

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 27, 2003

Commission file number 1-5560

SKYWORKS SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-2302115
(I.R.S. Employer
Identification No.)

20 Sylvan Road, Woburn, Massachusetts
(Address of principal executive offices)

01801
(Zip Code)

Registrant's telephone number, including area code

(781) 376-3000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<u>Class</u>	<u>Outstanding at July 25, 2003</u>
Common Stock, par value \$.25 per share	138,872,071

TABLE OF CONTENTS

Part I	Financial Information	Page
	Item 1 – Financial Statements	
	Consolidated Balance Sheets - June 30, 2003 and September 30, 2002 (Unaudited)	3
	Consolidated Statements of Operations - Three and Nine Months Ended June 30, 2003 and June 30, 2002 (Unaudited)	4

[Notes to Interim Consolidated Financial Statements](#)

6

[Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations](#)

17

[Item 3 - Quantitative and Qualitative Disclosures About Market Risk](#)

37

[Item 4 - Controls and Procedures](#)

38

Part II Other Information[Item 6 - Exhibits and Reports on Form 8-K](#)

39

[Signatures and Certifications](#)

40

[Exhibit Index](#)

43

PART I – FINANCIAL INFORMATION**ITEM 1 – Consolidated Financial Statements****Skyworks Solutions, Inc. and Subsidiaries****Consolidated Balance Sheets**

(Unaudited, in thousands, except per share amounts)

	June 30, 2003	September 30, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 65,223	\$ 53,358
Receivables, net of allowance for doubtful accounts of \$1,984 and \$1,324	135,941	94,425
Inventories	62,549	55,643
Other current assets	11,899	23,970
Total current assets	275,612	227,396
Property, plant and equipment, less accumulated depreciation and amortization of \$224,182 and \$202,436	139,411	143,773
Property held for sale	8,455	--
Goodwill and intangible assets, less accumulated amortization of \$3,575 and \$915	936,731	940,686
Deferred income taxes	22,477	22,487
Other assets	27,937	12,570
Total assets	\$ 1,410,623	\$ 1,346,912
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 64	\$ 129
Accounts payable	76,473	45,350
Accrued compensation and benefits	17,826	17,585
Other current liabilities	27,225	84,563
Total current liabilities	121,588	147,627
Long-term debt, less current maturities	275,000	180,039
Long-term liabilities	4,158	4,270
Total liabilities	400,746	331,936
Commitments and contingencies	--	--
Stockholders' equity:		
Preferred stock, no par value: 25,000 shares authorized, no shares issued	--	--
Common stock, \$0.25 par value: 525,000 shares authorized; 138,811 and 137,589 shares issued and outstanding	34,703	34,397
Additional paid-in capital	1,156,717	1,150,856
Accumulated deficit	(181,543)	(170,193)
Deferred compensation, net of accumulated amortization of \$137 and \$53	--	(84)

Total stockholders' equity	1,009,877	1,014,976
Total liabilities and stockholders' equity	\$ 1,410,623	\$ 1,346,912

See accompanying notes to these consolidated financial statements.

Skyworks Solutions, Inc. and Subsidiaries
Consolidated Statements of Operations

(Unaudited, in thousands, except per share amounts)

	Three months ended June 30,		Nine months ended June 30,	
	2003	2002	2003	2002
Net revenues	\$ 150,199	\$ 112,980	\$ 467,757	\$ 307,096
Cost of goods sold	94,121	92,917	283,040	241,646
Gross margin	56,078	20,063	184,717	65,450
Operating expenses:				
Research and development	36,428	31,653	113,838	95,454
Selling, general and administrative	19,711	10,380	63,198	32,103
Amortization	1,075	3,579	3,310	11,802
Purchased in-process research and development	--	65,500	--	65,500
Special charges	--	114,837	--	114,902
Total operating expenses	57,214	225,949	180,346	319,761
Operating income (loss)	(1,136)	(205,886)	4,371	(254,311)
Other income (expense):				
Interest expense	(5,069)	(125)	(15,850)	(125)
Other income, net	282	8	1,731	67
Total other income (expense), net	(4,787)	(117)	(14,119)	(58)
Loss before income taxes	(5,923)	(206,003)	(9,748)	(254,369)
Provision (credit) for income taxes	263	(24,058)	1,602	(19,788)
Net loss	\$ (6,186)	\$ (181,945)	\$ (11,350)	\$ (234,581)
Net loss per common share:				
Basic and diluted	\$ (0.04)	\$ (1.33)	\$ (0.08)	\$ (1.71)
Weighted average number of common shares outstanding:				
Basic and diluted	138,729	137,368	138,255	137,368

