contribution has in recent years been made in the form of Skyworks common stock. The committee believes that these programs, along with stock-based awards, provide the Senior Executives with the opportunity to acquire long-term stock ownership positions, and help to align the executives' interests with stockholders' interests. The committee believes that this directly motivates Senior Executives to maximize long-term stockholder value.

In the past, a component of executive compensation provided executives and other highly compensated employees with a means to defer recognition of income. Certain Senior Executives designated by the Compensation Committee were eligible to participate in this Executive Compensation Plan, which is discussed in the *"Executive Compensation"* section of this Proxy Statement. As a result of deferred compensation legislation under Section 409A of the IRC, effective December 31, 2005, the Company no longer permits employees to make contributions to this plan.

With regard to Mr. Aldrich, the Company's President and Chief Executive Officer, the Compensation Committee made an overall assessment of Mr. Aldrich's leadership in establishing and executing long-term and short-term strategic, operational and business goals for the Company. Additionally, as part of the review process, the Compensation Committee assessed Skyworks' financial and business results compared to the Company's semiconductor peers; Skyworks' financial performance relative to its financial performance in prior periods; Skyworks' market competitiveness as measured by new business creation and product generation; and the health of the Skyworks organization as measured by the ability to attract and retain key employees. As a result of this review, the Compensation Committee awarded a mix of base salary and short-term cash incentive, along with a long-term, stock-based award, designed to align Mr. Aldrich's compensation with the performance of Skyworks. The resulting total cash compensation was targeted at the market median of chief executive officers of the comparator group utilized by the Committee's third-party compensation consultants. As a result of the Company's performance in fiscal year 2005, Mr. Aldrich did not receive a salary increase for fiscal year 2006. During fiscal year 2006, Mr. Aldrich received a base salary of $552,000, which was between the 50th and 75th percentile of this peer group. As discussed above, the Compensation Committee also established aggressive forward-looking financial targets for Mr. Aldrich for fiscal year 2006. During fiscal year 2006, the Company's financial performance did not meet these targets, resulting in no annual cash incentive payment being made to Mr. Aldrich for fiscal year 2006. Mr. Aldrich also received a combination of restricted stock and stock options in fiscal year 2006 with a Black-Scholes value between the 25th and 50th percentile of the Company's peers.

Section 162(m) of the IRC limits the tax deductibility by a publicly held corporation of compensation in excess of $1 million paid to certain of its executive officers. However, this deduction limitation does not apply to certain "qualified performance-based compensation" within the meaning of the IRC and the regulations promulgated thereunder. The Compensation Committee has considered the limitations on deductions imposed by Section 162(m), and it is the Compensation Committee's intention to structure executive compensation to minimize the application of the deduction limitations of Section 162(m) insofar as consistent with the Compensation Committee's overall compensation objectives.

THE COMPENSATION COMMITTEE

Kevin L. Beebe
Timothy R. Furey, *Chairman*
David P. McGlade
Robert A. Schriesheim

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

The following table presents information about total compensation during the last three completed fiscal years for the Chief Executive Officer and the four next most highly compensated persons serving as executive officers during the year, as well as a non-executive officer whose compensation would have been required to be disclosed but for the fact the employee was not serving as an executive officer at the end of fiscal year 2006 (the "Named Executives").

SUMMARY COMPENSATION TABLE

		Annual Compensation		Long-Term Compensation Awards		
Name and Principal Position	Fiscal Year	Salary	Bonus	Restricted Stock Awards($) (1)	Securities Underlying Options(#)	All Other Compensation(2)
David J. Aldrich	2006	$552,031	$ —	$748,500	250,000	$11,260
President and	2005	$549,800	$ —	$391,940	274,254	$10,804
Chief Executive Officer	2004	$527,539	$1,060,000	—	500,000	$12,608
Kevin D. Barber(3)	2006	$350,300	$ —	$149,700	60,000	$ 9,969
Senior Vice President	2005	$342,700	$ —	$ 92,222	64,530	$ 9,464
and General Manager, Mobile Platforms	2004	$329,646	$ 397,000	—	210,000(4)	$13,397
Liam K. Griffin	2006	$316,200	$ —	$174,650	70,000	$23,594(5)
Senior Vice President,	2005	$298,000	$ —	$ 92,222	64,530	$ 9,445
Sales and Marketing	2004	$278,769	$ 336,000	—	110,000	$ 8,298
Allan M. Kline(6)	2006	$344,300	$ —	$149,700	60,000	$12,501
Vice President, Chief	2005	$336,700	$ —	$ 92,222	64,530	$11,716
Financial Officer	2004	$237,500	$ 390,000	—	280,000(7)	$ 6,413
Gregory L. Waters	2006	$349,800	$ —	$249,500	100,000	$ 9,641
Executive Vice President	2005	$318,900	$ —	$ 92,222	64,530	$46,590(8)
	2004	$295,385	$ 360,000	—	100,000	$22,039(8)

(1) Amounts shown represent the dollar value of the restricted stock awards based on the closing price of the Company's common stock on the respective grant dates. All restricted stock awards were made under the Company's 2005 Long-Term Incentive Plan. On November 8, 2005, the following restricted stock awards were made: Mr. Aldrich, 150,000 shares; Mr. Barber, 30,000 shares; Mr. Griffin, 35,000 shares; Mr. Kline, 30,000 shares; and, Mr. Waters, 50,000 shares. The dollar value shown above with respect to each person listed in the table is based upon the closing price of the Company's common stock on the date of grant ($4.99). All restricted stock awards made during fiscal year 2006 vest over four (4) years in two (2) equal installments, beginning on November 8, 2008, and ending on November 8, 2009; provided, however, that if the closing price of Skyworks' common stock meets certain annual performance targets, 50% of the restricted shares were eligible to vest as early as November 8, 2006, and the remaining 50% of the restricted shares could vest as early as November 8, 2007. On November 8, 2006, the first installment of these restricted stock awards vested as the Company's stock met its annual performance metric. On May 10, 2005, the following restricted stock awards were made: Mr. Aldrich, 75,373 shares; and, Messrs. Barber, Griffin, Kline, and Waters, 17,735 shares each. The dollar value shown above with respect to each person listed in the table is based upon the closing price of the Company's common stock on the grant date ($5.20). All restricted stock awards made during fiscal year 2005 vest 25% per year on each of the first four anniversaries of the grant date. As of September 29, 2006, the aggregate number of shares of restricted stock held by each of the Named Executives, and the dollar value of such shares, was as follows: Mr. Aldrich, 219,390 shares ($1,138,634); Mr. Barber, 46,149 shares ($239,513); Mr. Griffin, 51,327 shares ($266,387); Mr. Kline, 46,327 shares ($240,437); Mr. Waters, 66,327 shares ($344,237). The dollar values are based upon the closing price of the Company's common stock on September 29, 2006 ($5.19).

(2) "All Other Compensation" includes the Company's contributions to each Named Executive's 401(k) plan account, the cost of group term life insurance premiums, and de minimis service awards.

(3) Mr. Barber resigned his position as an executive officer of the Company on October 18, 2006, and his employment was terminated on December 31, 2006.

(4) Mr. Barber received an annual stock option grant to purchase 110,000 shares in January 2004, and a one-time stock option grant to purchase 100,000 shares in connection with his promotion to Senior Vice President and General Manager, RF Solutions in November 2003.

(5) This amount includes $14,264 in relocation benefits received by Mr. Griffin in fiscal year 2006.

(6) Mr. Kline joined the Company as an executive officer on January 5, 2004.

(7) As an incentive for joining the Company, Messrs. Kline and Waters received one-time new hire stock option grants to purchase 280,000 shares and 225,000 shares, respectively.

(8) Mr. Waters joined the Company on April 17, 2003, and was appointed an executive officer on February 6, 2004. As an incentive for joining the Company, Mr. Waters received a sign on bonus of $60,000. Mr. Waters also received $37,413 and $9,591 in relocation benefits in fiscal years 2005 and 2004, respectively, which is included in "All Other Compensation."

The following tables provide information about stock options granted to and exercised by each of the Named Executives in fiscal year 2006, if any, and the value of options held by each at September 29, 2006.

OPTION GRANTS IN LAST FISCAL YEAR

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year (%)	Exercise or Base Price ($/Share)	Expiration Date	5%	10%
David J. Aldrich	250,000	6.7	$4.99	11/8/2012	$507,858	$1,183,525
Kevin D. Barber	60,000	1.6	$4.99	11/8/2012	$121,886	$ 284,046
Liam K. Griffin	70,000	1.9	$4.99	11/8/2012	$142,200	$ 331,387
Allan M. Kline	60,000	1.6	$4.99	11/8/2012	$121,886	$ 284,046
Gregory L. Waters	100,000	2.7	$4.99	11/8/2012	$203,143	$ 473,410

The options vest at a rate of 25% per year commencing one year after the date of grant, provided the holder of the option remains employed by the Company. Options may not be exercised beyond three months after the holder ceases to be employed by the Company, except in the event of termination by reason of death or permanent disability, in which event the option may be exercised for specific periods not exceeding one year following termination. The assumed annual rates of stock price appreciation stated in the table are dictated by regulations of the SEC, and are compounded annually for the full term of the options. These assumptions do not reflect our estimates of future stock price growth and actual outcomes may differ.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES

			Number of Securities Underlying Unexercised Options at September 29, 2006 (#)		Value of Unexercised In-The-Money Options at September 29, 2006 ($)	
Name	Shares Acquired On Exercise (#)	Value Realized ($)	Exercisable	Unexercisable	Exercisable	Unexercisable
David J. Aldrich	4,000	$16,420	1,503,564	455,690	$101,940	$50,000
Kevin D. Barber	—	$ —	347,447	158,397	$ 15,000	$12,000
Liam K. Griffin	—	$ —	326,133	118,397	$ 10,000	$14,000
Allan M. Kline	—	$ —	156,133	248,397	$ —	$12,000
Gregory L. Waters	—	$ —	284,883	204,647	$ —	$20,000

The values of unexercised options in the foregoing table are based on the difference between the $5.19 closing price of Skyworks' common stock on September 29, 2006, the end of the 2006 fiscal year, on the NASDAQ Global Select Market, and the respective option exercise price.

LONG-TERM INCENTIVE AWARDS

There were no long-term incentive awards granted to any Named Executives for fiscal year 2006.

EXECUTIVE COMPENSATION

Our executives are eligible for awards of nonqualified stock options, restricted stock, and other stock-based awards under our applicable stock-based compensation plans. These stock-based compensation plans are administered by the Compensation Committee of the Board of Directors. Generally, the exercise price at which an executive may purchase Skyworks' common stock pursuant to a stock option is the fair market value of Skyworks' common stock on the date of grant. Stock options are granted subject to restrictions on vesting, with equal portions of the total grant typically vesting over a period of four years. Our stock options are subject to termination (after certain grace periods) upon termination of employment, disability or death. Restricted stock awards involve the issuance of shares of common stock that may not be transferred or otherwise encumbered, subject to certain exceptions, for varying amounts of time, and which will be forfeited, in whole or in part, if the executive terminates his or her employment with Skyworks prior to the restrictions lapsing.

The Named Executives were also eligible to receive short-term cash incentive compensation under which a percentage of each executive's total cash compensation is tied to the Company's accomplishment of specific financial objectives during fiscal year 2006. The Company did not achieve the financial objectives set by the Board of Directors, and therefore no short-term cash incentive payments were made to the Named Executives with respect to fiscal year 2006. Although in prior fiscal years, certain Named Executives were provided an opportunity to participate in the Company's Executive Compensation Plan (the "Executive Compensation Plan"), an unfunded, non-qualified deferred compensation plan, under which participants were allowed to defer a portion of their compensation, as a result of deferred compensation legislation under Section 409A of the IRC, effective December 31, 2005, the Company no longer permits employees to make contributions to the plan. Although the Company had discretion to make additional contributions to the accounts of participants while it was active, it never did so.

COMPENSATION OF DIRECTORS

Directors who are not employees of Skyworks are paid, in quarterly installments, an annual retainer of $30,000, plus an additional $1,000 for each Board of Directors meeting attended in person or $500 for each Board of Directors meeting attended by telephone. Effective beginning fiscal year 2005, the Chairman of the Board of Directors is paid an annual retainer of $45,000. Additional annual retainers are paid to the Chairman of the Audit Committee ($9,000); the Chairman of the Compensation Committee ($6,000); and the Chairman of the Nominating and Governance Committee ($2,500). In addition, Directors who serve on Committees in roles other than as Chairman are annually paid $3,000 (Audit Committee); $2,000 (Compensation Committee); and $1,250 (Nominating and Corporate Governance Committee). Each new non-employee director receives an option to purchase 45,000 shares of common stock immediately following the earlier of Skyworks' annual meeting of stockholders at which the director is first elected by the stockholders or following his initial appointment by the Board of Directors. Additionally, following each annual meeting of stockholders each non-employee director who is continuing in office or re-elected receives an option to purchase 15,000 shares of common stock. The exercise price of stock options granted to directors is equal to the fair market value of the common stock on the date of grant. Stock option grants to directors for fiscal years 2004, 2005 and 2006 were made under the 2001 Directors' Stock Option Plan. All options under the 2001 Directors' Stock Option Plan are non-qualified options, with a maximum ten (10) year term, that become exercisable in four (4) equal increments over a period of four (4) years from the date of grant.

In connection with his appointment to the Board of Directors, Mr. Schriesheim was granted an option to purchase 45,000 shares of common stock on May 11, 2006, at an exercise price equal to the fair market value of the common stock on the date of grant under our Directors' 2001 Stock Option Plan. In connection with their continued service on the Board of Directors, each of Messrs. Beebe, Beguwala, Decker, Furey, Iyer, Leonard, McGlade and McLachlan was granted an option to purchase 15,000 shares of common stock on March 30, 2006, at an exercise price equal to the fair market value of the common stock on the date of grant.

No director who is also an employee receives separate compensation for services rendered as a director. David J. Aldrich is currently the only director who is also an employee of Skyworks. Mr. Aldrich's compensation as President and Chief Executive Officer of Skyworks is disclosed above.

SEVERANCE AGREEMENTS

Change of Control/Severance Agreement with Mr. Aldrich

In fiscal 2005, the Company entered into a Change of Control/Severance Agreement with Mr. David J. Aldrich (the "Aldrich Agreement"), the Company's Chief Executive Officer. The Aldrich Agreement sets out severance benefits that become payable if, within twenty-four (24) months of a change of control, Mr. Aldrich either (i) is involuntarily terminated without cause or (ii) voluntarily terminates his employment. The severance benefits provided to Mr. Aldrich in such circumstances will consist of the following: (i) a severance payment equal to two and one-half (2½) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs); (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of thirty (30) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) if applicable, a gross-up payment for any excise taxes incurred under Section 4999 of the IRC. The Aldrich Agreement also sets out severance benefits that become payable if, while employed by the Company, but not following a change of control, Mr. Aldrich either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to Mr. Aldrich under such circumstances will consist of the following: (i) a severance payment equal to two (2) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs); and (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of two (2) years after the termination date (but not beyond the expiration of their respective maximum terms). In the event of Mr. Aldrich's death or disability, all outstanding stock options will vest in full and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms). The Aldrich Agreement also contains non-compete and non-solicitation provisions applicable to Mr. Aldrich while he is employed by the Company, and for a period of twenty-four (24) months following the termination of his employment.

Change of Control/Severance Agreements with Messrs. Griffin, Kline, and Waters

In fiscal 2005, the Company entered into a Change of Control/Severance Agreement with each of Mr. Liam K. Griffin, Mr. Allan M. Kline, and Mr. Gregory L. Waters (the "COC Agreements"). Each COC Agreement sets out severance benefits that become payable if, within twelve (12) months of a change of control, the executive either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to the executive in such circumstances will consist of the following: (i) a severance payment equal to two (2) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs); (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of twenty-four (24) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) if applicable, a gross-up payment for any excise taxes incurred under Section 4999 of the IRC. Each COC Agreement also sets out severance benefits that become payable if, while employed by the Company, but not following a change of control, the executive is involuntarily terminated without cause. The severance benefits provided to the executive under such circumstance will consist of the following: (i) a severance payment equal to the sum of (x) one and one-half (1½) times his annual base salary and (y) any bonus then due; and (ii) all outstanding vested stock options will remain exercisable for a period of eighteen (18) months after the termination date (but not beyond the expiration of their respective maximum terms). In the event the executive's death or disability, all outstanding stock options will vest and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms). Each COC Agreement also contains non-compete and non-solicitation provisions applicable to the executive while he is employed by the Company, and for a period of twenty-four (24) months following the termination of his employment.

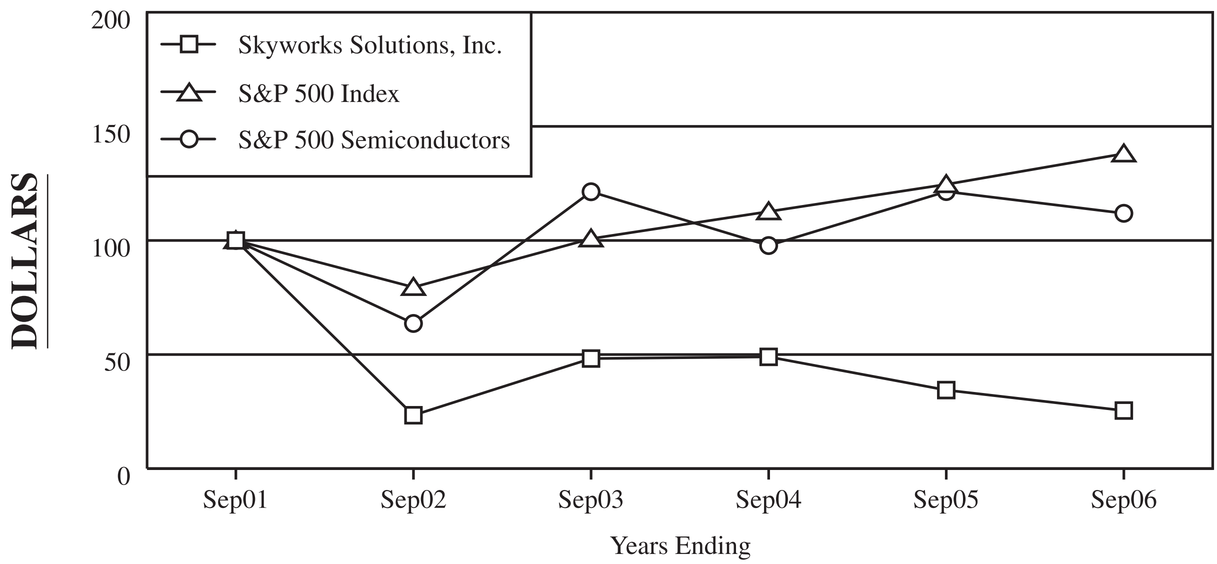
Change of Control/Severance Agreement with Mr. Barber

In fiscal 2005, the Company also entered into a Change of Control/Severance Agreement with Mr. Kevin D. Barber (the "Barber Agreement"). The Barber Agreement sets out severance benefits that become payable if, within twelve (12) months of a change of control, the Mr. Barber either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to Mr. Barber in such circumstances will consist of the following: (i) severance pay equal to two (2) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs), with such severance to be paid, at the Company's election, in a lump sum payment at the time of termination or pro-rata over a period of twelve (12) months following termination; (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of twenty-four (24) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) if applicable, gross-up payments for any excise (or other) taxes incurred under Sections 4999 and 409A of the IRC. The Barber Agreement also sets out severance benefits that become payable if, while employed by the Company, but not following a change of control, Mr. Barber is involuntarily terminated without cause. The severance benefits provided to Mr. Barber under such circumstance will consist of the following: (i) severance pay equal to the sum of (x) one and one-half (1½) times his annual base salary and (y) any bonus then due, with such severance to be paid pro-rata over a period of twelve (12) months following his termination; and (ii) all outstanding vested stock options will remain exercisable for a period of eighteen (18) months after the termination date (but not beyond the expiration of their respective maximum terms). In the event of Mr. Barber's death or disability, all outstanding stock options will vest and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms). The Barber Agreement also contains a non-solicitation provision applicable to Mr. Barber while he is employed by the Company, and for a period of twelve (12) months following the termination of his employment.

On October 18, 2006, Mr. Barber resigned his position as Senior Vice President and General Manager, Mobile Platforms of the Company. Pursuant to a concurrent amendment to Mr. Barber's severance and change in control agreement with the Company, Mr. Barber agreed to continue as a non-executive employee of the Company through December 31, 2006, at which time his employment was terminated. Upon such termination he began receiving the following severance benefits as set forth in the amended agreement: (i) severance pay equal to one and one-quarter (1¼) times his annual base salary, with such severance to be paid pro-rata over a period of twelve (12) months following his termination, and (ii) all of his outstanding vested stock options will remain exercisable for a period of eighteen (18) months after the termination date (but not beyond the expiration of their respective maximum terms). Mr. Barber also agreed to execute, and has executed, a form of release of claims with the Company.

COMPARATIVE STOCK PERFORMANCE GRAPH

The following graph shows the change in Skyworks' cumulative total stockholder return for the last five fiscal years, based upon the market price of Skyworks' common stock, compared with: (i) the cumulative total return on the Standard & Poor's 500 Index and (ii) the Standard & Poor's 500 Semiconductor Index. The graph assumes a total initial investment of $100 as of September 29, 2006, and shows a "Total Return" that assumes reinvestment of dividends, if any, and is based on market capitalization at the beginning of each period.



ANNUAL RETURN PERCENTAGE

	Fiscal Years Ended September 30,				
Company/Index	**2002**	**2003**	**2004**	**2005**	**2006**
Skyworks Solutions, Inc.	(76.61)	106.29	1.52	(29.73)	(26.07)
S&P 500 Index	(20.49)	26.75	11.80	10.57	10.79
S&P 500 Semiconductors	(36.38)	90.74	(19.43)	24.20	(7.85)

INDEXED RETURNS

	Base Period	Fiscal Years Ended September 30,				
Company/Index	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Skyworks Solutions, Inc.	100	23.39	48.24	48.98	34.42	25.45
S&P 500 Index	100	79.51	100.78	112.67	124.58	138.03
S&P 500 Semiconductors	100	63.62	121.35	97.77	121.43	111.90

The stock price information shown on the above stock performance graph, annual return percentage table and indexed returns table are not necessarily indicative of future price performance. Information used on the graph and in the tables was obtained from Standard & Poor's, a source believed to be reliable, but the Company is not responsible for any errors or omissions in such information.

Skyworks' common stock is traded on the NASDAQ Global Select Market under the symbol "SWKS." Prior to June 25, 2002, Skyworks' common stock was traded on the NASDAQ Market under the symbol "AHAA."

Stock-Based Compensation Plan Information

The Company maintains 10 stock-based compensation plans under which our securities are authorized for issuance to our employees and/or directors:

- the 1986 Long-Term Incentive Plan,

- the 1994 Non-Qualified Stock Option Plan
- the 1996 Long-Term Incentive Plan
- the Directors' 1997 Non-Qualified Stock Option Plan
- the 1999 Employee Long-Term Incentive Plan
- the Directors' 2001 Stock Option Plan
- the Non-Qualified Employee Stock Purchase Plan
- the 2002 Employee Stock Purchase Plan
- the Washington Sub, Inc. 2002 Stock Option Plan and
- the 2005 Long-Term Incentive Plan.

Except for the 1999 Employee Long-Term Incentive Plan, the Washington Sub, Inc. 2002 Stock Option Plan and the Non-Qualified Employee Stock Purchase Plan, each of the foregoing stock-based compensation plans was approved by our stockholders.

A description of the material features of each such plan is provided below under the headings "1999 Employee Long-Term Incentive Plan," "Washington Sub, Inc. 2002 Stock Option Plan" and "Non-Qualified Employee Stock Purchase Plan."

The following table presents information about these plans as of September 29, 2006.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Stock-Based Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Stock-based compensation plans approved by security holders	9,775,965	$14.19	12,388,730(1)
Stock-based compensation plans not approved by security holders	21,121,969	$11.24	2,642,843(2)
Total	30,877,934(3)	$12.17	15,031,573

(1) No further grants will be made under the 1986 Long-Term Incentive Plan, the 1994 Non-Qualified Stock Option Plan and the Directors' 1997 Non-Qualified Stock Option Plan.

(2) No further grants may be made under the Washington Sub Inc. 2002 Stock Option Plan.