See accompanying notes to these consolidated financial statements.

Skyworks Solutions, Inc. and Subsidiaries
Statements of Cash Flows

(Unaudited, in thousands)

	Nine months ended June 30,	
	2003	2002
Cash flows from operating activities:		
Net loss	\$ (11,350)	\$ (234,581)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	27,608	35,154
Amortization	3,310	11,804
Amortization of deferred financing costs	1,379	--
Contribution of common shares to Savings and Retirement Plans	4,975	--
(Gain) loss on sale of assets	(619)	209
Deferred income taxes	640	(23,737)
Purchased in-process research and development charge	--	65,500
Asset impairments	--	111,817
Changes in assets and liabilities:		
Receivables, net	(41,516)	(16,021)

Inventories	(6,906)	(5,569)
Other assets	4,678	(6,463)
Accounts payable	31,123	7,858
Other liabilities	(56,552)	14,297
	<u> </u>	<u> </u>
Net cash provided by (used in) operating activities	(43,230)	(39,732)
	<u> </u>	<u> </u>
Cash flows from investing activities:		
Capital expenditures	(32,904)	(21,426)
Proceeds from sale of fixed assets	1,931	--
Cash of acquiree	--	102,524
Dividend to Conexant	--	(3,070)
	<u> </u>	<u> </u>
Net cash provided by (used in) investing activities	(30,973)	78,028
	<u> </u>	<u> </u>
Cash flows from financing activities:		
Proceeds from unsecured notes offering	230,000	--
Payments on notes payable	(135,104)	--
Financing costs	(9,551)	--
Exercise of stock options	723	--
Net transfers from Conexant	--	50,404
	<u> </u>	<u> </u>
Net cash provided by (used in) financing activities	86,068	50,404
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	11,865	88,700
Cash and cash equivalents at beginning of period	53,358	1,998
	<u> </u>	<u> </u>
Cash and cash equivalents at end of period	\$ 65,223	\$ 90,698
	<u> </u>	<u> </u>
Supplemental cash flow disclosures:		
Taxes paid	\$ 1,480	\$ --
	<u> </u>	<u> </u>
Interest paid	\$ 16,769	\$ --
	<u> </u>	<u> </u>
Non-cash financing activities:		
Conexant debt refinancing	\$ 45,000	\$ --
	<u> </u>	<u> </u>
Stock issued for trademark	\$ 469	\$ --
	<u> </u>	<u> </u>
Acquisition of Alpha Industries, Inc.	\$ --	\$1,183,105
	<u> </u>	<u> </u>
Dividend to Conexant	\$ --	\$ 201,646
	<u> </u>	<u> </u>

See accompanying notes to these consolidated financial statements.

Skyworks Solutions, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (unaudited)

1. Description of Business and Basis of Presentation

Description of Business

On June 25, 2002, pursuant to an Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002, by and among Alpha Industries, Inc. ("Alpha"), Conexant Systems, Inc. ("Conexant") and Washington Sub, Inc. ("Washington"), a wholly owned subsidiary of Conexant to which Conexant spun off its wireless communications business, including its gallium arsenide wafer fabrication facility located in Newbury Park, California, but excluding certain assets and liabilities, Washington merged with and into Alpha with Alpha as the surviving entity (the "Merger"). Following the Merger, Alpha changed its corporate name to Skyworks Solutions, Inc. (the "Company" or "Skyworks").

Immediately following completion of the Merger, the Company purchased Conexant's semiconductor assembly, module manufacturing and test facility located in Mexicali, Mexico, and certain related operations ("Mexicali Operations") for \$150 million. For financial accounting purposes, the sale of the Mexicali Operations by Conexant to Skyworks was treated as if Conexant had contributed the Mexicali Operations to Washington as part of the spin-off, and the \$150 million purchase price was treated as a return of capital to Conexant. For purposes of these financial statements, the Washington business and the Mexicali Operations are collectively referred to as Washington/Mexicali.

The Company is a leading wireless semiconductor company focused on providing front-end modules, radio frequency ("RF") subsystems, semiconductor components and complete system solutions to wireless handset and infrastructure customers worldwide. The Company offers a comprehensive family of components and RF subsystems, and also provides complete antenna-to-microphone semiconductor solutions that support advanced 2.5G and 3G services.

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures, normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to those rules and regulations. However, in the opinion of management, the financial information reflects all adjustments, consisting of adjustments of a normal recurring nature necessary to present fairly the financial position, results of operations, and cash flows of the Company. The results of operations for the three and nine months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year. This information should be read in conjunction with the Company's financial statements and notes thereto contained in the Company's Form 10-K for the fiscal year ended September 27, 2002 as filed with the SEC. Prior-year financial statements have been reclassified to conform to the fiscal 2003 presentations.

The Merger has been accounted for as a reverse acquisition whereby Washington was treated as the acquirer and Alpha as the acquiree, primarily because Conexant shareholders owned a majority, approximately 67 percent, of the Company upon completion of the Merger. Under a reverse acquisition, the purchase price of Alpha was based upon the fair market value of Alpha common stock for a reasonable period of time before and after the announcement date of the Merger and the fair value of Alpha stock options. The purchase price of Alpha was allocated to the assets acquired and liabilities assumed by Washington, as the acquiring company for accounting purposes, based upon their estimated fair market value at the acquisition date. Because the Merger was accounted for as a purchase of Alpha, the accompanying consolidated financial statements include the assets, liabilities, operating results and cash flows of Washington/Mexicali for all periods prior to the Merger, and the results of operations of Skyworks, the combined company, for all periods subsequent to the Merger. Since the historical financial statements of the Company after the Merger do not include the historical financial results of Alpha for periods prior to June 25, 2002, the financial statements may not be indicative of future results of operations and may not reflect the historical results that would have resulted if the Merger had occurred at the beginning of a historical financial period.

The financial statements prior to the Merger were prepared using Conexant's historical basis in the assets and liabilities and the historical operating results of Washington/Mexicali during each respective period. Management believes the assumptions underlying the financial statements are reasonable. However, there can be no assurance that the financial information included herein reflects the combined assets, liabilities, operating results and cash flows of the Company in the future or what they would have been had Washington/Mexicali been a separate stand-alone entity and independent of Conexant during the periods presented.

Conexant used a centralized approach to cash management and the financing of its operations. Cash deposits from Washington/Mexicali were transferred to Conexant on a regular basis and were netted against Conexant's net investment. As a result, none of Conexant's cash, cash equivalents, marketable securities or debt was allocated to Washington/Mexicali in the financial statements. Cash and cash equivalents in the financial statements, prior to the acquisition, represented amounts held by certain foreign operations of Washington/Mexicali. Changes in equity represented funding from Conexant for working capital and capital expenditure requirements after giving effect to Washington/Mexicali's transfers to and from Conexant for its cash flows from operations through June 25, 2002.

Historically, Conexant provided financing for Washington/Mexicali and incurred debt at the parent level. The financial statements for the periods prior to June 25, 2002 of Washington/Mexicali did not include an allocation of Conexant's debt or the related interest expense. Therefore, the financial statements do not necessarily reflect the financial position and results of operations of Washington/Mexicali had it been an independent company as of the dates, and for the periods, presented.