(3) Includes 7,545,744 options held by non-employees (excluding directors).

1999 Employee Long-Term Incentive Plan

The Company's 1999 Employee Long-term Incentive Plan (the "1999 Employee Plan") provides for the grant of non-qualified stock options to purchase shares of the Company's common stock to employees, other than officers and non-employee directors. The term of these options may not exceed 10 years. The 1999 Employee Plan contains provisions, which permit restrictions on vesting or transferability, as well as continued exercisability upon a participant's termination of employment with the Company, of options granted thereunder. The 1999 Employee Plan provides for full acceleration of the vesting of options granted thereunder upon a "change in control" of the Company, as defined in the 1999 Employee Plan. The Board of Directors generally may amend, suspend or terminate the 1999 Employee Plan in whole or in part at any time; provided that any amendment which affects outstanding options be consented to by the holder of the options.

Washington Sub, Inc. 2002 Stock Option Plan

The Washington Sub, Inc. 2002 Stock Option Plan (the "Washington Sub Plan") became effective on June 25, 2002, in connection with the Merger. At the time of the spin-off of Conexant's wireless business, outstanding Conexant options granted pursuant to certain Conexant stock-based compensation plans were converted so that following the spin-off and Merger each holder of those certain Conexant options held (i) options to purchase shares of Conexant common stock and (ii) options to purchase shares of Skyworks common stock. The purpose of the Washington Sub Plan is to provide a means for the Company to perform its obligations with respect to these converted stock options. The only participants in the Washington Sub Plan are those persons who, at the time of the Merger, held outstanding options granted pursuant to certain Conexant stock option plans. No further options to purchase shares of Skyworks common stock will be granted under the Washington Sub Plan. The Washington Sub Plan contains a number of sub-plans, which contain terms and conditions that are applicable to certain portions of the options subject to the Washington Sub Plan, depending upon the Conexant stock option plan from which the Skyworks options granted under the Washington Sub Plan were derived. The outstanding options under the Washington Sub Plan generally have the same terms and conditions as the original Conexant options from which they are derived. Most of the sub-plans of the Washington Sub Plan contain provisions related to the effect of a participant's termination of employment with the Company, if any, and/or with Conexant on options granted pursuant to such sub-plan. Several of the sub-plans under the Washington Sub Plan contain specific provisions related to a change in control of the Company.

Non-Qualified ESPP

The Company also maintains a Non-Qualified Employee Stock Purchase Plan to provide employees of the Company and participating subsidiaries with an opportunity to acquire a proprietary interest in the Company through the purchase, by means of payroll deductions, of shares of the Company's common stock at a discount from the market price of the common stock at the time of purchase. The Non-Qualified Employee Stock Purchase Plan is intended for use primarily by employees of the Company located outside the United States. Under the plan, eligible employees may purchase common stock through payroll deductions of up to 10% of compensation. The price per share is the lower of 85% of the market price at the beginning or end of each six-month offering period.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Except as may be described elsewhere in the Proxy Statement, the Company has no reportable "certain relationships and transactions."

OTHER PROPOSED ACTION

As of the date of this Proxy Statement, the directors know of no business which is expected to come before the Annual Meeting other than (i) the election of the nominees to the Board of Directors, and (ii) the ratification of the selection of KPMG LLP as the independent registered public accounting firm for the Company for fiscal year 2007. However, if any other business should be properly presented to the Annual Meeting, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

OTHER MATTERS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 (a) of the Exchange Act requires our directors, executive officers and beneficial owners of greater than 10% of our equity securities to file reports of holdings and transactions of securities of Skyworks with the SEC. Based solely on a review of Forms 3, 4 and 5 and any amendments thereto furnished to us, and other information provided to us, with respect to our fiscal year ended September 29, 2006, we believe that all Section 16(a) filing requirements applicable to our directors and executive officers with respect to our fiscal year ended September 29, 2006, were timely made.

SOLICITATION EXPENSES

Skyworks will bear the expenses of the preparation of the proxy materials and the solicitation by the Board of Directors of proxies. Proxies may be solicited on behalf of the Company in person or by telephone, e-mail, facsimile or other electronic means by directors, officers or employees of the Company, who will receive no additional compensation for any such services. We have retained Mellon Investor Services to assist in the solicitation of proxies, at a cost to the Company of approximately $6,500, plus out-of-pocket expenses.

ANNUAL REPORT ON FORM 10-K

Copies of the Company's Annual Report on Form 10-K for the fiscal year ended September 29, 2006, as filed with the SEC are available to stockholders without charge via the Company's website at *http://www.skyworksinc.com*, or upon written request addressed to Investor Relations, Skyworks Solutions, Inc., 5221 California Avenue, Irvine, CA 92617.

STOCKHOLDER PROPOSALS

Pursuant to Rule 14a-8 under the Exchange Act, some stockholder proposals or nominations may be eligible for inclusion in the Company's Proxy Statement for the Company's 2008 annual meeting of stockholders. To be eligible for inclusion in the Company's 2008 proxy statement, any such proposals or nominations must meet the requirements of Rule 14a-8 under the Exchange Act and be delivered in writing to the Secretary of the Company at its principal offices at 20 Sylvan Road, Woburn, MA 01801, no later than October 16, 2007, and must meet the requirements of Rule 14a-8 under the Exchange Act. The submission of a stockholder proposal does not guarantee that it will be included in the Company's proxy statement. Additionally, the Company must have notice of any stockholder proposal or nomination to be submitted at the 2008 annual meeting (but not required to be included in the proxy statement) not later than December 30, 2007 or, in the event that the 2008 annual meeting is held more than thirty (30) days before or after the first anniversary of the Company's 2007 annual meeting, the later of December 30, 2007 or the 10th day following the day on which public announcement of the date of the 2008 annual meeting is first made by the Company, or such proposal will be considered untimely pursuant to Rule 14a-5(e) under the Exchange Act and persons named in the proxies solicited by management may exercise discretionary voting authority with respect to such proposal.

The stockholder's submission must include, with respect to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, the name and address and the number of shares of common stock of the Company which are owned beneficially and of record and must also set forth: (i) as to each person proposed for nomination for election or re-election as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (ii) as to any other business proposed to be brought before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made. Proposals or nominations not meeting these requirements will not be entertained at the 2008 annual meeting.

APPENDIX TO PROXY STATEMENT

SKYWORKS SOLUTIONS, INC.

AUDIT COMMITTEE CHARTER

A. PURPOSE AND SCOPE

The primary functions of the Audit Committee (the "Committee") of the Board of Directors (the "Board") are to oversee (i) the audit of the financial statements of Skyworks Solutions, Inc. (the "Corporation") provided to the Securities and Exchange Commission (the "SEC"), the Corporation's shareholders and to the general public, (ii) the Corporation's internal financial and accounting processes, and (iii) the independent audit process.

B. COMPOSITION

The Committee shall consist of a minimum of three directors appointed by the Board, who shall meet the requirements under any rules or regulations of The Nasdaq National Market and any other applicable laws, as may be in effect from time to time.

All members of the Committee shall be able to read and understand fundamental financial statements, including a balance sheet, cash flow statement and income statement. At least one member of the Committee shall have either (i) past employment experience in finance or accounting, (ii) requisite professional certification in accounting, or (iii) any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. At least one member of the Committee shall be an "audit committee financial expert" as defined by the SEC.

The Committee members shall be elected by the Board at the Board meeting following each annual meeting of stockholders and shall serve until their successors shall be duly elected and qualified or until their earlier resignation or removal. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.

C. RESPONSIBILITIES AND DUTIES

The Committee's role is one of oversight, and it is recognized that the Corporation's management is responsible for preparing the Corporation's financial statements and that the independent accounting firm is responsible for auditing those financial statements. To fulfill its responsibilities and duties the Committee shall:

Document Review

1. Review and assess the adequacy of this Charter as conditions dictate, but at least annually, and recommend any proposed changes to this Charter to the Board for approval.

2. Review with representatives of management and representatives of the independent accounting firm the Corporation's audited annual financial statements prior to their filing as part of the Corporation's annual report on Form 10-K. After such review and discussion, the Committee shall recommend to the Board whether such audited financial statements should be included in the Corporation's annual report on Form 10-K. The Committee shall also review with representatives of management and representatives of the independent accounting firm the Corporation's interim financial statements prior to their inclusion in the Corporation's quarterly reports on Form 10-Q.

3. Review with management and the independent accounting firm significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including: (i) any significant changes in the Corporation's selection or application of accounting principles; (ii) any significant issues or changes regarding accounting and auditing principles or practices; (iii) any significant issues regarding the adequacy of the Corporation's internal controls; (iv) the development, selection and disclosure of critical accounting estimates; and (v) analyses of the effect of alternative

assumptions, estimates or generally accepted accounting principles ("GAAP") methods on the Corporation's financial statements.

4. Discuss with management and the independent accounting firm the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.

5. Discuss with management the quarterly earnings press releases, including "pro forma" and other "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts, rating agencies and others.

6. Meet periodically to review with management and the independent accounting firm their views on the Corporation's major financial risk exposures, including the Corporation's risk assessment and risk management policies, and the steps management has taken to monitor and control such exposures.

Independent Accounting Firm Oversight

1. Have the sole authority to appoint or replace the independent accounting firm (subject to shareholder ratification), and approve in advance the fees, scope, planning, staffing and terms of any audit and non-audit engagements of the independent accounting firm. The independent accounting firm shall report directly to the Committee.

2. Specifically identify and approve in advance all non-audit services performed by the independent accounting firm. Conduct a periodic review of any ongoing non-audit services to review and approve their continued provision and scope. All non-audit services performed by the independent accounting firm shall be disclosed in the applicable periodic or annual report filed with the SEC, and the Committee shall review the substance of any such disclosure and the considerations relating to the compatibility of such services with maintaining the independence of the accounting firm.

3. Oversee and evaluate the work of the independent accounting firm, including resolution of any disagreement between management and the independent accounting firm regarding financial reporting.

4. Review the experience and qualifications of the senior members of the independent accounting firm engaged on the Corporation's account. Also, review the number of years that the lead audit partner and the audit partner responsible for reviewing the audit have performed audit services for the Corporation in the previous five fiscal years in order to address compliance with the five year mandatory audit partner rotation requirement. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent accounting firm on a regular basis.

5. Receive from the independent accounting firm, on an annual basis, a formal written statement identifying all relationships between the independent accounting firm and the Corporation consistent with Independence Standards Board Standard 1, as it may be modified or supplemented. The Committee shall actively engage in a dialogue with the independent accounting firm as to any disclosed relationships or services that may impact the objectivity and independence of the independent accounting firm.

6. Discuss with representatives of the independent accounting firm, on a quarterly basis, the matters required by the Statement on Auditing Standards 61, as it may be modified or supplemented.

7. Obtain and review reports from the independent accounting firm at least annually regarding: (i) the independent accounting firm's internal quality-control procedures; (ii) any material issues raised by most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; (iii) any steps taken to deal with any such issues; and (iv) all relationships between the independent accounting firm and the Corporation.

8. Evaluate the qualifications, performance and independence of the independent accounting firm, including whether the adequacy of the independent accounting firm's quality controls and the provision of any permitted non-audit services is compatible with maintaining the independent accounting firm's independence and taking into account the opinions of management and the Corporation's General Auditor.

9. Review reports from the independent accounting firm related to (i) all critical accounting policies and practices used; (ii) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent accounting firm; and (iii) other material written communications between the independent accounting firm and management, such as any management letter or schedule of unadjusted differences.

10. Discuss any independent-accounting-firm reports with the independent accounting firm, report to the Board and, if so determined by the Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the independent accounting firm.

11. Establish and maintain clear policies regarding the hiring of employees or former employees of the independent accounting firm who were engaged on the Corporation's account.

12. Obtain from the independent accounting firm adequate assurances: (i) that Section 10A of the Securities Exchange Act of 1934, as amended by the Sarbanes-Oxley Act of 2002, has not been implicated; and (ii) as to the compliance with (g), (h), (j), (k) and (l) of Section 10A of the Securities Exchange Act of 1934, as amended by the Sarbanes-Oxley Act of 2002.

13. Review with the independent accounting firm any significant problems or difficulties the independent accounting firm may have encountered and any management letter provided by the independent accounting firm and the Corporation's response to that letter, including any restrictions on the scope of activities or access to required information, significant changes to the audit plan and any disagreement with management, which if not satisfactorily resolved would have affected the independent accounting firm's opinion.

Compliance and Reporting

1. Engage independent counsel, accounting consultants or other advisors to advise the Committee in connection with any matter within its duties and responsibilities.

2. Monitor compliance by the employees of the Corporation and its subsidiary and controlled affiliated entities with applicable legal requirements and the Corporation's standards of business conduct policies.

3. Review with the Corporation's General Counsel legal matters that may materially affect the financial statements, the Corporation's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

4. Review annually, in consultation with the independent accounting firm and management, the adequacy of the Corporation's internal financial and accounting processes.

5. Prepare and submit, in accordance with the rules of the SEC as modified or supplemented from time to time, a written report of the Committee to be included in the Corporation's annual proxy statement for each annual meeting of the Corporation's stockholders.

6. Review and approve all related-party transactions of the Corporation required to be disclosed pursuant to Item 404 of Regulation S-K.

7. Review with representatives of management and the Director of Internal Audit the charter, plans, activities, staffing, organizational structure and effectiveness of the internal audit function.

Other

1. Meet at least quarterly with the Corporation's senior executive officers, the Director of Internal Audit, and the independent accounting firm in separate executive sessions.

2. Review any other matter brought to its attention within the scope of its duties, including any issue of significant financial misconduct.

3. Establish procedures for (i) the receipt, review, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, as well as potential or suspected violations of

the Corporation's Code of Business Conduct and Ethics; and (ii) the confidential or anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters, and the receipt and review thereof.

4. Review with the Corporation's Chief Executive Officer and Chief Financial Officer, prior to their quarterly or annual report certification submission to the SEC, (i) all significant deficiencies in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize and report financial data, and any material weaknesses in the Corporation's internal controls that they have identified for the Corporation's independent accounting firm; (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls; and (iii) whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of the Chief Executive Officer's and the Chief Financial Officer's evaluation thereof, including any corrective actions with regard to significant deficiencies and material weaknesses.

5. In consultation with the Corporation's management, periodically review the adequacy of the Corporation's disclosure controls and procedures.

6. Make regular reports to the Board.

7. The Committee may take such other actions regarding the Corporation's financial reporting obligations that are in the best interests of the Corporation as the Committee shall deem appropriate or as shall otherwise be required by The Nasdaq National Market or any other applicable laws.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate and are in accordance with GAAP. Those duties are the responsibility of management and the independent accounting firm.

2006 ANNUAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

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CAUTIONARY STATEMENT

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, and are subject to the "safe harbor" created by those sections. Words such as "believes," "expects," "may," "will," "would," "should," "could," "seek," "intends," "plans," "potential," "continue," "estimates," "anticipates," "predicts" and similar expressions or variations or negatives of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Annual Report. Additionally, forward-looking statements include, but are not limited to:

- our plans to develop and market new products, enhancements or technologies and the timing of these development programs;
- our estimates regarding our capital requirements and our needs for additional financing;
- our estimates of expenses and future revenues and profitability;
- our estimates of the size of the markets for our products and services;
- the rate and degree of market acceptance of our products; and
- the success of other competing technologies that may become available.

Although forward-looking statements in this Annual Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements involve inherent risks and uncertainties and actual results and outcomes may differ materially and adversely from the results and outcomes discussed in or anticipated by the forward-looking statements. A number of important factors could cause actual results to differ materially and adversely from those in the forward-looking statements. We urge you to consider the risks and uncertainties discussed elsewhere in this report and in the other documents filed by us with the Securities and Exchange Commissions ("SEC") in evaluating our forward-looking statements. We have no plans, and undertake no obligation, to revise or update our forward-looking statements to reflect any event or circumstance that may arise after the date of this report. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made.

This Annual Report also contains estimates made by independent parties and by us relating to market size and growth and other industry data. These estimates involve a number of assumptions and limitations and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Management's Discussion and Analysis of Financial Condition and Results of Operation". These and other factors could cause results to differ materially and adversely from those expressed in the estimates made by the independent parties and by us.

In this document, the words "we," "our," "ours" and "us" refer only to Skyworks Solutions, Inc. and its consolidated subsidiaries and not any other person or entity. In addition, the following industry standards are referenced throughout the document:

- CDMA (Code Division Multiple Access): a method for transmitting simultaneous signals over a shared portion of the spectrum
- DigRF: the digital interface standard that defines an efficient physical interconnection between baseband and RF integrated circuits for digital cellular terminals
- EDGE (Enhanced Data rates for Global Evolution): an enhancement to the GSM and TDMA wireless communications systems that increases data throughput to 384Kpbs
- GPRS (General Packet Radio Service): an enhancement to the GSM mobile communications system that supports data packets
- GSM (Global System for Mobile Communications): a digital cellular phone technology based on TDMA that is the predominant system in Europe, but is also used around the world

- TD-SCDMA (Time Division Synchronous Code Division Multiple Access): a 3G mobile communications standard, being pursued in the People's Republic of China by the CATT
- WCDMA (Wideband CDMA): a 3G technology that increases data transmission rates in GSM systems by using the CDMA air interface instead of TDMA
- WEDGE: an acronym for technology that supports both EDGE and WCDMA
- WiFi (Wireless Fidelity): a trademark for the certification of products that meet certain standards for transmitting data over wireless networks
- WiMAX (Worldwide Interoperability for Microwave Access): a standards-based technology enabling the delivery of last mile wireless broadband access as an alternative to cable and DSL
- WLAN (Wireless Local Area Network): a type of local-area network that uses high-frequency radio waves rather than wires to communicate between nodes

Skyworks, Breakthrough Simplicity, the star design logo, DCR, Helios, Intera, iPAC, LIPA, Polar Loop, Single Package Radio, SPR, System Smart, and Trans-Tech are trademarks or registered trademarks of Skyworks Solutions, Inc. or its subsidiaries in the United States and in other countries. All other brands and names listed are trademarks of their respective companies.

INTRODUCTION

Skyworks Solutions, Inc. (“Skyworks” or the “Company”) is an innovator of high performance analog and mixed signal semiconductors enabling mobile connectivity. The Company’s power amplifiers, front-end modules and direct conversion radios are at the heart of many of today’s leading-edge multimedia handsets. Leveraging core technologies, Skyworks also offers a diverse portfolio of linear products that support automotive, broadband, cellular infrastructure, industrial and medical applications.

Skyworks was formed through the merger (“Merger”) of the wireless business of Conexant Systems, Inc. (“Conexant”) and Alpha Industries, Inc. (“Alpha”) on June 25, 2002, pursuant to an Agreement and Plan of Reorganization, dated as of December 16, 2001, and amended as of April 12, 2002, by and among Alpha, Conexant and Washington Sub, Inc. (“Washington”), a wholly-owned subsidiary of Conexant to which Conexant spun off its wireless communications business. Pursuant to the Merger, Washington merged with and into Alpha, with Alpha as the surviving corporation. Immediately following the Merger, Alpha purchased Conexant’s semiconductor assembly and test facility located in Mexicali, Mexico and certain related operations (the “Mexicali Operations”). For purposes of this Annual Report, the Washington business and the Mexicali Operations are collectively referred to as “Washington/Mexicali.” Shortly thereafter, Alpha, which was incorporated in Delaware in 1962, changed its corporate name to Skyworks Solutions, Inc.

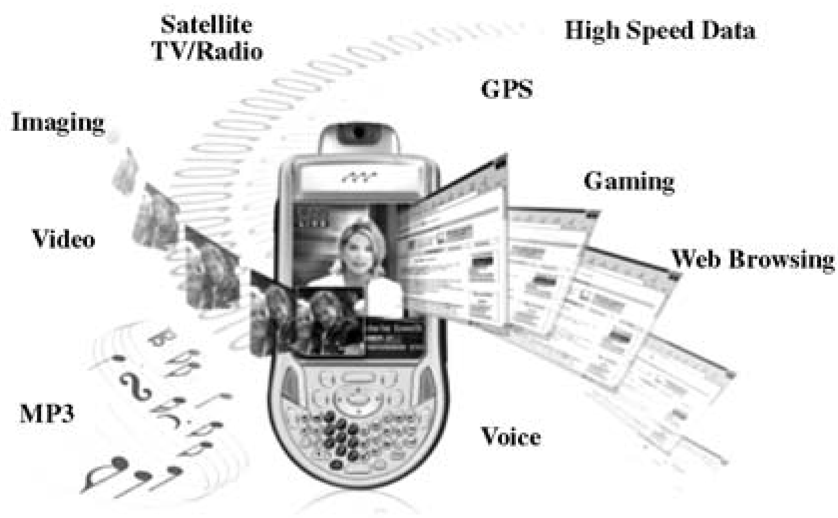
Headquartered in Woburn, Mass., Skyworks is worldwide with engineering, manufacturing, sales and service facilities throughout Asia, Europe and North America. Our Internet address is www.skyworksinc.com. We make available on our website free of charge our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 filings on Forms 3, 4 and 5, and amendments to those reports as soon as practicable after we electronically submit such material with the Securities and Exchange Commission (“SEC”). The information contained in our website is not incorporated by reference in this Annual Report.

INDUSTRY BACKGROUND

Skyworks believes the wireless industry is in the midst of a significant transition, with two major trends impacting the market landscape for wireless products and the way original equipment manufacturers (“OEMs”) engage semiconductor suppliers. First, there is a market share consolidation underway. By virtually all analyst estimates, 80 percent of the handset market is controlled by five OEMs. Second, and perhaps even more dramatic, is the number of handsets requiring both voice and high speed data functionality as consumers demand smaller handsets that include multimedia applications such as cameras, MP3 players, video streaming, gaming, Web browsing and WiFi based 802.11 wireless data applications. This demand increases the relative complexity of a handset since maintaining data integrity while at the same time handling a voice session is a significant challenge. There is a greater need for compatibility among the Radio Frequency (“RF”), the analog/mixed signal and system software. As a result, OEMs today are engaging suppliers as partners, and much earlier in the development process. By contrast, in the past, handset manufacturers could mix and match power amplifiers and transceivers much more readily using various suppliers — and they did so rather routinely. Skyworks believes that going forward the link between the front-end module, radio and software is increasingly critical and can no longer be easily decoupled.

These market shifts are having a profound impact on the industry today, particularly on semiconductor suppliers. As handsets become more complex, chipmakers will continue to look for new design and process techniques to remain in a leadership position with their customers.

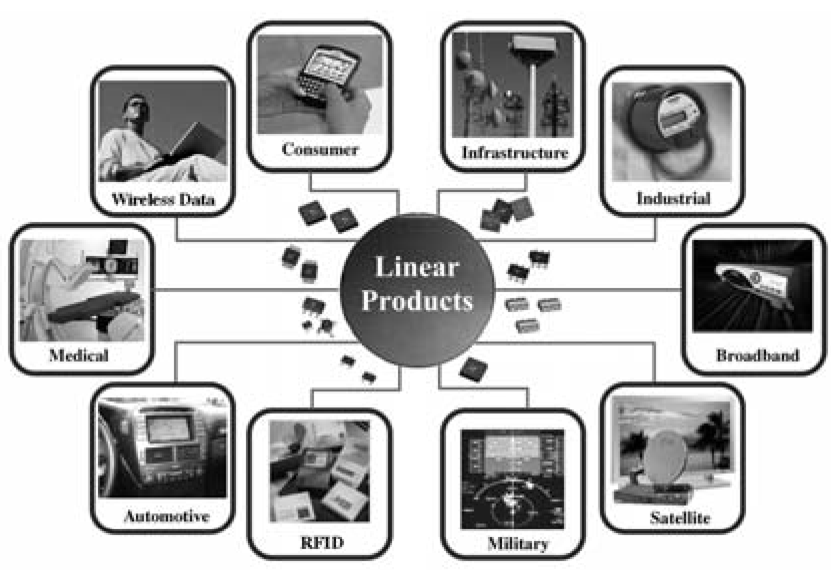
The Company is well positioned to capitalize on these trends. With broad technology breadth and depth, engagements with all top tier handset OEMs, and manufacturing scale, Skyworks can be a leader within its peer group.