The financial statements for the periods prior to the Merger also include allocations of certain Conexant operating expenses for research and development, legal, accounting, treasury, human resources, real estate, information systems, distribution, customer service, sales, marketing, engineering and other corporate services provided by Conexant, including executive salaries and other costs. The operating expense allocations have been determined on bases that management considered to be reasonable reflections of the utilization of services provided to, or the benefit received by, Washington/Mexicali. Management believes that the expenses allocated to Washington/Mexicali are representative of the operating expenses that would have been incurred had Washington/Mexicali operated as an independent company.

Since the date of the Merger, the Company has been performing these functions using its own resources or purchased services, including certain services obtained from Conexant pursuant to a transition services agreement, most of which expired on December 31, 2002.

Fiscal periods — The Company's fiscal year ends on the Friday closest to September 30. For presentation purposes, references made to the periods ended June 30, 2003, September 30, 2002 and June 30, 2002 relate to the actual fiscal 2003 third quarter ended June 27, 2003, the actual 2002 fiscal year ended September 27, 2002 and the actual fiscal 2002 third quarter ended June 28, 2002, respectively.

Property held for sale — Property held for sale at June 30, 2003 is related to land and buildings no longer in use and is recorded at estimated fair value less estimated selling costs. The Company is actively marketing the property.

Deferred financing costs — Costs of refinancing are capitalized as an asset on the Company's balance sheet and amortized on a straight-line basis over the life of the financing.

Goodwill and intangible assets — The Company has adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets. Goodwill and intangible assets that have indefinite useful lives are not amortized into results of operations, but instead are evaluated at least annually for impairment and written down when the recorded value exceeds the estimated fair value. The goodwill 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. 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. As part of the first step, the Company determined that it has one reporting unit for purposes of performing the fair-value based test of goodwill. This reporting unit is consistent with its single operating segment, which management determined is appropriate under the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company completed step one and determined that its goodwill and unamortized intangible assets are impaired. Accordingly, the Company expects to record a significant transitional impairment charge in the fourth quarter of fiscal 2003. Step two of the analysis compares the implied fair value of goodwill to its carrying amount. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss is recognized equal to that excess. This step must be completed by the end of fiscal 2003. The carrying value of goodwill and unamortized intangible assets, subject to the transitional impairment test, is approximately \$906.2 million at June 30, 2003.

Provision (credit) for income taxes — As a result of the Company's history of operating losses and the expectation of future operating results, the Company 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 its Mexicali Operations in the post-spin-off period. Consequently, no United States income tax benefit has been recognized relating to the U.S. operating losses. As of June 30, 2003, the Company has established a valuation allowance against all of its net U.S. deferred tax assets. Because its foreign operations primarily report taxable income on a cost plus basis, the foreign tax expense for the three and nine months ended June 30, 2003 has been calculated based on the year to date income, rather than on annualized effective tax rate, as this is the best estimate of the interim period tax expense. Deferred tax assets have been recognized for foreign operations when management believes they will be recovered during the carry forward period.

Accounting for stock based compensation – The Company has elected to follow Accounting Principles Board Opinion (“APB”) No. 25, “Accounting for Stock Issued to Employees,” and related interpretations, in accounting for employee stock options rather than the alternative fair value accounting allowed by SFAS No. 123, “Accounting for Stock Based Compensation.” APB No. 25 provides that compensation expense relative to the Company’s employee stock options is measured based on the intrinsic value of stock options granted and the Company recognizes compensation expense in its statement of operations using the straight-line method over the vesting period for fixed awards. Under SFAS No. 123, the fair value of stock options at the date of grant is recognized in earnings over the vesting period of the options. In December 2002, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure.” SFAS No. 148 amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method on reported results. SFAS No. 148 is effective for financial statements for fiscal years and interim periods ending after December 15, 2002. The Company adopted the disclosure provisions of SFAS No. 148 and continues to follow APB No. 25 in accounting for employee stock options.

The following table shows the pro forma net loss as if the fair value method of SFAS No. 123 had been used to account for the Company’s employee stock-based compensation arrangements:

(In thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
Reported net loss	\$ (6,186)	\$ (181,945)	\$ (11,350)	\$ (234,581)
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	1,091	97	3,127	97
Adjusted net loss	\$ (7,277)	\$ (182,042)	\$ (14,477)	\$ (234,678)
Per share information:				
Basic and diluted:				
Reported net loss	\$ (0.04)	\$ (1.33)	\$ (0.08)	\$ (1.71)
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(0.01)	--	(0.02)	--
Adjusted net loss	\$ (0.05)	\$ (1.33)	\$ (0.10)	\$ (1.71)

The following outlines the significant assumptions used to calculate the fair value information presented utilizing the Black-Scholes model with ratable amortization for fiscal 2003:

	2003	2002
Expected volatility	95%	70%
Risk free interest rate	2.5%	2.2%
Dividend yield	--	--
Expected option life (years)	4.5	4.5

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require input of highly subjective assumptions, including the expected stock price volatility. Because options held by employees and directors have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in the opinion of management, the existing models do not necessarily provide a reasonable measure of the fair value of these options.

2. New Accounting Pronouncements

In July 2001, the FASB issued SFAS No. 142, “Goodwill and Other Intangibles.” SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets. Goodwill and intangible assets that have indefinite useful lives are not amortized into results of operations, but instead are evaluated at least annually for impairment and written down when the recorded value exceeds the estimated fair value. The Company adopted SFAS No. 142, and is required to perform a transitional impairment test for goodwill. The goodwill 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. 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. As part of the first step, the Company determined that it has one reporting unit for purposes of performing the fair-value based test of goodwill. This reporting unit is consistent with its single operating segment, which management determined is appropriate under the provisions of SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information.” The Company completed step one and determined that its goodwill and unamortized intangible assets are impaired. Accordingly, the Company expects to record a significant transitional impairment charge in the fourth quarter of fiscal 2003. Step two of the analysis compares the implied fair value of goodwill to its carrying amount. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss is recognized equal to that excess. This step must be completed by the end of fiscal 2003. The carrying value of goodwill and unamortized intangible assets, subject to the transitional impairment test, is approximately \$906.2 million at June 30, 2003.

In June 2001, the FASB issued SFAS No. 143, “Accounting for Asset Retirement Obligations,” which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The Company adopted the provisions of SFAS No. 143 and its adoption did not have a material impact on the Company’s financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes previous guidance on financial accounting and reporting for the impairment or disposal of long-lived assets and for segments of a business to be disposed of. The Company adopted SFAS No. 144 and its adoption did not have a material impact on the Company's financial position or results of operations. However, future impairment reviews may result in charges against earnings to write down the value of long-lived assets.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statement No. 4, 44, and 64, Amendment of FASB Statement No. 13 and Technical Corrections," effective for fiscal years beginning May 15, 2002 or later. It rescinds SFAS No. 4, "Reporting Gains and Losses From Extinguishments of Debt," SFAS No. 64, "Extinguishments of Debt to Satisfy Sinking-Fund Requirements," and SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers." This Statement also amends SFAS No. 13, "Accounting for Leases," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The Company adopted SFAS No. 145 and its adoption did not have a material impact on the Company's financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated With Exit or Disposal Activities." SFAS No. 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of commitment to an exit or disposal plan. This Statement is effective for exit or disposal activities initiated after December 31, 2002. The Company adopted SFAS No. 146 and its adoption did not have a material impact on the Company's financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of an obligation assumed under a guarantee. FIN 45 also requires additional disclosures by a guarantor in its interim and annual financial statements about the obligations associated with guarantees issued. The recognition provisions of FIN 45 will be effective for any guarantees that are issued or modified after December 31, 2002. The Company adopted FIN 45 and its adoption did not have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 clarifies situations in which entities shall be subject to consolidation. FIN 46 is effective for all variable interest entities created after January 31, 2003. The Company adopted FIN 46 and its adoption did not have an impact on the Company's financial position or results of operations.