Convergence of Wireless & Multimedia Within the Mobile Handset

Meanwhile, outside of the handset market, wireless technologies are rapidly proliferating as they are the critical link between the analog and digital worlds. Core analog technology allows for the detection, measurement, amplification and conversion of temperature, pressure and audio information into the digital realm. According to the Semiconductor Industry Association, the total available market for the analog semiconductor segment is expected to approach $50 billion in 2009. Today, this adjacent analog semiconductor market, which is characterized by longer product lifecycles and higher gross margins, is highly fragmented and diversified among various end-markets, customer bases and applications.

In 2004, Skyworks launched its Linear Products business to aggressively leverage the Company's core competencies and modeling capabilities, along with its strong catalog sales channels and specialized rep and distributor networks, into non-handset applications. Skyworks portfolio takes the intersection point between key strengths and the needs of the markets the Company has targeted: infrastructure, medical, automotive and broadband, among others, to create a business characterized by longer product lifecycles, sustained revenue profiles, diverse applications and contribution margins that are typically 10 to 15 points higher than the handset business.



Select Analog End Markets

BUSINESS OVERVIEW

SKYWORKS' STRATEGY

Skyworks' vision is to become the leading supplier of high performance analog and mixed signal semiconductors enabling mobile connectivity. Key elements in our strategy include:

Expanding Power Amplifier and Front-End Solutions Market Share

Our products offer customers solutions that significantly speed time-to-market while dramatically reducing bill of material costs, power consumption and footprints. We plan to increase our current 40 percent worldwide market share position through higher levels of integration and continued innovation, leveraging our leading edge process and packaging technology.

Capturing Increasing Dollar Content in Third and Fourth generation Applications

As the industry migrates to multi-mode EDGE, WEDGE, WCDMA and WiMAX architectures, RF complexity in the transmit and receive chain substantially increases given simultaneous voice and high speed data communications requirements, coupled with the need for backward compatibility to existing networks. As a result, Skyworks believes that the addressable semiconductor market for our solutions essentially doubles.

Gaining RF Market Share in Helios™, DigRF and WDCMA

We continue to expand our radio presence with the Helios™ platform, which bundles our single chip direct conversion transceiver and front-end module. Skyworks is now supporting the majority of tier one handset OEMs with complete radios and we look forward to even greater traction as we launch our differentiated DigRF and WCDMA solutions in the coming year.

Diversifying into Adjacent Linear Markets

By leveraging core analog, mixed signal and RF technology, Skyworks is also able to deliver solutions to broader and diverse markets that are characterized by longer product lifecycles, sustained revenue profiles and higher contribution margins than our handset business. While the addressable market for linear products is highly fragmented, it is roughly four times the size of the cellular handset RF industry.

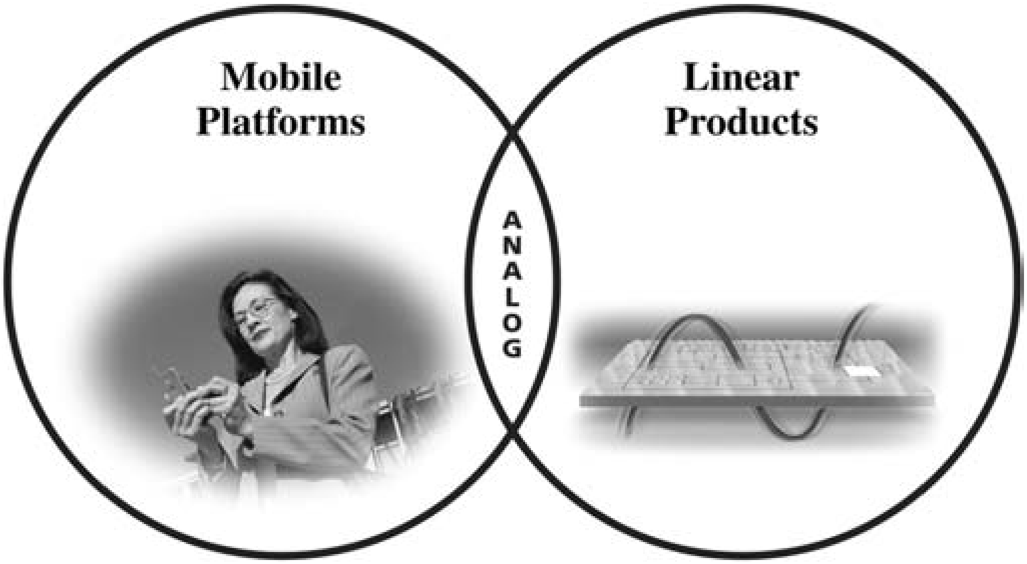
Delivering Operational Excellence

Skyworks' strategy is to vertically integrate where we can differentiate or otherwise enter alliances and partnerships for leading-edge capabilities. These partnerships and alliances are designed to ensure product leadership and competitive advantage in the marketplace. We are focused on achieving the industry's shortest cycle times, highest yields and ultimately the lowest product cost structure.

BUSINESS FRAMEWORK

During the fourth fiscal quarter of 2006, Skyworks began the restructuring of its business by discontinuing its baseband operations in order to sharpen focus on its high growth core business. Skyworks' baseband product area developed complete reference designs, incorporating the digital signal processor and software functionality, in support of tier-three handset suppliers. This initiative was complex, research and development intensive and generated substantial operating losses. As tier-one OEMs increasingly dominate the landscape, the addressable market for the Company's baseband solutions had significantly contracted. As a result of this decision, Skyworks restructured its business to focus on its core analog and RF product markets.

To address the wireless industry opportunities discussed above and to execute our strategy, we have aligned our product portfolio around two markets: mobile platforms and linear products. We believe we possess a broad technology capability and one of the most complete wireless communications product portfolios that, when coupled with key customer relationships with all major handset manufacturers, positions us well to meet industry needs. Below are just a few examples from each of our product portfolios.



SKYWORKS PRODUCT PORTFOLIO

DCR™ Transceivers
GPRS RF Subsystems
GSM/GPRS/EDGE Power Amplifiers
Helios™ DigRF Subsystems
Helios™ EDGE RF Subsystems
Intera™ Front-End Modules
SPR® Solutions
TD-SCDMA Power Amplifiers
WCDMA/CDMA Power Amplifiers

Attenuators
Chip Capacitors
Diodes
Directional Couplers/Detectors
Hybrids
Infrastructure RF Subsystems
Mixers/Demodulators
Modulators
Phase Shifters
Power Dividers/Combiners
Receivers
Switches
Synthesizers/PLLs
Technical Ceramics

Mobile Platforms:

- *DCR Transceiver (Tx/Rx):* encompasses the complete RF transmit and receive functions
- *Front-End Modules (FEM):* power amplifiers that are integrated with switches, diplexers, filters and other components to create a single package front-end solution
- *Power Amplifiers (PA):* the module that strengthens the signal so that it has sufficient energy to reach a base station
- *Helios™ RF Subsystems/Single Package Radio (SPR®) Solution:* combines the transceiver, the PA and associated controller, surface acoustic wave (SAW) filters, and a switchplexer into a single, multi chip module (MCM) package

Linear Products:

- *Attenuators:* A circuit that allows a known source of power to be reduced by a predetermined factor (usually expressed as decibels)

- *Capacitors:* a passive electronic component that stores energy in the form of an electrostatic field

- *Ceramic:* material used in semiconductors which contain transition metal oxides that are II-VI semiconductors, such as zinc-oxide

- *Diodes:* semiconductor devices that pass current in one direction only

- *Directional Coupler:* a transmission coupling device for separately sampling the forward or backward wave in a transmission line

- *Directional Detector:* intended for use in power management applications

- *Hybrid:* monolithic circuitry that is 100% passive and offers low loss, high isolation and phase/amplitude balance

- *Phase Shifter:* achieves its distinct sound by creating one or more notches in the frequency domain that eliminate sounds at the notch frequencies

- *PLL (Phase-Locked Loop):* is a closed-loop feedback control system that maintains a generated signal in a fixed phase relationship to a reference signal

- *Power Combiner:* used for connecting more than one antenna to a single radio

- *Power Divider:* passive devices designed to combine multiple antennas in a stacked antenna system, while providing a constant 50 ohm impedance over the bandwidth chosen

- *Switch:* the component that performs the change between the transmit and receive function, as well as the band function for cellular handsets

- *Synthesizer:* designed for tuning systems and is optimized for low-phase noise with comparison frequencies

The Skyworks Advantage

By turning complexity into simplicity, we provide our customers with the following competitive advantages:

- Broad multimode radio and precision analog product portfolio

- Market leadership in key product segments

- Solutions for all air interface standards, including CDMA2000, GSM/GPRS/EDGE, WCDMA and WLAN

- Engagements with a diverse set of influential customers

- Analog, RF and mixed signal design capabilities

- Access to all key process technologies: GaAs HBT, PHEMT, BiCMOS, SiGE, CMOS and RF CMOS

- World-class manufacturing capabilities and scale

- Unparalleled level of customer service and technical support

- Commitment to technology innovation

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report. In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially and adversely from those referred to herein due to a number of factors, including but not limited to those described below and elsewhere in this Annual Report.

Overview

Skyworks Solutions, Inc. ("Skyworks" or the "Company") is an innovator of high performance analog and mixed signal semiconductors enabling mobile connectivity. The Company's power amplifiers, front-end modules and direct conversion radios are at the heart of many of today's leading-edge multimedia handsets. Leveraging core technologies, Skyworks also offers a diverse portfolio of linear products that support automotive, broadband, cellular infrastructure, industrial and medical applications.

The wireless communications semiconductor industry is highly cyclical and is characterized by rapid technological change, rapid product obsolescence and price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand. In the past, average selling prices of established products have generally declined over time and this trend is expected to continue in the future. Our operating results have been, and our operating results may continue to be, negatively affected by substantial quarterly and annual fluctuations and market downturns due to a number of factors, such as changes in demand for end-user equipment, the timing of the receipt, reduction or cancellation of significant customer orders, the gain or loss of significant customers, market acceptance of our products and our customers' products, our ability to develop, introduce and market new products and technologies on a timely basis, availability and cost of products from suppliers, new product and technology introductions by competitors, changes in the mix of products produced and sold, intellectual property disputes, the timing and extent of product development costs and general economic conditions. In addition, we may discover from time to time defects in our products after they have been shipped, which may require us to pay warranty claims, replace products, or pay costs associated with the recall of a customer's products containing our parts.

Business Framework

At the end of the fourth fiscal quarter, Skyworks decided to immediately cease its baseband operations in order to sharpen focus on its high growth core business. Skyworks' baseband product area developed complete reference designs, incorporating the digital signal processor and software functionality, in support of tier-three handset suppliers. This initiative was complex, research and development intensive and generated substantial operating losses. As tier-one OEMs increasingly dominate the landscape, the addressable market for the Company's baseband solutions had significantly contracted. As a result of this decision, Skyworks restructured its business to focus on its core analog and RF product markets.

To address the wireless industry opportunities discussed above and to execute our strategy, we have aligned our product portfolio around two markets: mobile platforms and linear products. We believe we possess a broad technology capability and one of the most complete wireless communications product portfolios that, when coupled with key customer relationships with all major handset manufacturers, positions us well to meet industry needs. Below are just a few examples from each of our product portfolios.

Basis of Presentation

Skyworks was formed through the merger ("Merger") of the wireless business of Conexant Systems, Inc. ("Conexant") and Alpha Industries, Inc. ("Alpha") on June 25, 2002, pursuant to an Agreement and Plan of Reorganization, dated as of December 16, 2001, and amended as of April 12, 2002, by and among Alpha Industries, Inc., Conexant Systems, Inc. and Washington Sub, Inc. ("Washington"), a wholly-owned subsidiary of Conexant to which Conexant spun off its wireless communications business. Pursuant to the Merger, Washington merged with and into Alpha, with Alpha as the surviving corporation. Immediately following the

Merger, Alpha purchased Conexant's semiconductor assembly and test facility located in Mexicali, Mexico and certain related operations (the "Mexicali Operations"). For purposes of this Annual Report, the Washington business and the Mexicali Operations are collectively referred to as "Washington/Mexicali." Shortly thereafter, Alpha, which was incorporated in Delaware in 1962, changed its corporate name to Skyworks Solutions, Inc.

The Company's fiscal year ends on the Friday closest to September 30. Fiscal 2006 consisted of 52 weeks and ended on September 29, 2006, and fiscal years 2005 and 2004 each consisted of 52 weeks and ended on September 30, 2005 and October 1, 2004, respectively.

Results of Operations

Years Ended September 29, 2006, September 30, 2005 and October 1, 2004

The following table sets forth the results of our operations expressed as a percentage of net revenues for the fiscal years below:

	2006	2005	2004
Net revenues	100.0%	100.0%	100.0%
Cost of goods sold	66.1	61.2	60.1
Gross margin	33.9	38.8	39.9
Operating expenses:			
Research and development	21.2	19.2	19.5
Selling, general and administrative	17.6	13.0	12.4
Amortization of intangible assets	0.3	0.3	0.4
Restructuring and special charges	3.5	—	2.2
Total operating expenses	42.6	32.5	34.5
Operating income (loss)	(8.7)	6.3	5.4
Interest expense	(1.9)	(1.8)	(2.3)
Other income, net	1.1	0.7	0.2
Income (loss) before income taxes	(9.5)	5.2	3.3
Provision for income taxes	2.0	2.0	0.5
Net income (loss)	(11.5)%	3.2%	2.8%

General

During fiscal 2006, certain key factors contributed to our overall results of operations and cash flows from operations. More specifically:

- We exited our baseband product area in order to focus on our higher growth power amplifier, front-end modules, radio solution and linear product areas. We recorded charges of $90.4 million which included $35.1 million in bad debt expense (selling, general and administrative expense), $23.3 million of inventory charges and reserves (cost of goods sold), $13.1 million related to severance and benefits (restructuring and special charges), $7.4 million related to the write-down of technology licenses and design software (restructuring and special charges), $5.0 million related to revenue adjustments, $4.2 million related to the impairment of certain long-lived assets (restructuring and special charges) and $2.3 million related to other charges (restructuring and special charges);

- Revenues in the Mobile Platform and Linear Products areas (our core business areas) increased $77.9 million to $733.3 million, an 11.9% increase, in fiscal 2006 as compared to fiscal 2005, despite an approximate 2% and 10% decline in average selling prices in the Mobile Platforms and Linear Products areas, respectively. We achieved a 26.9% increase in overall units sold in our core business areas;

- We experienced a decrease of $77.1 million in revenues (approximately 62.7%) from our baseband product area as the market share consolidation of worldwide handset original equipment manufacturers ("OEM") accelerated in 2006. Lower tier, smaller handset manufacturers primarily located in developing countries lost significant market share to top tier OEM's such as Nokia Corporation, Motorola, Inc., Samsung Electronics Co., Sony Ericsson Mobile Communications AB and LG Electronics.

- We retired $50.7 million in long-term debt and invested $49.4 million in capital equipment in fiscal 2006 thereby expanding our capacity to efficiently manage future growth in operations;
- We recorded $14.2 million in share-based compensation expense upon the adoption of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment," ("SFAS 123(R)") during the fiscal year ended September 29, 2006. Approximately $2.2 million, $6.3 million and $5.7 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively.
- Cash provided by operations was $27.2 million for fiscal 2006 as compared to $54.2 million in fiscal 2005.

Shared-Based Payments

We grant stock options to purchase our common stock to our employees and directors under our stock option plans. We also grant restricted stock to certain key employees, which may have service, market or performance based conditions attached, and we also granted performance shares to certain of our employees during the fiscal year ended September 29, 2006. Eligible employees can also purchase shares of our common stock at 85% of the lower of the fair market value on the first or the last day of the offering period under our employee stock purchase plan. The benefits provided under these plans are share-based payments subject to the provisions of revised Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS 123(R)"), "Share-Based Payment." Effective October 1, 2005, we use the fair value method to apply the provisions of SFAS 123(R) with a modified prospective application which provides for certain changes to the method for valuing share-based compensation. The valuation provisions of SFAS 123(R) apply to new awards and to awards that are outstanding on the effective date and subsequently modified or cancelled. Under the modified prospective application, prior periods are not revised for comparative purposes. Share-based compensation expense recognized under SFAS 123(R) for the fiscal year ended September 29, 2006 was $14.2 million. At September 29, 2006, total unrecognized estimated compensation expense related to non-vested stock options granted prior to that date was $20.1 million. The weighted average period over which the unrecognized estimated compensation expense related to non-vested stock options will be recognized is 1.8 years. Stock options, before forfeitures and cancellations, granted during the fiscal year ended September 29, 2006 represented 2.4% of the Company's outstanding shares as of September 29, 2006.

At September 29, 2006, total unrecognized estimated compensation for restricted stock (nonvested awards) was $4.1 million.

Upon adoption of SFAS 123(R), the Company elected to retain its method of valuation for share-based awards granted beginning in fiscal 2006 using the Black-Scholes option-pricing model ("Black-Scholes model") which was also previously used for the Company's pro forma information required under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation". The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

If factors change and we employ different assumptions in the application of SFAS 123(R) in future periods, the compensation expense that we record under SFAS 123(R) may differ significantly from what we have recorded in the current period. Therefore, we believe it is important for investors to be aware of the high degree of subjectivity involved when using option-pricing models to estimate share-based compensation under SFAS 123(R). Option-pricing models were developed for use in estimating the value of traded options that have no vesting or hedging restrictions, are fully transferable and do not cause dilution. Certain share-based payments, such as employee stock options, may expire worthless or otherwise result in zero intrinsic value as compared to the fair values originally estimated on the grant date and reported in our financial statements. Alternatively, value may be realized from these instruments that are significantly in excess of the fair values originally estimated on the grant date and reported in our financial statements. There is currently no market-based mechanism or other practical application to verify the reliability and accuracy of the estimates stemming from these valuation models, nor is there a means to compare and adjust the estimates to actual values. Although the fair value of employee share-based awards is determined in accordance with SFAS 123(R) and the Securities and Exchange Commission's Staff Accounting Bulletin No. 107 ("SAB 107"), "Interaction Between FASB Statement No. 123(R), and Certain SEC Rules and Regulations Regarding the Valuation of Share-Based Payment Arrangements for Public Companies" using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

Estimates of share-based compensation expenses are significant to our financial statements, but these expenses are based on option valuation models and will never result in the payment of cash by us. For this reason, and because we do not view share-based compensation as related to our operational performance, we exclude estimated share-based compensation expense when evaluating the business performance of our operations.

The guidance in SFAS 123(R) and SAB 107 is relatively new, and best practices are still evolving. The application of these principles may be subject to further interpretation and refinement over time. There are significant differences among valuation models, and there is a possibility that we will adopt different valuation models in the future. This may result in a lack of consistency in future periods and materially affect the fair value estimate of share-based payments. It may also result in a lack of comparability with other companies that use different models, methods and assumptions.

Theoretical valuation models and market-based methods are evolving and may result in lower or higher fair value estimates for share-based compensation. The timing, readiness, adoption, general acceptance, reliability and testing of these methods is uncertain. Sophisticated mathematical models may require voluminous historical information, modeling expertise, financial analyses, correlation analyses, integrated software and databases, consulting fees, customization and testing for adequacy of internal controls. Market-based methods are emerging that, if employed by us, may dilute our earnings per share and involve significant transaction fees and ongoing administrative expenses. The uncertainties and costs of these extensive valuation efforts may outweigh the benefits to investors.

We did not modify any of our outstanding share options prior to the adoption of SFAS 123(R) with the exception of the acceleration of certain of our unvested "out of the money" stock options on September 2, 2005. Specifically, we accelerated the vesting of options previously awarded to employees and officers that had an exercise price per share over $9.00 and were granted prior to November 10, 2004. As a result of this action, options to purchase approximately 3.8 million shares of Skyworks common stock became immediately exercisable. The decision to accelerate vesting of these options was accounted for under APB Opinion Number 25, "Accounting for Stock Issued to Employees" and made to avoid recognizing compensation cost of approximately $21.0 million associated with certain "out-of-the-money" options in the statement of operations in future financial statements upon the effectiveness of SFAS 123(R). The decision to not accelerate the vesting of stock options with an exercise price under $9.01, as well as those granted after November 9, 2004, balanced our desire to manage compensation expense with our need to continue to motivate and retain employees. The options accelerated were "out-of-the money" by a minimum of $1.49 per share, based on the closing market price of Skyworks' common stock on September 2, 2005.

During fiscal 2005 and fiscal 2006, we elected to gradually transition more of our share-based compensation awards to restricted stock (with service, market or performance based conditions) from traditional stock options.

We granted 222,000 performance units during the fiscal year ended September 29, 2006, pursuant to which recipients will receive Skyworks common stock if certain milestones are achieved. Of the 222,000 performance units, we issued 49,000 shares in fiscal 2006 as a result of milestone achievement. In addition, certain other milestones were deemed to be highly probable of achievement, thus we recorded total compensation expense of $0.3 million in fiscal 2006.

We used an arithmetic average of historical volatility and implied volatility to calculate our expected volatility at September 29, 2006. Historical volatility was determined by calculating the mean reversion of the daily-adjusted closing stock price over the past 4.25 years of our existence (post-Merger). The implied volatility was calculated by analyzing the 52-week minimum and maximum prices of publicly traded call options on our common stock. We concluded that an arithmetic average of these two calculations provided for the most reasonable estimate of expected volatility under the guidance of SFAS 123(R). Utilizing this methodology results in a volatility of 59.27% at September 29, 2006.

The expected life of employee stock options represents a calculation based upon the historical exercise experience of our stock options over the 4.25 years from June 2002 (post-Merger) to September 29, 2006. We determined that we had two populations with unique exercise behavior. These populations included stock options with a contractual life of 7 years and 10 years, respectively. This methodology results in an expected term calculation of 4.42 and 5.84 years, respectively.

The risk-free interest rate is based on the yield curve of U.S. Treasury strip securities for a period consistent with the contractual life of the option in effect at the time of grant (weighted-average of 4.55% at September 29, 2006).

The post-vesting forfeiture rate is estimated using historical option cancellation information (weighted-average of 8.59% at September 29, 2006).

Net Revenues

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
	(Dollars in thousands)				
Net revenues	$773,750	(2.4)%	$792,371	1.1%	$784,023

We market and sell our semiconductor products (including power amplifiers, front-end modules, radio solutions and linear products among others) to top tier OEMs of communication electronics products, third-party Original Design Manufacturers ("ODMs") and contract manufacturers, and indirectly through electronic components distributors.

Revenues from our core Mobile Platforms and Linear product areas increased by $77.9 million, or 11.9%, from fiscal 2005 to fiscal 2006. Overall, net revenues decreased slightly in fiscal 2006 when compared to fiscal 2005 primarily as a result of a decrease in baseband revenues of $77.1 million (a 62.7% decrease). Additionally, we recorded a charge against revenue of $5.0 million in fiscal 2006 relating to the exit of the baseband product area in the fourth quarter of fiscal 2006. Units sold in our core product areas increased by 33.2% somewhat offset by an overall average selling price decline of approximately 10% in our Linear Product area and approximately 2% in our Mobile Platforms product area.

Net revenues increased slightly overall in fiscal 2005 when compared to fiscal 2004 primarily as a result of increased demand in our Mobile Platform product area. Revenues in aggregate dollars from our highly integrated complex products more than doubled between fiscal 2004 and fiscal 2005. This increase in revenues was partially offset by an overall decrease in average selling prices in nearly all of our product areas during these periods. Additionally, baseband revenues in aggregate dollars declined 13.9% and revenues from test and assembly declined by 62.7% due to the termination of the test and assembly services arrangement with Conexant. Our revenues from the test and assembly business were $37.8 million in fiscal 2004 and $14.1 million in fiscal 2005. We fulfilled our manufacturing support obligation to Conexant on June 30, 2005.

For information regarding net revenues by geographic region and customer concentration for each of the last three fiscal years, see Note 16 of this Annual Report.

Gross Profit

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
	(Dollars in thousands)				
Gross profit	$262,679	(14.7)%	$307,772	(1.7)%	$313,216
% of net revenues	33.9%		38.8%		39.9%

Gross profit represents net revenues less cost of goods sold. Cost of goods sold consists primarily of purchased materials, labor and overhead (including depreciation) associated with product manufacturing, royalty and other intellectual property costs and sustaining engineering expenses pertaining to products sold.

Gross profit for fiscal 2006 decreased by $45.1 million from approximately $307.8 million in fiscal 2005 and gross profit margin decreased to 33.9% from 38.8% in fiscal 2005. Gross profit on our core Mobile Platforms and Linear product areas actually increased in aggregate dollars in fiscal 2006 as compared to fiscal 2005. The decrease in both absolute dollars and as a percentage of sales was primarily due to the $23.3 million (approximately 50% of the decrease in aggregate dollars) in inventory related charges associated with the exit of the baseband product area in the fourth quarter of fiscal 2006. Additionally, the decline in baseband product area revenues in fiscal 2006 as compared to fiscal 2005 of $77.1 million resulted in an approximate decline in contribution margin of $38.6 million. We also incurred approximately $2.2 million in share-based compensation expense in cost of goods sold in fiscal 2006 related to our adoption of SFAS 123(R). No share-based compensation expense was recorded in fiscal 2005 in cost of goods sold.

Gross profit for fiscal 2005 decreased by $5.4 million from approximately $313.2 million in fiscal 2004, and gross profit margin decreased from 39.9% to 38.8% from fiscal 2004. The decrease in both absolute dollars and as a percentage of sales was primarily due to 1) continued additional costs associated with the ongoing launch of a number of our more highly integrated products, 2) an unfavorable shift in product mix in the fourth fiscal quarter, and 3) a one time payment to a customer of $3.2 million in the fourth fiscal quarter of 2005. A decline in the assembly and test services provided to Conexant in conjunction with fixed overhead and manufacturing costs in the assembly and test area also contributed to the decreased gross profit margin between fiscal 2005 and fiscal 2004.

Research and Development

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
	(Dollars in thousands)				
Research and development	$164,106	7.8%	$152,215	(0.3)%	$152,633
% of net revenues	21.2%		19.2%		19.5%

Research and development expenses consist principally of direct personnel costs, costs for pre-production evaluation and testing of new devices, and design and test tool costs.

Although research and development expenses in fiscal 2006 increased when compared to fiscal 2005, we anticipate that we will achieve a reduction in research and development costs in future periods due to our exit of the baseband product area in the fourth quarter of fiscal 2006. The aforementioned increase is primarily attributable to increased labor and benefit costs incurred to support our next generation multimode radios and precision analog semiconductors. We anticipate continued acceleration in the development and commercialization of our Helios EDGE (Enhanced Data rates for Global Evolution) radio, CDMA ("Code Division Multiple Access") solutions and next generation front-end modules and power amplifiers with several of our top customers in fiscal 2007. The increase in research and development costs primarily supports new product introductions, as well as new product development, focused on diversifying our product portfolio within our Linear Products area outside of the cellular handset market. We also incurred $6.3 million in research and development related share-based compensation expense in fiscal 2006 related to our adoption of SFAS 123(R). No research and development related share-based compensation expense was recorded in fiscal 2005.

Research and development expenses in fiscal 2005 declined slightly when compared to fiscal 2004. The decline is principally due to decreased incentive compensation costs. We also reduced research and development expenditures in the baseband product area during this period as we focused our product development on core front-end modules, RF subsystems, infrastructure and next-generation solutions.

Selling, General and Administrative

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
	(Dollars in thousands)				
Selling, general and administrative	$135,801	31.8%	$103,070	5.7%	$97,522
% of net revenues	17.6%		13.0%		12.4%

Selling, general and administrative expenses include personnel costs (legal, accounting, treasury, human resources, information systems, customer service, etc.), bad debt expense, sales representative commissions, advertising and other marketing costs.

The increase in selling, general and administrative expenses in fiscal 2006 as compared to fiscal 2005 is principally due to our recording of $35.1 million in bad debt expense in the fourth quarter of fiscal 2006. Specifically, we recorded charges related to two customers: Vitelcom Mobile and an Asian component distributor, on accounts receivable associated with our baseband products. We also incurred $5.7 million in selling, general and administrative related share-based compensation expense in 2006 related to our adoption of SFAS 123(R). The increased bad debt and SFAS 123(R) expenses were partially offset by reductions in legal expenses incurred to protect our intellectual property portfolio.

The increase in selling, general and administrative expenses in fiscal 2005, as compared to fiscal 2004 is primarily due to an increase in bad debt expense of $4.8 million between fiscal 2005 and fiscal 2004. Additionally, costs incurred to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") contributed to the increase. The increased bad debt expense and Sarbanes-Oxley fees were partially offset by reductions in incentive compensation costs and legal costs due to the settlement of an intellectual property lawsuit.

Amortization of Intangible Assets and Warrants

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
	(Dollars in thousands)				
Amortization	$2,144	(8.9)%	$2,354	(22.6)%	$3,043
% of net revenues	0.3%		0.3%		0.4%

In 2002, we recorded $36.4 million of intangible assets related to the Merger consisting of developed technology, customer relationships and a trademark. These assets are principally being amortized on a straight-line basis over a 10-year period. Amortization expense in fiscal 2006, 2005, and 2004 primarily represents the amortization of these intangible assets.

Amortization expense on intangible assets declined in fiscal 2006 as compared to fiscal 2005, is primarily due to the recognition of amortization expense on a warrant of $0.2 million in fiscal 2005. The warrant expired without being exercised on January 20, 2005.

The decrease in amortization expense on intangible assets between fiscal 2005 and fiscal 2004 is the result of $0.8 million in amortization expense recognized on certain warrants in 2004, while only $0.2 million was recognized in fiscal 2005.

For additional information regarding goodwill and intangible assets, see Note 6 of this Annual Report.

Restructuring and Special Charges

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
	(Dollars in thousands)				
Restructuring and special charges	$26,955	100.0%	$ —	(100.0)%	$17,366
% of net revenues	3.5%		0.0%		2.2%

No special charges were recorded in fiscal 2005.

Restructuring and special charges consist of charges for asset impairments and restructuring activities, as follows:

2006 Restructuring Charges, Asset Impairments and Special Charges

On September 29, 2006, we exited our baseband product area in order to focus on our core business encompassing linear products, radio solutions, power amplifiers and front-end modules. We recorded various charges associated with this action. We recorded charges which included the following:

We recorded $13.1 million related to severance and benefits, $7.4 million related to the write-down of technology licenses and design software, $4.2 million related to the impairment of certain long-lived assets and $2.3 million related to other charges. These charges total $27.0 million and are recorded in restructuring and special charges.

We anticipate recording additional restructuring charges of approximately $7.0 million related to the exit of the baseband product area in the first fiscal quarter of 2007. These charges primarily relate to costs to exit certain operating leases and the write down of a technology license.

2004 Restructuring Charges, Asset Impairments and Special Charges

During the second quarter of fiscal 2004, we recorded a $13.2 million charge primarily related to the impairment of obsolete baseband technology licenses that were established prior to the Merger. The impairment charge was based on a recoverability analysis prepared by management in response to the decision to discontinue certain products and the related impact on its current and projected outlook. Management believed these factors indicated that the carrying value of the related assets (intangible assets, machinery and equipment) was impaired and that an impairment analysis should be performed. In performing the analysis for recoverability, management estimated the future cash flows expected to result from these products (salvage value). Since the estimated undiscounted cash flows were less than the carrying value of the related assets, it was concluded that an impairment loss should be recognized. In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," the impairment charge was determined by comparing the estimated fair value of the related assets to their carrying value. The write down established a new cost basis for the impaired assets.

During fiscal 2004, we consolidated baseband product area software design centers in an effort to improve our overall time-to market for next-generation multimedia systems development. These actions aligned our structure with our current business environment. We implemented reductions in force at three remote facilities and recorded restructuring charges of approximately $4.2 million for costs related to severance benefits for affected employees and lease obligations. All amounts accrued for these actions have been paid as of September 29, 2006.

For additional information regarding restructuring charges and liability balances, see Note 14 of this Annual Report.

Interest Expense

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
	(Dollars in thousands)				
Interest expense	$14,797	1.4%	$14,597	(18.7)%	$17,947
% of net revenues	1.9%		1.8%		2.3%

Interest expense is comprised principally of payments in connection with the $50.0 million credit facility between Skyworks USA, Inc., our wholly-owned subsidiary, and Wachovia Bank, N.A. ("Facility Agreement") and the Company's 4.75% convertible subordinated notes (the "Junior Notes").

Interest expense increased for fiscal 2006 as compared to the previous year primarily due to a higher interest rate paid on the Facility Agreement resulting from an increase in LIBOR during such period, as well as an increase in the amortization of capitalized deferred financing costs of $0.6 million due to the retirement of

$50.7 million of our Junior Notes. This was partially offset by a decrease in required interest payments due to the retirement of $50.7 million of our Junior Notes in fiscal 2006.

The decrease in interest expense for fiscal 2005, when compared to fiscal 2004 is due to the conversion of our $45 million of senior subordinated notes into shares of our common stock during fiscal 2004. Specifically, we recorded $12.5 million in interest expense and deferred financing costs amortization on our $230 million Junior notes payable and $2.1 million in interest expense on our $50 million line of credit facility.

For additional information regarding our borrowing arrangements, see Note 7 of this Annual Report.

Other Income, Net

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
			(Dollars in thousands)		
Other income, net	$8,350	53.1%	$5,453	222.5%	$1,691
% of net revenues	1.1%		0.7%		0.2%

Other income, net is comprised primarily of interest income on invested cash balances, other non-operating income and expense items and foreign exchange gains/losses.

The increase in other income, net between fiscal 2005 and fiscal 2006, as well as between fiscal 2004 and fiscal 2005 is primarily due to an increase in interest income on invested cash balances as a result of increased interest rates earned on our auction rate securities.

Provision for Income Taxes

	Fiscal Years Ended				
	September 29, 2006	Change	September 30, 2005	Change	October 1, 2004
			(Dollars in thousands)		
Provision for income taxes	$15,378	0.0%	$15,378	286.0%	$3,984
% of net revenues	2.0%		2.0%		0.5%

Based upon our history of operating losses, management has determined that it is more likely than not that historic and current year income tax benefits will not be realized except for certain future deductions associated with our foreign operations. Consequently, no United States income tax benefit has been recognized for the Company's United States operating losses. As of September 29, 2006, we have established a valuation allowance against all of our net United States deferred tax assets. Deferred tax assets have been recognized for foreign operations when management believes that is more likely than not that they will be recovered.

During fiscal 2006 the carrying value of our gross deferred tax assets increased by $38.8 million. This increase is primarily due to charges included in United States income related to the exit of our baseband product area that were not tax benefited.

The provision for income taxes for fiscal 2006 and fiscal 2005 consists of approximately $(0.1) million and $11.1 million, respectively, of United States income taxes. The credit of $(0.1) million represents a favorable adjustment between fiscal 2005's tax provision and tax return liability. The provision for income tax for fiscal 2005 represents a charge reducing the carrying value of goodwill.

In addition, the provision for income taxes for fiscal 2006, 2005, and 2004 consists of foreign income taxes of $15.4 million, $4.9 million, and $4.0 million, respectively. In fiscal 2006, the Company completed a legal reorganization of its Mexico operations to reduce its future operating costs. In connection with this reorganization, ownership of machinery and equipment used in Mexico's operations was transferred to a United States subsidiary. In 2002, the Company recorded a tax benefit of approximately $23.0 million related to the impairment of this equipment. The carrying value of the deferred tax asset related to these assets was $16.3 million as of September 30, 2005. Consequently, the fiscal 2006 foreign tax provision includes the write off of this deferred tax asset, reduced by the establishment of a $1.7 million deferred tax charge in connection with this reorganization. The deferred tax asset allowable for U.S. tax purposes is included in the Company's United States deferred tax assets subject to a valuation allowance.

The fiscal year 2005 foreign tax provision included a charge of $2.2 million resulting from a reduction of the statutory income tax rate in Mexico. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A charge of $2.3 million related to normal amortization of the tax benefit for tax over book depreciation. A favorable foreign translation adjustment of $0.8 million increased the deferred tax asset's carrying value. In addition, the provision for income taxes for fiscal 2006, 2005 and 2004 consists of foreign income taxes incurred by foreign operations.

No provision has been made for United States, state, or additional foreign income taxes related to approximately $12.1 million of undistributed earnings of foreign subsidiaries which have been or are intended to be permanently reinvested. It is not practicable to determine the United States federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested.

In fiscal 2005, we repatriated approximately $25.6 million of earnings, which were not subject to Mexican withholding tax and could be applied against United States net operating loss carryforwards, resulting in no United States income tax. We provide for United States income tax on current earnings attributable to our operations in Mexico.

Liquidity and Capital Resources

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
	(Dollars in thousands)		
Cash and cash equivalents at beginning of period	$116,522	$123,505	$ 161,506
Net cash provided by operating activities	27,226	54,197	91,913
Net cash provided by (used in) investing activities	42,383	(66,424)	(141,044)
Net cash (used in) provided by financing activities	(49,382)	5,244	11,130
Cash and cash equivalents at end of period	$136,749	$116,522	$ 123,505

Fiscal 2006

Based on our results of operations for fiscal 2006 and current trends, we expect our existing sources of liquidity, together with cash expected to be generated from operations and short term investments along with our ability to access financial markets for additional debt or equity financing, will allow us to sufficiently fund our research and development, capital expenditures, debt obligations (to replace existing or maturing debt instruments), purchase obligations, working capital and other cash requirements for at least the next 12 months. However, we cannot assure you that the capital required to fund these expenses will be available in the future. In addition, any strategic investments and acquisitions that we may make to help us grow our business may require additional capital resources. If we are unable to obtain enough capital to meet our capital needs on a timely basis or at all, our business and operations could be materially adversely affected.

Our cash and cash equivalent balances increased by $20.2 million to $136.7 million at September 29, 2006 from $116.5 million at September 30, 2005. Cash and cash equivalent balances and short-term investments decreased by $64.7 million to $171.2 million at September 29, 2006 from $235.9 million at September 30, 2005. The number of days sales outstanding for the fiscal year ended September 29, 2006 decreased to 73 from 82 as compared to fiscal 2005 partially due to the recording of allowance for doubtful accounts relating to the exit of our baseband product area.

During fiscal 2006, we generated $27.2 million in cash from operating activities. Offsetting these positive operating cash flows were net losses of $88.2 million which included total charges incurred to exit our baseband product area. We also incurred multiple non-cash charges (e.g., depreciation, amortization, contribution of common shares to savings and retirement plans, share-based compensation expense, non-cash restructuring expense, asset impairment charges and provision for deferred income taxes) totaling $75.7 million. In fiscal 2006, we also experienced an increase in other accrued liabilities and expenses of $16.0 million (principally related to restructuring accruals in the fourth fiscal quarter) and a decrease in deferred tax assets of $16.5 million and an increase of $31.2 million in the provision for losses on accounts receivable (principally related to the reserves recorded on two baseband customers). These increases were offset by uses of cash caused by increases of $18.2 million in accounts receivable and $3.5 million in inventory. However, on a net basis accounts receivable actually declined by $13.0 million when accounting for the impact of the afore-mentioned $31.2 million increase in the provision for losses on accounts receivable.

During fiscal 2006, we generated $42.4 million in cash from investing activities. Cash provided by investing activities in fiscal 2006 consisted of net proceeds of $85.2 million from the sale of auction rate securities and proceeds received from the sale of a building and land of $6.6 million. Capital expenditures of $49.4 million offset these amounts and were primarily related to the purchase of equipment utilized to support an anticipated expanded level of highly integrated product demand requiring more technologically enhanced manufacturing capacity. The proceeds from the net sales of our auction rate securities were utilized, in part, to retire $50.7 million of our Junior Notes. We believe a focused program of capital expenditures will be required to sustain our current manufacturing capabilities. Future capital expenditures will be funded by the generation of positive cash flows from operations. We may also consider acquisition opportunities to extend our technology portfolio and design expertise and to expand our product offerings.

During fiscal 2006, we utilized $49.4 million in cash from financing activities. This principally resulted from the retirement of $50.7 million in our Junior Notes and the pledge of $0.3 million in cash on a new insurance policy offset by stock option exercises of $1.7 million. As of September 29, 2006, our Facility Agreement of $50.0 million is fully drawn. Our Junior Notes of approximately $179.3 million become due in November 2007. We paid approximately $13.7 million in interest to service this debt during fiscal 2006. For additional information regarding our borrowing arrangements, see Note 7 to the Consolidated Financial Statements.

In connection with the exit of the baseband product area, we anticipate making cash payments of approximately $25.6 million in future periods. We anticipate the majority of these payments will be remitted in the first and second quarters of fiscal 2007. We expect our existing sources of liquidity, together with cash expected to be generated from operations and short term investments, will be sufficient to fund these costs associated with the exit of our baseband product area.

Fiscal 2005

During fiscal 2005, we generated $54.2 million in cash from operating activities. This was principally attributable to increased revenues and lower overall operating expenses combined with reduced interest expense and higher other income (primarily interest income). Non-cash charges (including depreciation, charge in lieu of income tax expense, amortization and contribution of common shares to savings and retirement plans) totaled $62.8 million. This was offset by a reduction in liabilities of $21.1 million primarily related to payment of prior year incentive compensation. Annualized inventory turns for the fourth quarter of fiscal 2005 were 6.2. Inventory management remained an area of focus as we balance the need to maintain strategic inventory levels to ensure competitive lead times against the risk of inventory obsolescence because of rapidly changing technology and customer requirements. Other decreases to cash provided by operating activities resulted from a net increase in our receivable balances of $18.8 million offset by bad debt provisions of $5.1 million. The increase in accounts receivable balances is due to the timing and collection of customer receivables. The timing of purchasing patterns by our customers in our industry affects the timing of our revenue recognition and our collections and is one of the principal reasons for the increase in days sales outstanding from 66 at the end of fiscal 2004 to 82 at the end of fiscal 2005.

Cash used in investing activities for the year ended September 30, 2005 consisted of $28.3 million of net investments in auction rate securities and capital expenditures of $38.1 million.

Cash provided by financing activities for the year ended September 30, 2005, consisted of $5.2 million of proceeds received from the exercise of stock options. There were no changes to the long-term and short-term debt balances in fiscal 2005.

Fiscal 2004

During fiscal 2004 we focused our efforts on both cash and inventory management. Days sales outstanding in the fourth quarter of fiscal 2004 was 66. Annualized inventory turns for the fourth quarter of fiscal 2004 were 6.6. During fiscal 2004, we also converted our 15 percent convertible senior subordinated notes into shares of our common stock, ultimately reducing our future cash outflows and expenses related to the interest incurred on these senior subordinated notes.

In fiscal 2004, we generated $91.9 million in cash from operating activities. This was principally attributable to net revenues in fiscal 2004 of $784.0 million primarily resulting from increased demand for our wireless product portfolio. More specifically, we had launched a number of more highly integrated product offerings, added to our customer base and expanded our geographical market presence. In addition, we reduced research and development expenses and selling, general and administrative expense as a percentage of net revenues to 31.9% in fiscal 2004. During fiscal 2004, we invested $60.0 million in capital equipment primarily related to the design of new highly integrated products and processes, enabling us to address new opportunities and to meet our customers' demands. In fiscal 2004 we made net investments of approximately $81.0 million in short-term auction rate securities.

Cash provided by financing activities in fiscal 2004 primarily represents an increase in borrowings under our $50.0 million credit facility secured by the purchased accounts receivable with Wachovia Bank, N.A.

Contractual Cash Flows

Following is a summary of our contractual payment obligations for consolidated debt, purchase agreements, operating leases, other commitments and long-term liabilities at September 29, 2006 (see Notes 7 and 11 of this Annual Report), in thousands:

	Payments Due By Period				
Obligation	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**Thereafter(1)**
Long-Term Debt Obligations	$179,335	$ —	$179,335	$ —	$ —
Other Commitments	12,669	6,681	5,988	—	—
Operating Lease Obligations	28,132	7,600	12,944	6,924	664
Purchase Obligations	—	—	—	—	—
Other Long-Term Liabilities	6,448	479	930	488	4,551
	$226,584	$14,760	$199,197	$7,412	$5,215

(1) Other Long-Term Liabilities includes $3.7 million of Executive Deferred Compensation for which there is a corresponding long term asset.

Based on our results of operations for fiscal 2006 and current trends, we expect our existing sources of liquidity, together with cash expected to be generated from operations and short term investments along with our ability to access financial markets for additional debt or equity financing, will allow us to sufficiently fund our research and development, capital expenditures, debt obligations (to replace existing or maturing debt instruments), purchase obligations, working capital and other cash requirements for at least the next 12 months. However, we cannot assure you that the capital required to fund these expenses will be available in the future. In addition, any strategic investments and acquisitions that we may make to help us grow our business may require additional capital resources. If we are unable to obtain enough capital to meet our capital needs on a timely basis or at all, our business and operations could be materially adversely affected.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We regularly evaluate our estimates and assumptions based upon historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. To the extent actual results differ from those estimates, our future results of operations may be affected. We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

Revenues from product sales are recognized upon shipment and transfer of title, in accordance with the shipping terms specified in the arrangement with the customer. Revenue from license fees and intellectual property is recognized when these fees are due and payable, and all other criteria of SEC Staff Accounting Bulletin No. 104, ("Revenue Recognition") have been met. We ship product on consignment to certain customers and only recognize revenue when the customer notifies us that the inventory has been consumed. Revenue recognition is deferred in all instances where the earnings process is incomplete. Certain product sales are made to electronic component distributors under agreements allowing for price protection and/or a right of return on unsold products. A reserve for sales returns and allowances for customers is recorded based on historical experience or specific identification of an event necessitating a reserve.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, our actual losses may exceed our estimates, and additional allowances would be required.

Inventories

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or market. The Company provides for estimated obsolescence or unmarketable inventory based upon assumptions about future demand and market conditions. The recoverability of inventories is assessed through an on-going review of inventory levels in relation to sales backlog and forecasts, product marketing plans and product life cycles. When the inventory on hand exceeds the foreseeable demand (generally in excess of twelve months), the value of such inventory that is not expected to be sold at the time of the review is written down. The amount of the write-down is the excess of historical cost over estimated realizable value (generally zero).

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. Some or all of the inventories that have been written-down may be retained and made available for sale. In the event that actual demand is higher than originally projected, a portion of these inventories may be able to be sold in the future. Inventories that have been written-down and are identified as obsolete are generally scrapped.

Share-Based Compensation

On October 1, 2005, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment," ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, employee stock purchases related to the Company's 2002 Employee Stock Purchase Plan, restricted stock and other special equity awards based on estimated fair values. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") for periods beginning in fiscal 2006. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107, "Share Based Payment" ("SAB 107"), providing interpretative guidance relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the applicable accounting standard as of October 1, 2005, the first day of the Company's fiscal year 2006.

The Company's practice in general is to issue shares of common stock upon exercise or settlement of options and to issue shares in connection with the Employee Stock Purchase Plan ("ESPP") from previously unissued shares.

Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Share-based compensation expense recognized in the Company's Consolidated Statement of Operations for the fiscal year ended September 29, 2006 included compensation expense for share-based payment awards granted on or before, but not yet vested as of, September 30, 2005, based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123, and compensation expense for the share-based payment awards granted subsequent to September 30, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). As share-based compensation expense recognized in the Consolidated Statement of Operations for the fiscal year ended September 29, 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Upon adoption of SFAS 123(R), the Company elected to retain its method of valuation for share-based awards using the Black-Scholes option-pricing model ("Black-Scholes model") which was also previously used for the Company's pro forma information required under SFAS 123. The Company's determination of fair value of share-based payment awards on the date of grant using the Black-Scholes model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to; the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

SFAS 123(R) requires the Company to evaluate and periodically validate several assumptions in conjunction with calculating share-based compensation expense. These assumptions include the expected life of a stock option or other equity based award, expected volatility, pre-vesting forfeiture, risk free rate and expected dividend yield. All of these assumptions affect to one degree or another, the valuation of the Company's equity based awards or the recognition of the resulting share-based compensation expense. The most significant assumptions in the Company's calculations are described below.

Expected Life of an Option or Other Equity Based Award

Since employee options are non-transferable, SFAS 123(R) allows the use of an expected life to more accurately estimate the value of an employee stock option rather than using the full contractual term.

The vesting of the majority of the Company's stock options are graded over four years (25% at each anniversary) and the contractual term is either 7 years or 10 years. The Company analyzed its historical exercise experience and exercise behavior by job group. The Company analyzed the following three exercise metrics: exercise at full vesting, exercise at midpoint in the contractual life and exercise at the end of the full contractual term. The Company chose the mid-point alternative as the estimate which most closely approximated actual exercise experience of its employee population. The valuation and resulting share-based compensation expense recorded is sensitive to what alternative is chosen and the choice of another alternative in the future could result in a material difference in the amount of share-based compensation expense recorded in a reporting period.

Expected Volatility

Expected volatility is a statistical measure of the amount by which a stock price is expected to fluctuate during a period. SFAS 123(R) does not specify a method for estimating expected volatility; instead it provides a list of factors that should be considered when estimating volatility: historical volatility that is generally commensurate with the expected option life, implied volatilities, the length of time a stock has been publicly traded, regular intervals for price observations, corporate and capital structure and the possibility of mean reversion. The Company analyzed its volatility history and determined that the selection of a weighting of 50% to historical volatility and 50% to implied volatility (as measured by examining the underlying volatility in the open market of publicly traded call options) would provide the best estimate of expected future volatility of the stock price. The selection of another methodology to calculate volatility or even a different weighting between implied volatility and historical volatility could materially impact the valuation of stock options and other equity based awards and the resulting amount of share-based compensation expense recorded in a reporting period.

Pre-Vesting Forfeiture

SFAS 123(R) specifies that initial accruals of share-based compensation expense should be based on the estimated number of instruments for which the requisite service is expected to be rendered. The Company examined its options forfeiture history and computed an average annualized forfeiture percentage. The Company determined that a weighted average of historical annualized forfeitures is the best estimate of future actual forfeiture experience. The application of a different methodology for calculating estimated forfeitures could materially impact the amount of share-based compensation expense recorded in a reporting period.

Valuation of Long-lived Assets

Carrying values for long-lived assets and definite lived intangible assets, which excludes goodwill, are reviewed for possible impairment as circumstances warrant in connection with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Impairment reviews are conducted at the judgment of management whenever events or changes in circumstances indicate that the carrying amount of any such asset or asset group may not be recoverable. The determination of recoverability is based on an estimate of undiscounted cash flows expected to result from the use of an asset and its eventual disposition. The estimate of cash flows is based upon, among other things, certain assumptions about expected future operating performance. The Company's estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions, changes to the Company's business model or changes in its operating performance. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value of an asset or asset group, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset or asset group. Fair value is determined using discounted cash flows.

Goodwill and Intangible Assets

Goodwill and intangible assets with indefinite lives are tested at least annually for impairment in accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets." The goodwill and other intangible asset impairment test is a two-step process. The first step of the impairment analysis compares the Company's fair value to its net book value to determine if there is an indicator of impairment. In determining fair value, SFAS No. 142 allows for the use of several valuation methodologies, although it states quoted market prices are the best evidence of fair value. The Company calculates fair value using the average market price of its common stock over a seven-day period surrounding the annual impairment testing date of the first day of the fourth fiscal quarter and the number of shares of common stock outstanding on the date of the annual impairment test (the first day of the fourth fiscal quarter). Step two of the analysis compares the implied fair value of goodwill and other intangible assets to its carrying amount in a manner similar to a purchase price allocation for a business combination. If the carrying amount of goodwill and other intangible assets exceeds its implied fair value, an impairment loss is recognized equal to that excess. We test our goodwill and other intangible assets for impairment annually as of the first day of our fourth fiscal quarter and in interim periods if certain events occur indicating that the carrying value of goodwill or other intangible assets may be impaired. Indicators such as unexpected adverse business conditions, economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts, may signal that an asset has become impaired.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This method also requires the recognition of future tax benefits such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The carrying value of the Company's net deferred tax assets assumes that the Company will be able to generate sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets resulting in additional income tax expense in the Company's consolidated statement of operations. Management evaluates the realizability of the deferred tax assets and assesses the adequacy of the valuation allowance quarterly. Likewise, in the event that the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax assets would increase income or decrease the carrying value of goodwill in the period such determination was made.

It was the Company's intention to permanently reinvest the undistributed earnings of all its foreign subsidiaries in accordance with Accounting Principles Board Opinion No. 23, "Accounting for Income Taxes — Special Areas". During the fiscal year ended September 30, 2005, the Company reversed its policy of permanently reinvesting the earnings of its Mexican business. This policy reversal increased the 2005 tax provision by $9.0 million. For the fiscal year ended September 29, 2006, U.S. income tax was provided on current earnings attributable to our operations in Mexico. No provision has been made for U.S. federal, state, or additional foreign income taxes that would be due upon the actual or deemed distribution of undistributed earnings of the other foreign subsidiaries, which have been, or are intended to be, permanently reinvested.

On November 10, 2005, the FASB issued FASB Staff Position No. FAS 123(R)-3, "Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards" the "FASB Staff Position"). The Company adopted the alternative transition method provided in the FASB Staff Position for calculating the tax effects of share-based compensation pursuant to SFAS 123(R) during the year ended September 29, 2006. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool ("APIC pool") related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee share-based compensation awards that are outstanding upon adoption of SFAS 123(R). Under the simplified method the Company's beginning APIC pool is zero and the ending APIC pool balance at September 29, 2006 remains zero.

Recently Issued Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 151, "Inventory Costs — an amendment to APB No. 23, Chapter 4" ("SFAS No. 151"). The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company adopted SFAS No. 151 on October 1, 2005 and it did not have a material impact on its financial statements during fiscal 2006.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets — an amendment of APB Opinion No. 29" ("SFAS No. 153"). The guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions" ("APB No. 29") is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in APB No. 29, however, included certain exceptions to that principle. SFAS No. 153 amends APB No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 is effective for such exchange transactions occurring in fiscal periods beginning after June 15, 2005. The Company adopted SFAS No. 153 on October 1, 2005 and it did not have a material impact on its financial statements during fiscal 2006.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections — a replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS No. 154"). This Statement replaces APB Opinion No. 20, "Accounting Changes" and FASB Statement No. 3, "Reporting Accounting

Changes in Interim Financial Statements — an amendment of APB Opinion No. 28," and also changes the requirements for the accounting for and reporting of a change in accounting principle. SFAS No. 154 applies to all voluntary changes in an accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. SFAS No. 154 is effective for accounting changes and error corrections occurring in fiscal years beginning after December 15, 2005. The Company adopted SFAS No. 154 on September 30, 2005 and it did not have a material effect on its financial statements during fiscal 2006.

On November 10, 2005, the FASB issued FASB Staff Position No. FAS 123(R)-3, "Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards" the "FASB Staff Position"). The Company adopted the alternative transition method provided in the FASB Staff Position for calculating the tax effects of share-based compensation pursuant to SFAS 123(R) during the year ended September 29, 2006. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool ("APIC pool") related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee share-based compensation awards that are outstanding upon adoption of SFAS 123(R). Under the simplified method the Company's beginning APIC pool is zero.

In March 2006, the Emerging Issues Task Force issued EITF Issue No. 04-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty" ("EITF 04-13"). EITF 04-13 clarifies the circumstances under which two or more transactions involving inventory with the same counterparty should be viewed as a single nonmonetary transaction. In addition the EITF reached a consensus that there are circumstances under which nonmonetary exchanges of inventory within the same line of business should be recognized at fair value. Issue 04-13 is effective for new arrangements entered into in reporting periods beginning after March 15, 2006. The Company adopted the provisions of EITF 04-13 in the three month period ended June 30, 2006 and it did not have a material impact on its financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company expects to adopt FIN 48 on September 29, 2007, the first day of fiscal 2008 and has not yet determined the impact this interpretation will have on our results from operations or financial position.

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

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS 158") which requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year; and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in other comprehensive income. The requirement to recognize the funded status of a benefit plan and the disclosure requirements are effective as of the end of fiscal years ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008, although earlier adoption is permitted. The Company has not yet determined the impact that SFAS 158 will have on our results from operations or financial position.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year

Financial Statements" ("SAB 108"), which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB 108 is effective for fiscal years ending after November 15, 2006. The Company does not expect the impact of SAB 108 will be material to its financial statements.

Other Matters

Inflation did not have a material impact upon our results of operations during the three-year period ended September 29, 2006.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to market risks, such as changes in currency and interest rates that arise from normal business operation. Our financial instruments include cash and cash equivalents, short-term investments, short-term debt and long-term debt. Our main investment objective is the preservation of investment capital. Consequently, we invest with only high-credit-quality issuers and we limit the amount of our credit exposure to any one issuer. We do not use derivative instruments for speculative or investment purposes.

Our cash and cash equivalents are not subject to significant interest rate risk due to the short maturities of these instruments. As of September 29, 2006, the carrying value of our cash and cash equivalents approximates fair value.

Our short-term debt primarily consists of borrowings under our credit facility with Wachovia Bank, N.A. As of September 29, 2006, we had borrowings of $50.0 million outstanding under this credit facility. Interest related to our short-term debt is at LIBOR plus 0.4% and was approximately 5.7% at September 29, 2006. Consequently, we do not have significant cash flow exposure on our short-term debt.

We issued fixed-rate debt, which is convertible into our common stock at a predetermined conversion price. Convertible debt has characteristics that give rise to both interest-rate risk and market risk because the fair value of the convertible security is affected by both the current interest-rate environment and the price of the underlying common stock. For the year ended September 29, 2006, our convertible debt, on an if-converted basis, was not dilutive and, as a result, had no impact on our net income (loss) per share (assuming dilution). In future periods, the debt may be converted, or the if-converted method may be dilutive and net income per share (assuming dilution) would be reduced. Our long-term debt consists of $179.3 million of 4.75% unsecured convertible subordinated notes due November 2007. We do not believe that we have significant cash flow exposure on our long-term debt.

Based on our overall evaluation of our market risk exposures from all of our financial instruments at September 29, 2006, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

Our exposure to fluctuations in foreign currency exchange rates is primarily the result of foreign subsidiaries domiciled in various foreign countries. We do not currently use financial derivative instruments to hedge foreign currency exchange rate risks associated with our foreign subsidiaries. We estimate that we do not have any significant foreign exchange rate fluctuation risk.

SELECTED FINANCIAL DATA

You should read the data set forth below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operation," and our consolidated financial statements and related notes appearing elsewhere in this Annual Report. The Company's fiscal year ends on the Friday closest to September 30. Fiscal 2006 consisted of 52 weeks and ended on September 29, 2006, and fiscal years 2005 and 2004 each consisted of 52 weeks and ended on September 30, 2005 and October 1, 2004, respectively. The following balance sheet data and statements of operations data for the five years ended September 29, 2006, were derived from our audited consolidated financial statements. Consolidated balance sheets at September 29, 2006 and September 30, 2005, and the related consolidated statements of operations and of cash flows for each of the three years in the period ended September 29, 2006, and notes thereto appear elsewhere in this Annual Report.

Because the Merger was accounted for as a reverse acquisition, a purchase of Alpha by Washington/Mexicali, the historical financial statements of Washington/Mexicali became the historical financial statements of Skyworks after the Merger. The historical information provided below does not include the historical financial results of Alpha for periods prior to June 26, 2002, the date the Merger was consummated. The historical financial information may not be indicative of our future performance and does not reflect what the results of operations and financial position prior to the Merger would have been had Washington/Mexicali operated independently of Conexant during the periods presented prior to the Merger or had the results of Alpha been combined with those of Washington/Mexicali during the periods presented prior to the Merger.

	Fiscal Year				
	2006(8)	2005	2004	2003	2002(1)
			(In thousands)		
Statement of Operations Data:					
Net revenues	$ 773,750	$ 792,371	$ 784,023	$ 617,789	$ 457,769
Cost of goods sold(7)	511,071	484,599	470,807	370,940	329,701
Gross profit	262,679	307,772	313,216	246,849	128,068
Operating expenses:					
Research and development	164,106	152,215	152,633	156,077	133,614
Selling, general and administrative(6)	135,801	103,070	97,522	85,432	51,074
Amortization of intangible assets(2)	2,144	2,354	3,043	4,386	12,929
Purchased in-process research and development(3)	—	—	—	—	65,500
Restructuring and special charges(4)	26,955	—	17,366	34,493	116,321
Total operating expenses	329,006	257,639	270,564	280,388	379,438
Operating income (loss)	(66,327)	50,133	42,652	(33,539)	(251,370)
Interest expense	(14,797)	(14,597)	(17,947)	(21,403)	(4,227)
Other income (expense), net	8,350	5,453	1,691	1,317	(56)
Income (loss) before income taxes and cumulative effect of change in accounting principle	(72,774)	40,989	26,396	(53,625)	(255,653)
Provision (benefit) for income taxes	15,378	15,378	3,984	652	(19,589)
Income (loss) before cumulative effect of change in accounting principle	(88,152)	25,611	22,412	(54,277)	(236,064)
Cumulative effect of change in accounting principle, net of tax(5)	—	—	—	(397,139)	—
Net income (loss)	$ (88,152)	$ 25,611	$ 22,412	$ (451,416)	$ (236,064)

	Fiscal Year				
	2006(8)	2005	2004	2003	2002(1)
			(In thousands)		
Per share information:					
Income (loss) before cumulative effect of change in accounting principle, basic and diluted	$ (0.55)	$ 0.16	$ 0.15	$ (0.39)	$ (1.72)
Cumulative effect of change in accounting principle, net of tax, basic and diluted(5)	—	—	—	(2.85)	—
Net income (loss), basic and diluted	$ (0.55)	$ 0.16	$ 0.15	$ (3.24)	$ (1.72)
Balance Sheet Data:					
Working capital	$ 245,223	$ 337,747	$ 282,613	$ 249,279	$ 79,769
Total assets	1,090,496	1,187,843	1,168,806	1,090,668	1,346,912
Long-term liabilities	185,783	237,044	235,932	280,677	184,309
Stockholders' equity	729,093	792,564	751,623	673,175	1,014,976

(1) The Merger was completed on June 25, 2002. Financial statements for periods prior to June 26, 2002, represent Washington/Mexicali's combined results and financial condition. Financial statements for periods after June 25, 2002, represent the consolidated results and financial condition of Skyworks, the combined company.

(2) Amounts in fiscal 2003 through 2006 primarily reflect amortization of current technology and customer relationships acquired in the Merger. Amounts in fiscal 2002 primarily reflect amortization of goodwill and other intangible assets related to the acquisition of Philsar Semiconductor, Inc. in fiscal 2000.

(3) In fiscal 2002, we recorded purchased in-process research and development charges of $65.5 million related to the Merger.

(4) In fiscal 2006, we recorded restructuring and other special charges of $27.0 million related to the exit of our baseband product area. Of the $27.0 million, $13.1 million related to severance and benefits, $7.4 million related to the write-down of technology licenses and design software associated with the baseband product area, $4.2 million related to the impairment of baseband related long-lived assets and $2.3 million related to other charges. In fiscal 2004, we recorded restructuring and special charges of $17.4 million, principally related to the impairment of legacy technology licenses related to our baseband product area. In fiscal 2003, we recorded restructuring and special charges of $34.5 million, principally related to the impairment of assets related to our infrastructure products. In fiscal 2002, we recorded special charges of $116.3 million, principally related to the impairment of the assembly and test machinery and equipment and the related facility in Mexicali, Mexico, and the write-off of goodwill and other intangible assets related to Philsar Semiconductor, Inc.

(5) We adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," on October 1, 2002. As a result of this adoption, we performed a transitional evaluation of our goodwill and intangible assets with indefinite lives. Based on this transitional evaluation, we determined that our goodwill was impaired and recorded a $397.1 million charge for the cumulative effect of a change in accounting principle in fiscal 2003.

(6) In the fourth quarter of fiscal 2006, we recorded bad debt expense of $35.1 million. Specifically, we recorded charges related to two customers: Vitelcom Mobile and an Asian component distributor.

(7) In the fourth quarter of fiscal 2006, we recorded $23.3 million of inventory charges and reserves primarily related to the exit of our baseband product area.

(8) We recorded $14.2 million in share-based compensation expense upon the adoption of Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment," ("SFAS 123(R)") during the fiscal year ended September 29, 2006. Approximately $2.2 million, $6.3 million and $5.7 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
	(In thousands, except per share amounts)		
Net revenues	$773,750	$792,371	$784,023
Cost of goods sold (includes share-based compensation expense of $2,174 for the fiscal year ended September 29, 2006)	511,071	484,599	470,807
Gross profit	262,679	307,772	313,216
Operating expenses:			
Research and development (includes share-based compensation expense of $6,311 for the fiscal year ended September 29, 2006)	164,106	152,215	152,633
Selling, general and administrative (includes share-based compensation expense of $5,734 for the fiscal year ended September 29, 2006)	135,801	103,070	97,522
Amortization of intangible assets	2,144	2,354	3,043
Restructuring and special charges	26,955	—	17,366
Total operating expenses	329,006	257,639	270,564
Operating income (loss)	(66,327)	50,133	42,652
Interest expense	(14,797)	(14,597)	(17,947)
Other income, net	8,350	5,453	1,691
Income (loss) before income taxes	(72,774)	40,989	26,396
Provision for income taxes	15,378	15,378	3,984
Net income (loss)	$(88,152)	$ 25,611	$ 22,412
Per share information:			
Net income (loss), basic and diluted	$ (0.55)	$ 0.16	$ 0.15
Number of weighted-average shares used in per share computations, basic	159,408	157,453	152,090
Number of weighted-average shares used in per share computations, diluted	159,408	158,857	154,242

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	As of September 29, 2006	As of September 30, 2005
	(In thousands, except per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 136,749	$ 116,522
Short-term investments	28,150	113,325
Restricted cash	6,302	6,013
Receivables, net of allowance for doubtful accounts of $37,022 and $5,815, respectively	158,798	171,454
Inventories	81,529	77,400
Other current assets	9,315	11,268
Total current assets	420,843	495,982
Property, plant and equipment, less accumulated depreciation and amortization of $250,195 and $260,731, respectively	150,383	144,208
Property held for sale	—	6,630
Goodwill	493,389	493,389
Intangible assets, less accumulated amortization of $11,055 and $8,911, respectively	15,586	17,730
Deferred tax assets	251	16,052
Other assets	10,044	13,852
Total assets	$1,090,496	$1,187,843
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 50,000	$ 50,000
Accounts payable	73,071	72,276
Accrued compensation and benefits	25,297	19,679
Other current liabilities	27,252	16,280
Total current liabilities	175,620	158,235
Long-term debt, less current maturities	179,335	230,000
Other long-term liabilities	6,448	7,044
Total liabilities	361,403	395,279
Commitments and contingencies (Note 11 and Note 12)		
Stockholders' equity:		
Preferred stock, no par value: 25,000 shares authorized, no shares issued	—	—
Common stock, $0.25 par value: 525,000 shares authorized; 161,690 shares issued and 161,659 shares outstanding at September 29, 2006 and 158,625 shares issued and outstanding at September 30, 2005	40,414	39,656
Additional paid-in capital	1,351,190	1,327,631
Treasury Stock	(173)	—
Accumulated deficit	(661,739)	(573,586)
Accumulated other comprehensive loss	(599)	(1,137)
Total stockholders' equity	729,093	792,564
Total liabilities and stockholders' equity	$1,090,496	$1,187,843

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
		(In thousands)	
Cash flows from operating activities:			
Net income (loss)	$ (88,152)	$ 25,611	$ 22,412
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Share-based compensation expense	14,219	—	—
Depreciation	38,217	37,277	35,829
Charge in lieu of income tax expense	—	11,104	1,022
Amortization of intangible assets	2,144	2,354	3,043
Amortization of deferred financing costs	1,992	1,596	2,176
Contribution of common shares to Savings and Retirement Plans	8,064	10,437	8,162
Non-cash restructuring expense	6,426	—	—
Deferred income taxes	16,547	3,253	3,055
Gain on sales of assets	73	28	34
Asset impairments	4,197	—	10,853
Provision for losses on accounts receivable	31,206	5,127	377
Changes in assets and liabilities:			
Receivables	(18,177)	(18,809)	(13,882)
Inventories	(3,454)	2,172	(21,404)
Other assets	(3,395)	(3,706)	3,794
Accounts payable	795	(1,129)	23,036
Other liabilities	16,524	(21,118)	13,406
Net cash provided by operating activities	27,226	54,197	91,913
Cash flows from investing activities:			
Capital expenditures	(49,359)	(38,135)	(59,998)
Receipts from property held for sale	6,567	—	—
Sale of short-term investments	1,094,985	1,223,181	1,049,082
Purchase of short-term investments	(1,009,810)	(1,251,470)	(1,130,128)
Net cash provided by (used in) investing activities	42,383	(66,424)	(141,044)
Cash flows from financing activities:			
Proceeds from short-term debt	—	—	8,290
Payments on long-term debt	(50,665)	—	29
Restricted cash	(290)	—	(701)
Repurchase of treasury stock	(173)	—	—
Exercise of stock options	1,746	5,244	3,512
Net cash provided by (used in) financing activities	(49,382)	5,244	11,130
Net increase (decrease) in cash and cash equivalents	20,227	(6,983)	(38,001)
Cash and cash equivalents at beginning of period	116,522	123,505	161,506
Cash and cash equivalents at end of period	$ 136,749	$ 116,522	$ 123,505
Supplemental cash flow disclosures:			
Taxes paid	$ 2,023	$ 1,221	$ 2,206
Interest paid	$ 13,787	$ 13,030	$ 15,845
Supplemental disclosure of non-cash activities:			
Senior Notes conversion	$ —	$ —	$ 45,000
Non-cash proceeds received from non-monetary exchange	$ 760	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Shares of Common Stock	Par value of Common Stock	Shares of Treasury Stock	Value of Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
					(In thousands)			
Balance at September 30, 2003	$148,604	$37,151	$—	$ —	$1,258,265	$(621,609)	$ (632)	$673,175
Net income	—	—	—	—	—	22,412	—	22,412
Pension adjustment	—	—	—	—	—	—	(154)	(154)
Other comprehensive loss	—	—	—	—	—	—	(154)	(154)
Comprehensive income	—	—	—	—	—	—	—	22,258
Issuance of common shares for stock purchase plans, 401(k) and stock option plans	1,690	423	—	—	11,251	—	—	11,674
Issuance of common shares in conversion of senior notes, net of expenses	5,718	1,429	—	—	42,908	—	—	44,337
Adjustment to issuance of common shares in offering, net of expenses	—	—	—	—	179	—	—	179
Balance at October 1, 2004	156,012	39,003	—	—	1,312,603	(599,197)	(786)	751,623
Net income	—	—	—	—	—	25,611	—	25,611
Pension adjustment	—	—	—	—	—	—	(351)	(351)
Other comprehensive loss	—	—	—	—	—	—	(351)	(351)
Comprehensive income	—	—	—	—	—	—	—	25,260
Issuance of common shares for stock purchase plans, 401(k) and stock option plans	2,452	613	—	—	14,932	—	—	15,545
Issuance and expense of restricted stock and acceleration of options	161	40	—	—	96	—	—	136
Balance at September 30, 2005	158,625	$39,656	—	$ —	$1,327,631	$(573,586)	$(1,137)	$792,564
Net loss	—	—	—	—	—	(88,153)	—	(88,153)
Pension adjustment	—	—	—	—	—	—	538	538
Other comprehensive income	—	—	—	—	—	—	538	538
Comprehensive loss	—	—	—	—	—	—	—	(87,615)
Issuance and expense of common shares for stock purchase plans, 401(k) and stock option plans	1,982	496	—	—	22,528	—	—	23,024
Issuance and expense of common shares for restricted stock and performance shares	1,083	270	—	—	1,023	—	—	1,293
Shares withheld for taxes	(31)	(8)	31	(173)	8	—	—	(173)
Balance at September 29, 2006	161,659	$40,414	31	$(173)	$1,351,190	$(661,739)	$ (599)	$729,093

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Description of Business and Basis of Presentation

Skyworks Solutions, Inc. ("Skyworks" or the "Company") is an innovator of high performance analog and mixed signal semiconductors enabling mobile connectivity. The Company's power amplifiers, front-end modules and direct conversion radios are at the heart of many of today's leading-edge multimedia handsets. Leveraging core technologies, Skyworks also offers a diverse portfolio of linear products that support automotive, broadband, cellular infrastructure, industrial and medical applications.

Skyworks was formed through the merger ("Merger") of the wireless business of Conexant Systems, Inc. ("Conexant") and Alpha Industries, Inc. ("Alpha") on June 25, 2002, pursuant to an Agreement and Plan of Reorganization, dated as of December 16, 2001, and amended as of April 12, 2002, by and among Alpha, Conexant and Washington Sub, Inc. ("Washington"), a wholly-owned subsidiary of Conexant to which Conexant spun off its wireless communications business. Pursuant to the Merger, Washington merged with and into Alpha, with Alpha as the surviving corporation. Immediately following the Merger, Alpha purchased Conexant's semiconductor assembly and test facility located in Mexicali, Mexico and certain related operations (the "Mexicali Operations"). The Washington business and the Mexicali Operations are collectively referred to as "Washington/Mexicali." Shortly thereafter, Alpha, which was incorporated in Delaware in 1962, changed its corporate name to Skyworks Solutions, Inc.

Note 2. Summary of Significant Accounting Policies

Revenue Recognition

Revenues from product sales are recognized upon shipment and transfer of title, in accordance with the shipping terms specified in the arrangement with the customer. Revenue from license fees and intellectual property is recognized when these fees are due and payable, and all other criteria of SEC Staff Accounting Bulletin No. 104, ("Revenue Recognition") have been met. We ship product on consignment to certain customers and only recognize revenue when the customer notifies us that the inventory has been consumed. Revenue recognition is deferred in all instances where the earnings process is incomplete. Certain product sales are made to electronic component distributors under agreements allowing for price protection and/or a right of return on unsold products. A reserve for sales returns and allowances for customers is recorded based on historical experience or specific identification of an event necessitating a reserve.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, our actual losses may exceed our estimates, and additional allowances would be required.

Principles of Consolidation

All majority owned subsidiaries are included in the Company's Consolidated Financial Statements and all intercompany balances are eliminated in consolidation.

Fiscal Year

The Company's fiscal year ends on the Friday closest to September 30. Fiscal 2006 consisted of 52 weeks and ended on September 29, 2006, and fiscal years 2005 and 2004 each consisted of 52 weeks and ended on September 30, 2005 and October 1, 2004, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management reviews its estimates based upon currently available information. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash deposited in demand deposits at banks and highly liquid investments with original maturities of 90 days or less as well as commercial paper with original maturities of 90 days or less.

Short-Term Investments

The Company's short-term investments are classified as available for sale. These investments consist of auction rate securities which have long-term underlying maturities (ranging from 20 to 40 years), however the market is highly liquid and the interest rates reset every 28 or 31 days. The Company's intent is not to hold these securities to maturity, but rather to use the interest rate reset feature to sell securities to provide liquidity as needed. The Company's practice is to invest in these securities for higher yields compared to cash equivalents. Such short-term investments are carried at amortized cost, which approximates fair value, due to the short period of time to maturity. Gains and losses are included in investment income in the period they are realized.

Reclassification

Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation.

Restricted Cash

Restricted cash is primarily used to collateralize the Company's obligation under a receivables purchase agreement under which it has agreed to sell from time to time certain of its accounts receivable to Skyworks USA, Inc. ("Skyworks USA"), a wholly-owned special purpose entity that is fully consolidated for accounting purposes. Concurrently, Skyworks USA entered into an agreement with Wachovia Bank, N.A. providing for a $50 million credit facility ("Facility Agreement") secured by the purchased accounts receivable. For further information regarding the Facility Agreement, please see Note 7 to the Consolidated Financial Statements.

Inventories

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or market. The Company provides for estimated obsolescence or unmarketable inventory based upon assumptions about future demand and market conditions. The recoverability of inventories is assessed through an on-going review of inventory levels in relation to sales backlog and forecasts, product marketing plans and product life cycles. When the inventory on hand exceeds the foreseeable demand (generally in excess of twelve months), the value of such inventory that is not expected to be sold at the time of the review is written down. The amount of the write-down is the excess of historical cost over estimated realizable value (generally zero).

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. Some or all of the inventories that have been written-down may be retained and made available for sale. In the event that actual demand is higher than originally projected, a portion of these inventories may be able to be sold in the future. Inventories that have been written-down and are identified as obsolete are generally scrapped.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method. Significant renewals and betterments are capitalized and equipment taken out of service is written off. Maintenance and repairs, as well as renewals of a minor amount, are expensed as incurred.

Estimated useful lives used for depreciation purposes are 5 to 30 years for buildings and improvements and 3 to 10 years for machinery and equipment. Leasehold improvements are depreciated over the lesser of the economic life or the life of the associated lease.

Valuation of Long-lived Assets

Carrying values for long-lived assets and definite lived intangible assets, which excludes goodwill, are reviewed for possible impairment as circumstances warrant in connection with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Impairment reviews are conducted at the judgment of management whenever events or changes in circumstances indicate that the carrying amount of any such asset or asset group may not be recoverable. The determination of recoverability is based on an estimate of undiscounted cash flows expected to result from the use of an asset and its eventual disposition. The estimate of cash flows is based upon, among other things, certain assumptions about expected future operating performance. The Company's estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions, changes to the Company's business model or changes in its operating performance. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value of an asset or asset group, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset or asset group. Fair value is determined using discounted cash flows.

Goodwill and Intangible Assets

Goodwill and intangible assets with indefinite lives are tested at least annually for impairment in accordance with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets." The goodwill and other intangible asset impairment test is a two-step process. The first step of the impairment analysis compares the Company's fair value to its net book value to determine if there is an indicator of impairment. In determining fair value, SFAS No. 142 allows for the use of several valuation methodologies, although it states quoted market prices are the best evidence of fair value. The Company calculates fair value using the average market price of its common stock over a seven-day period surrounding the annual impairment testing date of the first day of the fourth fiscal quarter and the number of shares of common stock outstanding on the date of the annual impairment test (the first day of the fourth fiscal quarter). Step two of the analysis compares the implied fair value of goodwill and other intangible assets to its carrying amount in a manner similar to a purchase price allocation for a business combination. If the carrying amount of goodwill and other intangible assets exceeds its implied fair value, an impairment loss is recognized equal to that excess. We test our goodwill and other intangible assets for impairment annually as of the first day of our fourth fiscal quarter and in interim periods if certain events occur indicating that the carrying value of goodwill or other intangible assets may be impaired. Indicators such as unexpected adverse business conditions, economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts, may signal that an asset has become impaired.

Deferred Financing Costs

Financing costs are capitalized as an asset on the Company's balance sheet and amortized on a straight-line basis over the life of the financing. The Company amortized additional deferred financing costs during fiscal 2006 due to the early extinguishment of $50.7 million of its long-term debt as more fully described in Note 7 to the Consolidated Financial Statements.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. This method also requires the recognition of future tax benefits such as net operating loss carryforwards, to the extent that realization of such benefits is more likely than not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The carrying value of the Company's net deferred tax assets assumes that the Company will be able to generate sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, the Company may be required to record additional valuation allowances against its deferred tax assets resulting in additional income tax expense in the Company's consolidated statement of operations. Management evaluates the realizability of the deferred tax assets and assesses the adequacy of the valuation allowance quarterly. Likewise, in the event that the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the deferred tax assets would increase income or decrease the carrying value of goodwill in the period such determination was made.

It was the Company's intention to permanently reinvest the undistributed earnings of some of its foreign subsidiaries in accordance with Accounting Principles Board Opinion No. 23, "Accounting for Income Taxes — Special Areas." During the fiscal year ended September 30, 2005, the Company reversed its policy of permanently reinvesting the earnings of its Mexican business. This policy reversal increased the 2005 tax provision by $9.0 million. For the fiscal year ended September 29, 2006, U.S. income tax was provided on current earnings attributable to our operations in Mexico. No provision has been made for U.S. federal, state, or additional foreign income taxes that would be due upon the actual or deemed distribution of undistributed earnings of the other foreign subsidiaries, which have been, or are intended to be, permanently reinvested.

On November 10, 2005, the FASB issued FASB Staff Position No. FAS 123(R)-3, "Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards" the "FASB Staff Position"). The Company adopted the alternative transition method provided in the FASB Staff Position for calculating the tax effects of share-based compensation pursuant to SFAS 123(R) during the year ended September 29, 2006. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool ("APIC pool") related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee share-based compensation awards that are outstanding upon adoption of SFAS 123(R). Under the simplified method the Company's beginning APIC pool is zero and the ending APIC pool balance at September 29, 2006 remains zero.

Research and Development Costs

Research and development costs are expensed as incurred.

Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, short-term debt and accrued liabilities approximates fair value due to short-term maturities of these assets and liabilities. Fair values of long-term debt and short-term investments are based on quoted market prices at the date of measurement.

Foreign Currency Accounting

The foreign operations of the Company are subject to exchange rate fluctuations and foreign currency transaction costs. The functional currency for the Company's foreign operations is the U.S. dollar. Exchange gains and losses resulting from transactions denominated in currencies other than the functional currency are included in the results of operations for the year. Inventories, property, plant and equipment, goodwill and intangible assets, costs of goods sold, and depreciation and amortization are remeasured from the foreign currency into U.S. dollars at historical exchange rates; other accounts are translated at current exchange rates. Gains and losses resulting from the remeasurement of the Company's long-term deferred tax assets denominated in foreign currencies are included in the provision (benefit) for income taxes and increased tax expense by $0.2 million and $2.2 million in fiscal 2006 and fiscal 2004, respectively reduced tax expense by $0.8 million in fiscal 2005. Gains and losses resulting from the remeasurement of all other accounts are included in other income, net. The Company recognized a gain of $0.1 million, $0.2 million and $0.5 million related to these remeasurements in fiscal 2006, fiscal 2005 and fiscal 2004, respectively.

Share-Based Compensation

On October 1, 2005, the Company adopted SFAS No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123(R)") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including employee stock options, employee stock purchases related to the Company's 2002 Employee Stock Purchase Plan ("ESPP"), restricted stock and other special equity awards based on estimated fair values. SFAS 123(R) supersedes the Company's previous accounting under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") for periods beginning in fiscal 2006. In March 2005, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107, "Share Based Payment" ("SAB 107"), providing interpretative guidance relating to SFAS 123(R). The Company has applied the provisions of SAB 107 in its adoption of SFAS 123(R).

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of October 1, 2005, the first day of the Company's fiscal year 2006.

The Company's practice in general is to issue shares of common stock upon exercise or settlement of options and to issue shares in connection with the Employee Stock Purchase Plan ("ESPP") from previously unissued shares.

Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Share-based compensation expense recognized in the Company's Consolidated Statement of Operations for the fiscal year ended September 29, 2006 included compensation expense for share-based payment awards granted on or before, but not yet vested as of, September 30, 2005, based on the grant date fair value estimated in accordance with the pro forma provisions of SFAS 123, and compensation expense for the share-based payment awards granted subsequent to September 30, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). As share-based compensation expense recognized in the Consolidated Statement of Operations for the fiscal year ended September 29, 2006 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Upon adoption of SFAS 123(R), the Company elected to retain its method of valuation for share-based awards using the Black-Scholes option-pricing model ("Black-Scholes model") which was also previously used for the Company's pro forma information required under SFAS 123. The Company's determination of fair value of share-based payment awards on the date of grant using the Black-Scholes model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to; the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

Pensions and Retiree Medical Benefits

In connection with Conexant's spin-off of its Washington/Mexicali business, Conexant transferred obligations to Washington/Mexicali for its pension plan and retiree benefits. The amounts that were transferred relate to twenty Washington/Mexicali employees that had enrolled in Conexant's Voluntary Early Retirement Plan ("VERP") in 1998. The VERP also provides health care benefits to members of the plan. The Company currently does not offer pension plans or retiree benefits to its employees.

The costs and obligations of the Company's pension and retiree medical plans are calculated using many assumptions, the amount of which cannot be completely determined until the benefit payments cease. The most significant assumptions, as presented in Note 10 to the Consolidated Financial Statements, include discount rate, expected return on plan assets and future trends in health care costs. The selection of assumptions is based on historical trends and known economic and market conditions at the time of valuation. Actual results may differ substantially from these assumptions. These differences may significantly impact future pension or retiree medical expenses.

Annual pension and retiree medical expense is principally the sum of three components: 1) increase in liability from interest; less 2) expected return on plan assets; and 3) other gains and losses as described below. The expected return on plan assets is calculated by applying an assumed long-term rate of return to the fair value of plan assets. In any given year, actual returns can differ significantly from the expected return. Differences between the actual and expected return on plan assets are combined with gains or losses resulting from the revaluation of plan liabilities. Plan liabilities are revalued annually, based on updated assumptions and information about the individuals covered by the plan. The combined gain or loss is generally expensed evenly over the remaining years that employees are expected to work.

Comprehensive Income (Loss)

The Company accounts for comprehensive income (loss) in accordance with the provisions of SFAS No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 is a financial statement presentation standard that requires the Company to disclose non-owner changes included in equity but not included in net income or loss. Other items of comprehensive income (loss) presented in the financial statements consists of adjustments to the Company's minimum pension liability as follows (in thousands):

	Pension Adjustments	Accumulated Other Comprehensive Loss
Balance as of October 1, 2004	$ (786)	$ (786)
Change in period	(351)	(351)
Balance as of September 30, 2005	(1,137)	(1,137)
Change in period	538	538
Balance as of September 29, 2006	$ (599)	$ (599)

Recently Issued Accounting Pronouncements

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs — an amendment to APB No. 23, Chapter 4" ("SFAS No. 151"). The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company adopted SFAS No. 151 on October 1, 2005 and it did not have a material impact on its financial statements in fiscal 2006.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets — an amendment of APB Opinion No. 29" ("SFAS No. 153"). The guidance in APB Opinion No. 29, "Accounting for Nonmonetary Transactions" ("APB No. 29") is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in APB No. 29, however, included certain exceptions to that principle. SFAS No. 153 amends APB No. 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 is effective for such exchange transactions occurring in fiscal periods beginning after June 15, 2005. The Company adopted SFAS No. 153 on October 1, 2005 and it did not have a material impact on its financial statements in fiscal 2006.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections — a replacement of APB Opinion No. 20 and FASB Statement No. 3" ("SFAS No. 154"). This Statement replaces APB Opinion No. 20, "Accounting Changes" and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements — an amendment of APB Opinion No. 28," and also changes the requirements for the accounting for and reporting of a change in accounting principle. SFAS No. 154 applies to all voluntary changes in an accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. SFAS No. 154 is effective for accounting changes and error corrections occurring in fiscal years beginning after December 15, 2005. The Company adopted SFAS No. 154 on September 30, 2005 and it did not have a material effect on its financial statements in fiscal 2006.

On November 10, 2005, the FASB issued FASB Staff Position No. FAS 123(R)-3, "Transition Election Related to Accounting for Tax Effects of Share-Based Payment Awards" (the "FASB Staff Position"). The Company adopted the alternative transition method provided in the FASB Staff Position for calculating the tax effects of share-based compensation pursuant to SFAS 123(R) during the year ended September 29, 2006. The alternative transition method includes simplified methods to establish the beginning balance of the additional paid-in capital pool ("APIC pool") related to the tax effects of employee share-based compensation, and to determine the subsequent impact on the APIC pool and Consolidated Statements of Cash Flows of the tax effects of employee share-based compensation awards that are outstanding upon adoption of SFAS 123(R). Under the simplified method the Company's beginning APIC pool is zero.

In March 2006, the Emerging Issues Task Force issued EITF Issue No. 04-13, "Accounting for Purchases and Sales of Inventory with the Same Counterparty" ("EITF 04-13"). EITF 04-13 clarifies the circumstances under which two or more transactions involving inventory with the same counterparty should be viewed as a single nonmonetary transaction. In addition the EITF reached a consensus that there are circumstances under which nonmonetary exchanges of inventory within the same line of business should be recognized at fair value. Issue 04-13 is effective for new arrangements entered into in reporting periods beginning after March 15, 2006. The Company adopted the provisions of EITF 04-13 in the three month period ended June 30, 2006 and it did not have a material impact on its financial statements in fiscal 2006.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company expects to adopt FIN 48 on September 29, 2007, the first day of fiscal 2008 and has not yet determined the impact this interpretation will have on our results from operations or financial position.

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

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans — an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS 158") which requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year; and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in other comprehensive income. The requirement to recognize the funded status of a benefit plan and the disclosure requirements are effective as of the end of fiscal years ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008, although earlier adoption is permitted. The Company has not yet determined the impact that SFAS 158 will have on our results from operations or financial position.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB 108 is effective for fiscal years ending after November 15, 2006. The Company does not expect the impact of SAB 108 will be material to its financial statements.

Note 3. Marketable Securities

Marketable securities are categorized as available for sale and are summarized as follows as of September 29, 2006 (in thousands):

Short term available for sale securities:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Auction rate securities	$28,150	$—	$—	$28,150
Total marketable securities	$28,150	$—	$—	$28,150

Marketable securities are categorized as available for sale and are summarized as follows as of September 30, 2005 (in thousands):

Short term available for sale securities:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Auction rate securities	$113,325	$—	$—	$113,325
Total marketable securities	$113,325	$—	$—	$113,325

Note 4. Inventory

Inventories consist of the following (in thousands):

	As of September 29, 2006	As of September 30, 2005
Raw materials	$ 9,476	$ 8,080
Work-in-process	52,097	49,329
Finished goods	19,956	19,991
	$81,529	$77,400

Note 5. Property, Plant and Equipment

Property, plant and equipment consist of the following (in thousands):

	As of September 29, 2006	As of September 30, 2005
Land	$ 9,423	$ 9,423
Land and leasehold improvements	3,990	4,284
Buildings	55,983	59,586
Machinery and equipment	308,618	317,334
Construction in progress	22,564	14,312
	400,578	404,939
Accumulated depreciation and amortization	(250,195)	(260,731)
	$ 150,383	$ 144,208

Note 6. Goodwill and Intangible Assets

Goodwill and intangible assets are principally the result of the Merger completed on June 25, 2002. The Company tests its goodwill for impairment annually as of the first day of its fourth fiscal quarter and in interim periods if certain events occur indicating that the carrying value of goodwill may be impaired. The Company completed its annual goodwill impairment test for fiscal 2006 and determined that as of July 1, 2006, its goodwill was not impaired.

Goodwill and intangible assets consist of the following (in thousands):

	Weighted Average Amortization Period (Years)	As of September 29, 2006 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	As of September 30, 2005 Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill		$493,389	$ —	$493,389	$493,389	$ —	$493,389
Amortized intangible assets:							
Developed technology	10	$ 10,550	$ (5,525)	$ 5,025	$ 10,550	$(4,651)	$ 5,899
Customer relationships	10	12,700	(5,408)	7,292	12,700	(4,138)	8,562
Other	3	122	(122)	—	122	(122)	—
		23,372	(11,055)	12,317	23,372	(8,911)	14,461
Unamortized intangible assets:							
Trademarks		3,269	—	3,269	3,269	—	3,269
Total intangible assets		$ 26,641	$(11,055)	$ 15,586	$ 26,641	$(8,911)	$ 17,730

Annual amortization expense related to intangible assets is as follows (in thousands):

	Fiscal Years Ended September 29, 2006	September 30, 2005	October 1, 2004
Amortization expense	$2,144	$2,165	$2,286

The changes in the gross carrying amount of goodwill and intangible assets are as follows:

	Goodwill and Intangible Assets: Goodwill	Developed Technology	Customer Relationships	Trademarks	Other	Total
Balance as of October 1, 2004	$504,493	$10,550	$12,700	$3,269	$122	$531,134
Deductions during year	(11,104)	—	—	—	—	(11,104)
Balance as of September 30, 2005	$493,389	$10,550	$12,700	$3,269	$122	$520,030
Deductions during year	—	—	—	—	—	—
Balance as of September 29, 2006	$493,389	$10,550	$12,700	$3,269	$122	$520,030

The reduction to goodwill in fiscal 2005 results from the utilization of deferred tax assets for which no tax benefit was recognized as of the date of the Merger. The remaining pre-Merger deferred tax assets that could reduce goodwill in future periods are $31.9 million as of September 29, 2006.

Annual amortization expense related to intangible assets is expected to be as follows (in thousands):

	2007	2008	2009	2010	2011
Amortization expense	$2,144	$2,144	$2,144	$2,144	$2,144

Note 7. Borrowing Arrangements

Long-Term Debt

Long-term debt consists of the following (in thousands):

	Fiscal Years Ended	
	September 29, 2006	September 30, 2005
Junior notes	$179,335	$230,000
Less — current maturities	—	—
	$179,335	$230,000

Junior notes represent the Company's 4.75% convertible subordinated notes due November 2007. These Junior notes can be converted into 110.4911 shares of common stock per $1,000 principal balance, which is the equivalent of a conversion price of approximately $9.05 per share. The Company may redeem the Junior notes at any time after November 20, 2005. The redemption price of the Junior notes between the period November 20, 2005 through November 14, 2006, will be $1,011.875 per $1,000 principal amount of notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date. The redemption price of the notes beginning on November 15, 2006 and thereafter will be $1,000 per $1,000 principal amount of notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date. Holders may require the Company to repurchase the Junior notes upon a change in control of the Company. The Company pays interest in cash semi-annually in arrears on May 15 and November 15 of each year. The fair value of the Company's long-term debt approximated $178.2 million at September 29, 2006. The Company retired $50.7 million of its 4.75% convertible subordinated notes through an open market repurchase transaction during fiscal 2006, recording a gain of approximately $50,000 and expensing approximately $572,000 in previously capitalized deferred financing costs.

Aggregate annual maturities of long-term debt are as follows (in thousands):

Fiscal Year	
2007	—
2008	179,335
	$179,335

Short-Term Debt

On July 15, 2003, the Company entered into a receivables purchase agreement under which it has agreed to sell from time to time certain of its accounts receivable to Skyworks USA, Inc. ("Skyworks USA"), a wholly-owned special purpose entity that is fully consolidated for accounting purposes. Concurrently, Skyworks USA entered into an agreement with Wachovia Bank, N.A. providing for a $50.0 million credit facility ("Facility Agreement") secured by the purchased accounts receivable. As a part of the consolidation, any interest incurred by Skyworks USA related to monies it borrows under the Facility Agreement is recorded as interest expense in the Company's results of operations. The Company performs collections and administrative functions on behalf of Skyworks USA. Interest related to the Facility Agreement is at LIBOR plus 0.4%. As of September 29, 2006, Skyworks USA had borrowed $50.0 million under this agreement.

Note 8. Income Taxes

Income (loss) before income taxes and cumulative effect of change in accounting principle consists of the following components (in thousands):

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
United States	$(87,169)	$23,885	$15,029
Foreign	14,395	17,104	11,367
	$(72,774)	$40,989	$26,396

The provision for income taxes from operations consists of the following (in thousands):

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
Current tax expense (benefit):			
Federal	$ (52)	$ 367	$ —
State	—	(1,032)	(1,040)
Foreign	438	1,178	837
	386	513	(203)
Deferred tax expense:			
Federal	—	—	—
State	—	—	—
Foreign	14,992	3,761	3,165
	14,992	3,761	3,165
Charge in lieu of tax expense	—	11,104	1,022
Provision for income taxes	$15,378	$15,378	$ 3,984

The actual income tax expense reported for operations is different than that which would have been computed by applying the federal statutory tax rate to income (loss) before income taxes and cumulative effect of change in accounting principle. A reconciliation of income tax expense as computed at the United States Federal statutory income tax rate to the provision for income tax expense follows (in thousands):

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
Tax (benefit) expense at United States statutory rate	$(25,471)	$ 14,346	$ 9,239
Foreign tax rate difference	10,391	(1,048)	23
Deemed dividend from foreign subsidiary	—	8,956	—
Nondeductible interest expense	—	—	1,162
Research and development credits	(1,500)	(5,000)	(4,600)
State income taxes	—	(1,032)	(1,040)
Change in valuation allowance	31,261	(13,436)	(2,466)
Charge in lieu of tax expense	—	11,104	1,022
Other, net	697	1,488	644
Provision for income taxes	$ 15,378	$ 15,378	$ 3,984

The charge in lieu of tax expense resulted from partial recognition of certain acquired tax benefits that were subject to a valuation allowance at the time of acquisition, the realization of which required a reduction of goodwill.

Deferred income tax assets and liabilities consist of the tax effects of temporary differences related to the following (in thousands):

	Fiscal Years Ended September 29, 2006	Fiscal Years Ended September 30, 2005
Current:		
Inventories	$ 10,550	$ 4,920
Bad debts	13,431	2,004
Accrued compensation and benefits	4,242	2,919
Product returns, allowances and warranty	1,648	1,247
Restructuring	7,845	393
Prepaid insurance	(772)	(818)
Other — net	(535)	1,085
Current deferred tax assets	36,409	11,750
Less valuation allowance	(36,070)	(10,665)
Net current deferred tax assets	339	1,085
Long-term:		
Property, plant and equipment	9,859	18,474
Intangible assets	7,439	7,406
Retirement benefits and deferred compensation	5,712	1,183
Net operating loss carryforwards	62,768	65,936
Federal tax credits	23,934	21,399
State investment credits	5,560	4,419
Restructuring	—	1,506
Other — net	3,733	1,136
Long-term deferred tax assets	119,005	121,459
Less valuation allowance	(118,755)	(105,408)
Net long-term deferred tax assets	250	16,051
Total deferred tax assets	$ 589	$ 17,136

Based upon a history of significant operating losses, management has determined that it is more likely than not that historic and current year income tax benefits will not be realized except for certain future deductions associated with the Company's foreign operations. Consequently, no United States income tax benefit has been recognized relating to the United States operating losses. As of September 29, 2006, the Company has established a valuation allowance against all of its net United States deferred tax assets. The net change in the valuation allowance of $38.8 million is principally due to restructuring charges recorded against the Company's United States operations that were not tax benefited. As noted above, the Company has a valuation allowance of $154.8 million against its United States deferred tax assets as of September 29, 2006. When recognized, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets at September 29, 2006 will be accounted for as follows: approximately $119.0 million will be recognized as a reduction of income tax expense, $31.9 million will be recognized as a reduction of goodwill and $3.9 million will be recognized as an increase to shareholders' equity for certain tax deductions from employee stock options.

The provision for income taxes for fiscal 2006 and fiscal 2005 consists of approximately $0.0 million and $11.1 million, respectively, of United States income taxes recorded as a charge reducing the carrying value of goodwill. No benefit has been recognized for utilizing certain acquisition related deferred tax assets. The utilization of these deferred items reduces the carrying value of goodwill, i.e., charge in lieu of tax expense, instead of reducing income tax expense. We evaluate the realization of these deferred tax assets periodically and adjust the provision for income taxes accordingly based on whether the Company believes it is more likely than not that the deferred tax assets will be realized during the carryforward period.

Deferred tax assets have been recognized for foreign operations when management believes they will more likely than not be recovered during the carryforward period. The Company does not expect to recognize any income tax benefits relating to future operating losses generated in the United States until management determines that such benefits are more likely than not to be realized.

In 2002, the Company recorded a tax benefit of approximately $23.0 million related to the impairment of its Mexico assets. A valuation allowance had not been established because the Company believed that the related deferred tax asset would more likely than not be recovered during the carryforward period. During the first quarter of fiscal 2005, the Company reduced the carrying value of its deferred tax assets by $2.2 million. This charge resulted from a reduction of the statutory income tax rate in Mexico. Accordingly, the deferred tax asset was remeasured using the enacted tax rates expected to apply to taxable income in the years in which the temporary difference is expected to be recovered.

In 2006, the Company reorganized its Mexico operations. As a result, the long term deferred tax asset relating to the impairment of its Mexico assets was written off because the machinery and equipment was transferred to a United States company. The write-off increased tax expense by $14.6 million net of a deferred tax charge associated with this reorganization. The deferred tax asset allowable for United States tax purposes is included in the Company's U.S. deferred tax assets subject to a valuation allowance as previously discussed.

Gains and losses resulting from the remeasurement of the Company's long-term deferred tax assets denominated in foreign currencies are included in the provision (benefit) for income taxes and increased tax expense by $0.2 million and $2.2 million in fiscal 2006 and fiscal 2004, respectively. The aforementioned gains and losses reduced tax expense by $0.8 million in fiscal 2005.

As of September 29, 2006, the Company has United States federal net operating loss carryforwards of approximately $187.1 million, which will expire at various dates through 2026 and aggregate state net operating loss carryforwards of approximately $17.5 million, which will expire at various dates through 2010. The Company also has United States federal and state income tax credit carryforwards of approximately $29.5 million. The United States federal tax credits expire at various dates through 2025.

No provision has been made for United States federal, state, or additional foreign income taxes related to approximately $12.1 million of undistributed earnings of foreign subsidiaries which have been or are intended to be permanently reinvested. It is not practicable to determine the United States federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested.

In fiscal 2005 our subsidiary in Mexico issued a dividend of approximately $25.6 million of earnings to the United States. Such earnings, which were not subject to Mexico withholding tax and could be applied against United States net operating loss carryforwards, resulted in no significant United States income tax expense. Earnings of our Mexico subsidiary are no longer considered permanently reinvested, and accordingly, United States income taxes are provided on current earnings attributable to our earnings in Mexico.

On October 22, 2004, the American Jobs Creation Act of 2004 ("AJCA") was signed into law. The AJCA provides incentives for United States multinational corporations, subject to certain limitations. The incentives include an 85% dividends received deduction for certain dividends from controlled foreign corporations that repatriate accumulated income abroad. Due to the existence and amount of the Company's net operating loss carryforwards, the Company did not benefit from this provision in the AJCA.

Note 9. Stockholders' Equity

Common Stock

The Company is authorized to issue (1) 525,000,000 shares of common stock, par value $0.25 per share, and (2) 25,000,000 shares of preferred stock, without par value.

Holders of the Company's common stock are entitled to such dividends as may be declared by the Company's Board of Directors out of funds legally available for such purpose. Dividends may not be paid on common stock unless all accrued dividends on preferred stock, if any, have been paid or declared and set aside. In the event of the Company's liquidation, dissolution or winding up, the holders of common stock will be entitled to share pro rata in the assets remaining after payment to creditors and after payment of the liquidation preference plus any unpaid dividends to holders of any outstanding preferred stock.

Each holder of the Company's common stock is entitled to one vote for each such share outstanding in the holder's name. No holder of common stock is entitled to cumulate votes in voting for directors. The Company's second amended and restated certificate of incorporation provides that, unless otherwise determined by the Company's Board of Directors, no holder of common stock has any preemptive right to purchase or subscribe for any stock of any class which the Company may issue or sell.

On August 11, 2003 the Company filed a shelf registration statement on Form S-3 with the SEC with respect to the issuance of up to $250 million aggregate principal amount of securities, including debt securities, common or preferred shares, warrants or any combination thereof. This registration statement, which the SEC declared effective on August 28, 2003, provides the Company with greater flexibility and access to capital. On September 9, 2003, the Company issued 9.2 million shares of common stock under its shelf registration statement. Currently, approximately $144 million remains on this 2003 shelf registration. The Company may from time to time issue securities under the remaining balance of the shelf registration statement for general corporate purposes.

At September 29, 2006, the Company had 161,689,853 shares of common stock issued and 161,658,561 shares outstanding.

Preferred Stock

The Company's second amended and restated certificate of incorporation permits the Company to issue up to 25,000,000 shares of preferred stock in one or more series and with rights and preferences that may be fixed or designated by the Company's Board of Directors without any further action by the Company's stockholders. The designation, powers, preferences, rights and qualifications, limitations and restrictions of the preferred stock of each series will be fixed by the certificate of designation relating to such series, which will specify the terms of the preferred stock. At September 29, 2006, the Company had no shares of preferred stock issued or outstanding.

Employee Stock Benefit Plans

Net loss for the fiscal year ended September 29, 2006 included share-based compensation expense under SFAS 123(R) of $14.2 million including $11.2 million on employee stock options, $0.7 million on non-vested restricted stock with service and market conditions, $0.3 million on non-vested restricted stock with service conditions, $0.3 million on performance shares, and $1.7 million on the Employee Stock Purchase Plan ("ESPP"). Net income for fiscal year ended September 30, 2005 reflected share-based compensation expense of $26,000 for restricted stock awards issued during the period. There was no share-based compensation expense for fiscal 2004 relating to restricted stock awards. No share-based compensation expense related to employee stock options or ESPP purchases was recognized prior to October 1, 2005 because the Company had not adopted the recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123").

Employee Stock Purchase Plan

The Company maintains a domestic and an international employee stock purchase plan. Under these plans, eligible employees may purchase common stock through payroll deductions of up to 10% of compensation. The price per share is the lower of 85% of the market price at the beginning or end of each offering period (generally six months). The plans provide for purchases by employees of up to an aggregate of 4.6 million shares through December 31, 2012. Shares of common stock purchased under these plans in fiscal 2006, 2005, and 2004 were 835,621, 824,211, and 616,760, respectively. At September 29, 2006, there are 1.7 million shares available for purchase. The Company recognized compensation expense of $1.7 million for the fiscal year ended September 29, 2006. The Company did not recognize any compensation expense under these plans in fiscal 2005 or 2004.

Employee Stock Option Plans

The Company has share-based compensation plans under which employees and directors may be granted options to purchase common stock. Options are generally granted with exercise prices at not less than the fair market value on the grant date, generally vest over 4 years and expire 7 or 10 years after the grant date. As of September 29, 2006, a total of 46.8 million shares are authorized for grant under the Company's share-based compensation plans. The number of common shares reserved for granting of future awards to employees and directors under these plans was 15.0 million at September 29, 2006. In addition, options outstanding as of September 29, 2006 include 9.7 million options issued in connection with the Merger. The remaining unrecognized compensation expense on stock options at September 29, 2006 was $18.9 million. The weighted average period over which the cost is expected to be recognized is approximately 1.8 years.

Pursuant to an exchange offer dated June 16, 2003 (the "Exchange Offer"), the Company offered a stock option exchange program to its employees, other than its executive officers under Section 16 of the Securities Exchange Act of 1934, as amended, giving them the right to tender outstanding stock options with an exercise price of $13.00 per share or more in exchange for new options to be issued six months and one day after the close of the Exchange Offer. On July 3, 2003, the expiration date of the Company's Exchange Offer, the Company accepted for exchange from eligible employees, options to purchase an aggregate of approximately 5.3 million shares of the Company's common stock. These stock options were cancelled as of that date. Pursuant to the Exchange Offer, a ratio was applied to the options accepted for exchange from eligible employees and on January 5, 2004, the Company issued new options to purchase approximately 3.4 million shares of the Company's common stock with an exercise price at fair market value ($9.60) in exchange for the options cancelled in connection with the offer. These new options vest ratably over the 18 month period from the date of grant. The Exchange Offer qualified for fixed accounting, and thus the Company did not recognize compensation expense in connection with the grant of the replacement options pursuant to the Exchange Offer.

As of September 29, 2006, the Company had 10 equity compensation plans under which our equity securities are authorized for issuance to our employees and/or directors:

- the 1986 Long-Term Incentive Plan,
- the 1994 Non-Qualified Stock Option Plan
- the 1996 Long-Term Incentive Plan
- the Directors' 1997 Non-Qualified Stock Option Plan
- the 1999 Employee Long-Term Incentive Plan
- the Directors' 2001 Stock Option Plan
- the Non-Qualified Employee Stock Purchase Plan
- the 2002 Employee Stock Purchase Plan
- the Washington Sub, Inc. 2002 Stock Option Plan and
- the 2005 Long-Term Incentive Plan

Except for the 1999 Employee Long-Term Incentive Plan, the Washington Sub, Inc. 2002 Stock Option Plan and the Non-Qualified Employee Stock Purchase Plan, each of the foregoing equity compensation plans was approved by our stockholders.

Non-Vested ("Restricted") Stock Awards With Service Conditions

The Company's share-based compensation plans provide for awards of restricted shares of common stock and other stock-based incentive awards to officers, other employees and certain non-employees. Restricted stock awards are subject to forfeiture if employment terminates during the prescribed retention period (generally within four years of the date of award). The Company granted 106,000 restricted shares in fiscal 2006 and 160,500 restricted shares in fiscal 2005 with a four year graded vesting. The remaining unrecognized compensation expense on restricted stock with service conditions outstanding at September 29, 2006 was $0.9 million, and the weighted average period over which the cost is expected to be recognized is 3.0 years.

Non-Vested ("Restricted") Stock Awards With Market Conditions and Service Conditions

The Company granted 493,125 shares of restricted common stock with market conditions and service conditions during fiscal 2006. The market condition allows for accelerated vesting of the award as of the first, second, and, if not previously accelerated, the third anniversary of the grant date. Specifically, if the Company's stock performance meets or exceeds the 60th percentile of its selected peer group for the years ended on each of the first three anniversaries of the grant date, then 50% of the award vests upon each anniversary (up to 100%). If the restricted stock recipient meets the service condition but not the market condition in years 1, 2 and 3, then the restricted stock vests 50% at the end of year 3 and 50% at the end of year 4. The Company calculated a derived service period of approximately 2.5 years using a Monte-Carlo simulation to simulate a range of possible future stock prices for the Company and the members of the Company's selected peer group. The remaining unrecognized compensation expense on restricted stock with market and service condition vesting at September 29, 2006 was $1.3 million. The weighted average period over which the cost is expected to be recognized is approximately 1.6 years.

Non-Vested ("Restricted") Stock Awards

The Company granted 446,000 shares of restricted common stock during fiscal 2006. This restricted stock will vest over a three year period (50% at the end of year 1, and 25% at the end of both year 2 and year 3). The remaining unrecognized compensation expense on restricted stock with market and service condition vesting at September 29, 2006 was $1.9 million. The weighted average period over which the cost is expected to be recognized is approximately 2.0 years.

Performance Units With Milestone-Based Performance Conditions

The Company granted 222,000 performance units to non-executives with milestone-based performance conditions during the fiscal year ended September 29, 2006. The units will convert to common stock at such time that the performance conditions are deemed to be achieved. The performance units will be expensed over implicit performance periods ranging from 11-23 months. The Company will utilize both quantitative and qualitative criteria to judge whether the milestones are probable of achievement. If the milestones are deemed to be not probable of achievement no expense will be recognized until such time as they become probable of achievement. If a milestone is initially deemed probable of achievement and subsequent to that date it is deemed to be not probable of achievement the Company will discontinue recording expense on the units. If the milestone is deemed to be improbable of achievement any expense recorded on those units will be reversed. The fair value of the performance units at the date of grant was $1.2 million in the aggregate. Of the 222,000 performance units, we issued 49,000 shares in fiscal 2006 as a result of milestone achievement. In addition, certain other milestones were deemed to be probable of achievement thus we recorded total compensation expense of $0.3 million in fiscal 2006.

Share-Based Compensation Plans for Directors

The Company has three share-based compensation plans for non-employee directors — the 1994 Non-Qualified Stock Option Plan, the 1997 Non-Qualified Stock Option Plan and the Directors' 2001 Stock Option Plan. Under the three plans, a total of 1.5 million shares have been authorized for option grants. As of September 29, 2006, under the three plans, a total of 0.2 million shares are available for new grants. The three plans have substantially similar terms and conditions and are structured to provide options to non-employee directors as follows: a new director receives a total of 45,000 options upon becoming a member of the Board; and continuing directors receive 15,000 options after each Annual Meeting of Stockholders. The maximum contractual term of the Director stock options is 10 years. Under these plans, the option price is the fair market value at the time the option is granted. Beginning in fiscal 2001, all options granted became exercisable 25% per year beginning one year from the date of grant. Options granted prior to fiscal 2001 became exercisable at a rate of 20% per year beginning one year from the date of grant. During the fiscal year ended September 29, 2006, there were 165,000 options granted under these plans at a weighted average exercise price of $6.85. At September 29, 2006, a total of 0.9 million options at a weighted average exercise price of $9.89 per share are outstanding under these three plans, and 0.6 million shares were exercisable at a weighted average exercise price of $11.63 per share. The remaining unrecognized compensation expense on director stock options at September 29, 2006 was $1.2 million. The weighted average period over which the cost is expected to be recognized is approximately 2.0 years. During the fiscal year ended October 1, 2004, there were 15,000 options exercised under these plans. For the fiscal years ended September 29, 2006 and September 30, 2005, there were no options exercised. The above-mentioned activity for the share-based compensation plans for directors is included in the option tables below.

Distribution and Dilutive Effect of Options

The following table illustrates the grant dilution and exercise dilution:

(In thousands)	Fiscal Years Ended September 29, 2006	Fiscal Years Ended September 30, 2005	Fiscal Years Ended October 1, 2004
Shares of common stock outstanding	161,659	158,625	156,012
Granted	3,869	4,668	7,351
Granted for options accepted for exchange		—	3,377
Cancelled/forfeited	(4,176)	(3,918)	(4,043)
Expired	—	—	—
Net options granted	(307)	750	6,685
Grant dilution(1)	(0.2)%	0.5%	4.3%
Exercised	393	935	685
Exercise dilution(2)	0.2%	0.6%	0.4%

(1) The percentage for grant dilution is computed based on net options granted as a percentage of shares of common stock outstanding.

(2) The percentage for exercise dilution is computed based on options exercised as a percentage of shares of common stock outstanding.

General Option Information

A summary of stock option transactions follows (shares in thousands):

	Shares Available for Grant	Options Outstanding	
		Shares	Weighted Average Exercise Price of Shares Under Plan
Balance outstanding at September 30, 2003	14,193	25,763	$15.44
Granted	(7,351)	7,351	9.16
Granted for options accepted for exchange	(3,377)	3,377	9.60
Exercised	—	(685)	5.05
Cancelled	2,245	(4,043)	15.61
Balance outstanding at October 1, 2004	5,710	31,763	$13.63
Granted(1)	(4,908)	4,668	8.47
Exercised	—	(935)	5.57
Cancelled/forfeited(2)	2,113	(3,918)	13.66
Additional shares reserved	5,500	—	—
Balance outstanding at September 30, 2005	8,415	31,578	$12.99
Granted(1)	(5,770)	3,869	5.19
Exercised	—	(393)	4.44
Cancelled/forfeited(2)	2,386	(4,176)	12.65
Additional shares reserved	10,000	—	—
Balance outstanding at September 29, 2006	15,031	30,878	$12.17

(1) "Granted" under "Shares Available for Grant" includes restricted stock grants for the year ended September 29, 2006 and September 30, 2005 of 1.0 million and 0.2 million shares, respectively. Pursuant to the plan under which they were awarded, these restricted stock grants are deemed equivalent to the issue of 1.6 million and 0.2 million stock options, respectively. "Granted" under "Shares Available for Grant" also includes performance awards granted at September 29, 2006 of 0.2 million shares. Pursuant to the plan under which they were awarded, these performance shares are deemed equivalent to the issue of 0.3 million stock options.

(2) "Cancelled" under "Options Available for Grant" do not include any cancellations under terminated plans. For the years ended September 29, 2006, September 30, 2005, and October 1, 2004, cancellations under terminated plans were 1.8 million.

Options exercisable at the end of each fiscal year (shares in thousands):

	Shares	Weighted Average Exercise Price
2006	23,136	$14.05
2005	24,053	$14.68
2004	17,671	$17.59

The following table summarizes information concerning currently outstanding and exercisable options as of September 29, 2006 (Shares and Aggregate Intrinsic Value in thousands):

	Options Outstanding				Options Exercisable			
Range of exercise prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value	Options Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value
$0.83-$4.99	6,055	6.8	$ 4.73	$2,772	2,625	5.5	$ 4.51	$1,798
$5.01-$8.93	6,001	8.0	$ 7.64	21	2,051	7.3	$ 7.54	5
$8.96-$9.60	6,446	7.3	$ 9.32	—	6,198	7.3	$ 9.33	—
$9.67-$17.12	6,805	3.2	$15.14	—	6,691	3.1	$15.21	—
$17.20-$39.80	5,388	4.0	$23.82	—	5,388	4.0	$23.82	—
$40.13-$170.44	183	3.1	$53.95	—	183	3.0	$53.95	—
	30,878	5.8	$12.17	$2,793	23,136	5.1	$14.05	$1,803

The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price of $5.19 as of September 29, 2006, which would have been received by the option holders had all option holders exercised their options as of that date. The aggregate intrinsic value of options exercised for the fiscal years ended September 29, 2006, September 30, 2005, and October 1, 2004 were $0.7 million, $3.4 million and $3.4 million, respectively. The fair value of stock options vested at September 29, 2006, September 30, 2005, and October 1, 2004 were $63.2 million, $61.8 million, and $15.0 million, respectively. The total number of in-the-money options exercisable as of September 29, 2006 was 2.7 million.

General Nonvested ("Restricted") Shares and Performance Award Information

A summary of the restricted share transactions follows (shares in thousands):

	Shares	Weighted Average Grant-Date Fair Value
Balance outstanding at October 1, 2004	—	$ —
Granted	161	5.20
Vested	(—)	—
Forfeited	(—)	—
Balance Outstanding at September 30, 2005	161	$5.20
Granted	1,094	5.14
Vested(1)	(89)	4.94
Forfeited	(12)	5.14
Balance Outstanding at September 29, 2006	1,154	$5.17

(1) Restricted stock awards and performance awards vested at September 29, 2006 were 40,127 shares and 49,000 shares, respectively.

Valuation and Expense Information under SFAS 123(R)

The following table summarizes share-based compensation expense related to employee stock options, employee stock purchases, and restricted stock grants under SFAS 123(R) for the fiscal year ended September 29, 2006 which was allocated as follows:

(In thousands)	Fiscal Year Ended September 29, 2006
Cost of sales	2,174
Research and development	6,311
Selling, general and administrative	5,734
Share-based compensation expense included in operating expenses	$14,219

As of September 29, 2006, the Company had capitalized share-based compensation expense of $0.3 million in inventory. The Company did not recognize any tax benefit on the share-based compensation recorded in the fiscal year ended September 29, 2006 because we have established a valuation allowance against our net deferred tax assets.

The table below reflects net (loss) income per share, basic and diluted, for the fiscal year ended September 29, 2006 compared with the pro forma information for the fiscal years ended September 30, 2005 and October 1, 2004.

(In thousands, except per share amounts)	Fiscal Years Ended September 29, 2006	September 30, 2005	October 1, 2004
Net income — as reported for prior periods(1)	N/A	$ 25,611	$ 22,412
Share-based compensation expense related to employee stock options, employee stock purchases, and restricted stock grants(2)	(14,219)	(47,183)	(17,992)
Restricted stock expense as calculated under APB 25	—	79	—
Restricted stock expense as calculated under FAS 123	—	(70)	—
Net (loss) income, including the effect of share-based compensation expense(3)	$(88,152)	$(21,563)	$ 4,420
Per share information, basic and diluted:			
Net income, as reported for the prior period(1)	N/A	$ 0.16	$ 0.15
Net (loss) income, including the effect of share-based compensation expense(3)	$ (0.55)	$ (0.14)	$ 0.03

(1) Net income and net income per share prior to fiscal 2006 did not include share-based compensation expense related to employee stock options and ESPP purchases under SFAS 123 because we did not adopt the recognition provisions of SFAS 123.

(2) Share-based compensation expense prior to fiscal 2006 is calculated based on the pro forma application of SFAS 123 as previously disclosed in the notes to the Consolidated Financial Statements. Reflected in the 2005 pro forma stock-based compensation expense is the effect of the acceleration of the vesting of certain employee stock options in September 2005 in the amount of $21.0 million.

(3) Net (loss) income and net (loss) income per share prior to fiscal 2006 represents pro forma information based on SFAS 123 as previously disclosed in the notes to the Consolidated Financial Statements.

The weighted-average estimated grant date fair value of employee stock options granted during the fiscal years ended September 29, 2006, September 30, 2005, and October 1, 2004 were $3.19 per share, $4.86 per share and $3.80 per share, respectively using the Black Scholes option-pricing model with the following weighted-average assumptions:

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
Expected volatility	59.27%	71.00%	91.00%
Risk free interest rate	4.55%	3.90%	1.90%
Dividend yield	0.00	0.00	0.00
Expected option life (7 year contractual life options)	4.42	3.5	5.0
Expected option life (10 year contractual life options)	5.84	3.5	5.0

The Company used an arithmetic average of historical volatility and implied volatility to calculate its expected volatility during the year ended September 29, 2006. Historical volatility was determined by calculating the mean reversion of the daily-adjusted closing stock price over the past 4.25 years of the Company's existence (post-Merger). The implied volatility was calculated by analyzing the 52-week minimum and maximum prices of publicly traded call options on the Company's common stock. The Company concluded that an arithmetic average of these two calculations provided for the most reasonable estimate of expected volatility under the guidance of SFAS 123(R).

The risk-free interest rate assumption is based upon observed Treasury bill interest rates (risk free) appropriate for the term of the Company's employee stock options.

The expected life of employee stock options represents a calculation based upon the historical exercise, cancellation and forfeiture experience for the Company over the 4.25 years between June 2002 (post-Merger) and September 29, 2006. The Company deemed that exercise, cancellation and forfeiture experience in 2006 was consistent with historical norms thus expected life was not recalculated at September 29, 2006. The Company determined that it had two populations with unique exercise behavior. These populations included stock options with a contractual life of 7 years and 10 years, respectively.

As share-based compensation expense recognized in the Consolidated Statement of Operations for the fiscal year ended September 29, 2006 is actually based on awards ultimately expected to vest, it has been reduced for annualized estimated forfeitures of 8.59%. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

For purposes of pro forma disclosures under SFAS 123, for the fiscal years ended September 30, 2005 and October 1, 2004, the estimated fair value of the options is assumed to be amortized to expense over the options' vesting period on a straight-line basis.

Stock Option Distribution

The following table summarizes information concerning currently outstanding options as of September 29, 2006 (shares in thousands):

	Number Outstanding	% of Total Common Stock Outstanding
Stock options held by employees and directors	23,333	14.4%
Stock options held by non-employees (excluding directors)	7,545	4.7%
	30,878	19.1%

As of September 29, 2006, the Company's ratio of options outstanding as a percentage of total common stock outstanding ("overhang") was 19.1%. The overhang attributable to options held by non-employees (other than its non-employee directors) was 4.7% and the overhang attributable to employees and directors was 14.4%.

In connection with the Merger, as of September 29, 2006 and September 30, 2005, non-employees, excluding directors, held 7.5 million and 8.6 million options at a weighted average exercise price of $20.44 and $20.46, respectively. Effective June 25, 2002, in connection with the Merger, each Conexant option holder, other than holders of options granted to employees of Conexant's former Mindspeed Technologies segment on March 30, 2001 and options held by persons in certain foreign locations, received an option to purchase an equal number of shares of common stock of the Washington subsidiary. In the Merger, each outstanding Washington option was converted into an option to purchase Skyworks common stock. The conversion of Washington options into Skyworks' options was done in such a manner that (1) the aggregate intrinsic value of the options immediately before and after the conversion was the same, (2) the ratio of the exercise price per option to the market value per option was not reduced, and (3) the vesting provisions and options period of the Skyworks' options were the same as the original vesting terms and option period of the corresponding Washington options. As a result, there are a large number of options held by persons other than Skyworks' employees and directors.

Stock Warrants

In connection with the Merger, the Company issued to Jazz Semiconductor, Inc. ("Jazz Semiconductor") a warrant to purchase 1.0 million shares of Skyworks common stock at a price of $24.02 per share. This warrant became exercisable in increments of 25% as of June 25, 2002, March 11, 2003, September 11, 2003 and March 11, 2004. The Company applied the Black-Scholes model to determine the fair value estimate and approximately $0.2 million and $0.8 million was included in amortization of intangible assets related to this item in fiscal 2005 and fiscal 2004, respectively. The warrant expired without being exercised on January 20, 2005.

Note 10. Employee Benefit Plan, Pensions and Other Retiree Benefits

The Company maintains a 401(k) plan covering substantially all of its employees. All of the Company's employees who are at least 21 years old are eligible to receive discretionary Company contributions under the 401(k) plan. Discretionary Company contributions are determined by the Board of Directors and may be in the form of cash or the Company's stock. The Company has generally contributed a match of up to 4.0% of an employee's annual eligible compensation. For those employees employed by Alpha for five (5) years or more prior to the Merger, the Company contributes an additional match of up to 0.75% of the employee's annual eligible compensation. For fiscal years 2006, 2005 and 2004, the Company contributed and recognized expense for 0.8 million, 0.7 million, and 0.4 million shares, respectively, of the Company's common stock valued at $4.1 million, $5.1 million, and $3.6 million, respectively, to fund the Company's obligation under the 401(k) plan.

In connection with Conexant's spin-off of its Washington/Mexicali business, Conexant transferred obligations to Washington/Mexicali for its pension plan and retiree benefits. The amounts that were transferred relate to approximately twenty Washington/Mexicali employees that had enrolled in Conexant's Voluntary Early Retirement Plan ("VERP") in 1998. The VERP also provides health care benefits to members of the plan. The Company currently does not offer defined benefit pension plans or retiree health benefits to its employees. The Company incurred net periodic benefit costs of $0.1 million for pension benefits and $0.1 million for retiree medical benefits in each of the fiscal years ending September 29, 2006, September 30, 2005 and October 1, 2004.

The funded status of the Company's principal defined benefit and retiree medical benefit plans and the amounts recognized in the balance sheet are as follows (in thousands):

	Pension Benefits			Retiree Medical Benefits		
	Fiscal Years Ended			Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004	September 29, 2006	September 30, 2005	October 1, 2004
Benefit obligations in excess of plan assets	$ 599	$ 1,137	$ 969	$1,238	$1,238	$1,210
Unrecognized net actuarial loss	(981)	(1,301)	(786)	—	—	—
Net (prepaid) accrued benefit cost	$(382)	$ (164)	$ 183	$1,238	$1,238	$1,210

Note 11. Commitments

The Company has various operating leases primarily for computer equipment and buildings. Rent expense amounted to $9.3 million in fiscal 2006 and $9.8 million in both fiscal 2005 and fiscal 2004. Purchase options may be exercised, at fair market value, at various times for some of these leases. Future minimum payments under these non-cancelable leases are as follows (in thousands):

Fiscal Year	
2007	7,600
2008	6,813
2009	6,131
2010	5,090
2011	1,834
Thereafter	664
	$28,132

The Company is attempting to sublet certain properties that were vacated upon the exit of the baseband product area and, if successful, future operating lease commitments will be somewhat offset by proceeds received from the sublessors.

In addition, the Company has entered into licensing agreements for intellectual property rights and maintenance and support services. Pursuant to the terms of these agreements, the Company is committed to aggregate payments of $6.7 million, $4.8 million and $1.2 million in fiscal years 2007, 2008, and 2009, respectively.

Note 12. Contingencies

From time to time, various lawsuits, claims and proceedings have been, and may in the future be, instituted or asserted against the Company, including those pertaining to patent infringement, intellectual property, environmental, product liability, safety and health, employment and contractual matters.

Additionally, the semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights. From time to time, third parties have asserted and may in the future assert patent, copyright, trademark and other intellectual property rights to technologies that are important to our business and have demanded and may in the future demand that we license their technology. The outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to the Company. Intellectual property disputes often have a risk of injunctive relief, which, if imposed against the Company, could materially and adversely affect the Company's financial condition, or results of operations.

From time to time we are involved in legal proceedings in the ordinary course of business. We believe that there is no such ordinary course litigation pending that could have, individually or in the aggregate, a material adverse effect on our business, financial condition, results of operations or cash flows.

Note 13. Guarantees and Indemnities

The Company does not currently have any guarantees. The Company generally indemnifies its customers from third-party intellectual property infringement litigation claims related to its products. In connection with certain facility leases, the Company has indemnified its lessors for certain claims arising from the facility or the lease.

The Company indemnifies its directors and officers to the maximum extent permitted under the laws of the state of Delaware. The duration of the indemnities varies, and in many cases is indefinite. The indemnities to customers in connection with product sales generally are subject to limits based upon the amount of the related product sales and in many cases are subject to geographic and other restrictions. In certain instances, the Company's indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. The Company has not recorded any liability for these indemnities in the accompanying consolidated balance sheets.

Note 14. Restructuring and Special Charges

Restructuring and special charges consists of the following (in thousands):

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
Asset impairments	$ 4,197	$—	$13,183
Restructuring and special charges	22,758	—	4,183
	$26,955	$—	$17,366

Restructuring and special charges consist of charges for asset impairments and restructuring activities, as follows:

2006 Restructuring Charges and Other

On September 29, 2006, the Company exited its baseband product area in order to focus on its core business encompassing linear products, power amplifiers, front-end modules and radio solutions. The Company recorded various charges associated with this action. In total, the Company recorded charges of $90.4 million which included the following:

The Company recorded $13.1 million related to severance and benefits, $7.4 million related to the write-down of technology licenses and design software, $4.2 million related to the impairment of certain long-lived assets and $2.3 million related to other charges. These charges total $27.0 million and are recorded in restructuring and special charges.

The Company also recorded charges of $35.1 million in bad debt expense principally for two baseband product area customers, $23.3 million of excess and obsolete baseband and other inventory charges and reserves and $5.0 million related to baseband product area revenue adjustments. These charges were recorded against selling, general and administrative expenses, cost of goods sold and revenues, respectively.

The Company anticipates recording additional restructuring charges of approximately $7.0 million related to the exit of the baseband product area in the first fiscal quarter of 2007. These charges primarily relate to costs to exit certain operating leases and the write down of a technology license. The Company anticipates the completion of the restructuring activities by December 31, 2006.

Activity and liability balances related to the fiscal 2006 restructuring actions are as follows (in thousands):

	Facility Closings	License and Software Write-offs	Workforce Reductions	Asset Impairments	Total
Charged to costs and expenses	$105	$ 9,583	$13,070	$ 4,197	$ 26,955
Non-cash items	—	(6,426)	—	(4,197)	(10,623)
Cash payments	—	—	—	—	—
Restructuring balance, September 29, 2006	$105	$ 3,157	$13,070	$ —	$ 16,332

2004 Asset Impairments

During the second quarter of fiscal 2004, the Company recorded a $13.2 million charge primarily related to the impairment of obsolete baseband technology licenses that were established prior to the Merger. This charge included approximately $1.8 million of contractual payment obligations, which have been paid in full as of September 29, 2006. The impairment charge was based on a recoverability analysis prepared by management based on the decision to discontinue certain products and the related impact on its current and projected outlook. Management believed these factors indicated that the carrying value of the related assets (intangible assets, machinery and equipment) was impaired and that an impairment analysis should be performed. In performing the analysis for recoverability, management estimated the future cash flows expected to result from these products (salvage value). Since the estimated undiscounted cash flows were less than the carrying value of the related assets, it was concluded that an impairment loss should be recognized. In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," the impairment charge was determined by comparing the estimated fair value of the related assets to their carrying value. The write down established a new cost basis for the impaired assets.

2004 Corporate Restructuring Plan

During fiscal 2004, the Company consolidated cellular systems software design centers in an effort to improve the Company's overall time to market for next-generation multimedia systems development. These actions aligned the Company's structure with its current business environment. The Company implemented reductions in force at three remote facilities and recorded restructuring charges of approximately $4.2 million for costs related to severance benefits for affected employees and lease obligations. All amounts accrued for have been paid as of September 29, 2006.

Activity and liability balances related to the fiscal 2004 restructuring actions are as follows (in thousands):

	Workforce Reductions	Facility Closings	Total
Charged to costs and expenses	$ 3,685	$ 498	$ 4,183
Cash payments	(3,530)	(287)	(3,817)
Restructuring balance, October 1, 2004	$ 155	$ 211	$ 366
Cash payments	(155)	(198)	(353)
Restructuring balance, September 30, 2005	$ —	$ 13	$ 13
Cash payments	—	(13)	(13)
Restructuring balance, September 29, 2006	$ —	$ —	$ —

Pre-Merger Alpha Restructuring Plan

In addition, the Company assumed approximately $7.8 million of restructuring reserves from Alpha in connection with the Merger. During fiscal 2006 and the fiscal years ended September 30, 2005 and 2004, payments related to the restructuring reserves assumed from Alpha were $0.4 million, $0.2 million, and

$0.2 million, respectively. In addition, the Company reduced this restructuring reserve by approximately $0.5 million in fiscal 2004 primarily related to a reduction in facility closure costs. This reduction of expenses is reflected in the special charges line of the Company's results of operations. As of September 29, 2006, the restructuring reserve balance related to Alpha was $0.7 million and primarily relates to estimated future payments on a lease that expires in 2008.

Note 15. Earnings per Share

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
	(In thousands, except per share amounts)		
Net (loss) income	$(88,152)	$ 25,611	$ 22,412
Weighted average shares outstanding — basic	159,408	157,453	152,090
Effect of dilutive stock options and restricted stock	—	1,404	2,152
Weighted average shares outstanding — diluted	159,408	158,857	154,242
Net (loss) income per share — basic	$ (0.55)	$ 0.16	$ 0.15
Effect of dilutive stock options	—	—	—
Net (loss) income per share — diluted	$ (0.55)	$ 0.16	$ 0.15

Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings per share includes the dilutive effect of stock options and a stock warrant through its expiration in January 2005, using the treasury stock method, and debt securities on an if-converted basis, if their effect is dilutive.

Debt securities convertible into approximately 19.8 million shares and equity based awards exercisable for approximately 23.7 million shares were outstanding but not included in the computation of earnings per share for the fiscal year ended September 29, 2006 as their effect would have been anti-dilutive. If the Company had earned at least $93.9 million in net income for the fiscal year ended September 29, 2006 the debt securities would have been dilutive to earnings per share. Debt securities convertible into approximately 25.4 million shares and equity based awards exercisable for approximately 25.5 million shares were outstanding but not included in the computation of earnings per share for the fiscal year ended September 30, 2005 as their effect would have been anti-dilutive. Debt securities convertible into approximately 25.4 million shares and equity based awards exercisable into approximately 19.0 million shares and a warrant to purchase 1.0 million shares were outstanding but not included in the computation of earnings per share for the fiscal year ended October 1, 2004 as their effect would have been anti-dilutive.

Note 16. Segment Information and Concentrations

The Company follows SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). SFAS No. 131 establishes standards for the way public business enterprises report information about operating segments in annual financial statements and in interim reports to shareholders. The method for determining what information to report is based on the way that management organizes the segments within the Company for making operating decisions and assessing financial performance. In evaluating financial performance, management uses sales and operating profit as the measure of the segments' profit or loss. Based on the guidance in SFAS No. 131, the Company has one operating segment for financial reporting purposes, which designs, develops, manufactures and markets proprietary semiconductor products, including intellectual property, for manufacturers of wireless communication products.

Geographic Information

Net revenues by geographic area are presented based upon the country of destination. Net revenues by geographic area are as follows (in thousands):

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
United States	$ 43,180	$ 66,429	$ 74,105
Other Americas	18,925	39,541	51,537
Total Americas	62,105	105,970	125,642
China	224,539	215,082	206,364
South Korea	114,926	107,225	188,090
Taiwan	116,073	92,171	69,126
Other Asia-Pacific	173,523	144,940	64,570
Total Asia-Pacific	629,061	559,418	528,150
Europe, Middle East and Africa	82,584	126,983	130,231
	$773,750	$792,371	$784,023

The Company's revenues by geography do not necessarily correlate to end handset demand by region. For example, if the Company sells a power amplifier module to a customer in South Korea, the sale is recorded within the South Korea account although that customer, in turn, may integrate that module into a product sold to a service provider (its customer) in Africa, China, Europe, the Middle East, the Americas or within South Korea.

The increase in net revenues derived from Other Asia-Pacific in fiscal 2006 as compared to fiscal 2005 and fiscal 2004 is due to the continuing consolidation of the purchasing and manufacturing functions of several of the Company's significant customers to Singapore and Malaysia from European and American locations.

Geographic property, plant and equipment balances, including property held for sale, are based on the physical locations within the indicated geographic areas and are as follows (in thousands):

	As of	
	September 29, 2006	September 30, 2005
United States	$ 88,896	$ 85,072
Mexico	59,234	60,594
Other	2,253	5,172
	$150,383	$150,838

Concentrations

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of trade accounts receivable. Trade receivables are primarily derived from sales to manufacturers of communications and consumer products. Ongoing credit evaluations of customers' financial condition are performed and collateral, such as letters of credit and bank guarantees, are required whenever deemed necessary. As of September 29, 2006, Motorola, Inc. and RTI Industries Co. Ltd., accounted for approximately 18% and 13%, respectively of the Company's gross accounts receivable. As of September 30, 2005, Motorola, Inc. and RTI Industries Co. Ltd., accounted for approximately 16% and 15%, respectively of the Company's gross accounts receivable. As of October 1, 2004 Motorola, Inc. represented approximately 12% and Samsung Electronics Co. and RTI Industries Co. Ltd., each accounted for approximately 10% of the Company's gross accounts receivable.

The following customers accounted for 10% or more of net revenues:

	Fiscal Years Ended		
	September 29, 2006	September 30, 2005	October 1, 2004
Motorola, Inc.	23%	21%	14%
Sony Ericsson Mobile Communications AB	16%	10%	*
Asian Information Technology, Inc.	11%	*	*
Samsung Electronics Co.	*	*	12%

* Customers accounted for less than 10% of net revenues.

Note 17. Quarterly Financial Data (Unaudited)

	First Quarter(2)	Second Quarter	Third Quarter	Fourth Quarter(3)	Year
	(In thousands, except per share data)				
Fiscal 2006					
Net revenues	$198,325	$185,234	$197,058	$193,133	$773,750
Gross profit	74,723	69,350	73,347	45,259	262,679
Net income (loss)	4,287	926	3,005	(96,370)	(88,152)
Per share data(1)					
Net income (loss), basic	0.03	0.01	0.02	(0.60)	(0.55)
Net income (loss), diluted	0.03	0.01	0.02	(0.60)	(0.55)
Fiscal 2005					
Net revenues	$220,160	$190,505	$191,532	$190,174	$792,371
Gross profit	88,019	72,599	77,874	69,280	307,772
Net income	13,917	1,244	7,389	3,061	25,611
Per share data(1)					
Net income, basic	0.09	0.01	0.05	0.02	0.16
Net income, diluted	0.09	0.01	0.05	0.02	0.16

(1) Earnings per share calculations for each of the quarters are based on the weighted average number of shares outstanding and included common stock equivalents in each period. Therefore, the sums of the quarters do not necessarily equal the full year earnings per share.

(2) During the first quarter of fiscal 2005, the Company reduced the carrying value of its deferred tax assets by $2.2 million. This charge resulted from a reduction of the statutory income tax rate in Mexico. This reduction is being reported in the provision for income taxes line of the statement of operations in the first quarter of fiscal 2005.

(3) The Company recorded charges of $90.4 million which included $35.1 million in bad debt expense, $23.3 million of inventory charges and reserves, $13.1 million related to severance and benefits, $7.4 million related to the write-down of technology licenses and design software, $5.0 million related to revenue adjustments, $4.2 million related to the impairment of certain long-lived assets and $2.3 million related to other charges.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Skyworks Solutions, Inc.:

We have audited the accompanying consolidated balance sheets of Skyworks Solutions, Inc. and subsidiaries as of September 29, 2006 and September 30, 2005, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 29, 2006. Our audits also included the financial statement schedule listed in the Index at Item 15 of the 2006 Form 10-K for the years ended September 29, 2006, September 30, 2005 and October 1, 2004. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Skyworks Solutions, Inc. and subsidiaries as of September 29, 2006 and September 30, 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended September 29, 2006 in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for the years ended September 29, 2006, September 30, 2005 and October 1, 2004, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in note 2 to the consolidated financial statements, Skyworks Solutions, Inc. adopted Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment", effective October 1, 2005.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Skyworks Solutions, Inc.'s internal control over financial reporting as of September 29, 2006, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated December 13, 2006, expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

Boston, Massachusetts
December 13, 2006

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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

Our common stock is traded on the NASDAQ Global Select Market under the symbol "SWKS." The following table sets forth the range of high and low sale prices for our common stock for the periods indicated, as reported by the NASDAQ Global Select Market. The number of stockholders of record of Skyworks' common stock as of November 16, 2006, was approximately 33,558.

	High	Low
Fiscal year ended September 29, 2006:		
First quarter	$ 7.14	$4.64
Second quarter	7.09	5.01
Third quarter	8.00	5.15
Fourth quarter	5.80	4.03
Fiscal year ended September 30, 2005:		
First quarter	$10.91	$8.74
Second quarter	8.99	6.07
Third quarter	7.94	5.07
Fourth quarter	8.38	6.67

Neither Skyworks nor its corporate predecessor, Alpha, have paid cash dividends on common stock since an Alpha dividend made in fiscal 1986, and Skyworks does not anticipate paying cash dividends in the foreseeable future. Our expectation is to retain all of our future earnings, if any, to finance future growth.

For information regarding securities authorized for issuance under stock based compensation plans, see the information contained in the "Stock Based Compensation Plan Information" section of the accompanying Proxy Statement.

The following table provides information regarding repurchases of common stock made by us during the fiscal quarter ended September 29, 2006:

Period	Total Number of Shares Purchased	Averaged Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximately Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
August 14, 2006	10,649(1)	$4.36	N/A(2)	N/A(2)
September 5, 2006	7,600(1)	$5.10	N/A(2)	N/A(2)

(1) All shares of common stock reported in the table above were purchased by us, at the fair market value of the common stock on August 14, 2006 and September 5, 2006, respectively, in connection with the satisfaction of tax withholding obligations under restricted stock agreements between us and certain of our key employees.

(2) We have no publicly announced plans or programs.

SKYWORKS SOLUTIONS, INC.

UNAUDITED RECONCILIATION OF PRO FORMA NON-GAAP MEASURES

(In millions)	Year Ended Sept. 29, 2006	Sept. 30, 2005	Oct. 1, 2004	Oct. 3, 2003	Sept. 27, 2002
GAAP net revenues	$774	$ 792	$ 784	$ 618	$ 458
Alpha[a]	—	—	—	—	85
Baseband and Assembly/Test[b]	(40)	(137)	(180)	(166)	(147)
Core net revenues	$734	$ 655	$ 604	$ 452	$ 396

[a] The pro forma information assumes Alpha Industries, Inc. and Conexant Systems, Inc.'s wireless business had been combined from the beginning of fiscal 2002. The GAAP results reflect the application of reverse merger accounting principles which provide that the historical results of Conexant's wireless business be treated as the historical results of the combined entity. Therefore, the GAAP results reflect Conexant's wireless business only through June 25, 2002, the date the merger closed, and combined results for all periods thereafter.

[b] On October 2, 2006, the Company announced that it was exiting its baseband product area in order to focus on its core business encompassing linear products, power amplifiers, front-end modules and radio solutions. On June 2, 2005, the Company announced that it was exiting the assembly/test business.

Corporate Information

Executive Management

David J. Aldrich
President, Chief Executive Officer
and Director

Bruce J. Freyman
Vice President, Worldwide Operations

Liam K. Griffin
Senior Vice President, Sales and Marketing

Allan M. Kline
Vice President and Chief Financial Officer

George M. LeVan
Vice President, Human Resources

Thomas S. Schiller
Vice President, Corporate Development

Nien-Tsu Shen
Vice President, Quality

Stanley A. Swearingen, Jr.
Vice President and General Manager,
Linear Products

Mark V.B. Tremallo
Vice President, General Counsel
and Secretary

Gregory L. Waters
Executive Vice President and
General Manager,
Front-End Solutions

Board of Directors

Dwight W. Decker, Ph.D.
Chairman of the Board,
Chairman and Chief Executive Officer
Conexant Systems, Inc.

David J. Aldrich
President and Chief Executive Officer
Skyworks Solutions, Inc.

Kevin L. Beebe
Group President, Operations
ALLTEL Corporation

Moiz M. Beguwala
Executive
Conexant Systems, Inc.

Timothy R. Furey
Chairman and Chief Executive Officer
MarketBridge

Balakrishnan S. Iyer
Retired Senior Vice President and Chief Financial Officer
Conexant Systems, Inc.

Thomas C. Leonard
Retired Chairman and Chief Executive Officer
Alpha Industries, Inc.

David P. McGlade
Chief Executive Officer
Intelsat, Ltd.

David J. McLachlan
Retired Senior Executive
Genzyme Corporation

Robert A. Schriesheim
Executive Vice President, Chief Financial Officer and
Principal Financial Officer
Lawson Software, Inc.

Corporate Headquarters

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Transfer Agent and Registrar

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038
(877) 366-6437 (United States and Canada)
(212) 936-5100 (outside United States)
www.amstock.com

Our transfer agent can help you with a variety of shareholder related services including change of address, lost stock certificates, stock transfers, account status and other administrative matters.

Annual Meeting

The annual meeting of shareholders will be held on March 29, 2007 in Burlington, MA.

Investor Relations

You can contact the Skyworks' Investor Relations team directly to order an Investor's Kit or to ask investment-oriented questions about Skyworks at:

Investor Relations
Skyworks Solutions, Inc.
5221 California Avenue
Irvine, CA 92617
(949) 231-4700

You can also view this annual report along with other financial-related information and other public filings with the U.S. Securities and Exchange Commission at: www.skyworksinc.com.

Common Stock

Skyworks common stock is traded on the NASDAQ Global Select Market® under the symbol SWKS.

Independent Registered Public Accountants

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Boston, MA

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