3. Supplemental Financial Statement Data

Inventories consist of the following (in thousands):

	June 30, 2003	September 30, 2002
Raw materials	\$ 9,835	\$ 14,182
Work-in-process	36,819	40,162
Finished goods	15,895	1,299
	<u>\$ 62,549</u>	<u>\$ 55,643</u>

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

	June 30, 2003		September 30, 2002	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Goodwill	\$902,954	\$ --	\$905,219	\$ --
Amortized intangible assets:				
Developed technology	21,260	(2,249)	21,260	(576)
Customer relationships	12,700	(1,281)	12,700	(328)
Other	122	(45)	122	(11)
	<u>34,082</u>	<u>(3,575)</u>	<u>34,082</u>	<u>(915)</u>
Unamortized intangible assets:				
Trademarks	3,270	--	2,300	--
	<u>\$940,306</u>	<u>\$ (3,575)</u>	<u>\$941,601</u>	<u>\$ (915)</u>

Aggregate goodwill and intangible assets
amortization expense:

For the nine months ended June 30;

2003	\$ 2,660
2002	\$ 11,802

In accordance with SFAS No. 142, the following table provides net loss and related per share amounts for the three and nine months ended June 30, 2003 and 2002, as reported and adjusted as if the Company had ceased amortizing goodwill effective October 1, 2001.

(In thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
Reported net loss	\$ (6,186)	\$ (181,945)	\$ (11,350)	\$ (234,581)
Goodwill amortization	--	3,505	--	10,699

Adjusted net loss	\$ (6,186)	\$ (178,440)	\$ (11,350)	\$ (223,882)
-------------------	------------	--------------	-------------	--------------

Per share information:

Basic and diluted:

Reported net loss	\$ (0.04)	\$ (1.33)	\$ (0.08)	\$ (1.71)
Goodwill amortization	--	0.03	--	0.08
Adjusted net loss	\$ (0.04)	\$ (1.30)	\$ (0.08)	\$ (1.63)

Amortization expense for the three and nine months ended June 30, 2002 represents amortization of goodwill and intangible assets acquired in connection with Washington/Mexicali's acquisition of the Philsar Bluetooth business in fiscal 2000. During the third quarter of fiscal 2002, the Company wrote off all goodwill and other intangible assets associated with the Philsar Bluetooth business (see [Note 4](#)).

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

	2003	2004	2005	2006	2007	2008
Amortization expense	\$ 3,545	\$ 3,511	\$ 3,379	\$ 3,370	\$ 3,370	\$ 3,370

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

	June 30, 2003	September 30, 2002
Junior notes	\$ 230,000	\$ --
Senior notes	45,000	--
Conexant Mexicali note	--	150,000
Conexant revolving credit line used	--	30,000
CDBG Grant	64	168
	<u>275,064</u>	<u>180,168</u>
Less - current maturities	64	129
	<u>\$ 275,000</u>	<u>\$ 180,039</u>

Junior notes represent the Company's 4.75 percent convertible subordinated notes due 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 during the period between 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, and 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 will pay interest in cash semi-annually in arrears on May 15 and November 15 of each year.

Senior notes represent the Company's 15 percent convertible senior subordinated notes due June 30, 2005, which were issued as part of the Company's debt refinancing with Conexant completed on November 13, 2002. These Senior notes can be converted into the Company's common stock at a conversion rate based on the applicable conversion price, which is subject to adjustment based on, among other things, the market price of the Company's common stock. Based on this adjustable conversion price, the Company expects that the maximum number of shares that could be issued under the Senior notes is approximately 7.1 million shares, subject to adjustment for stock splits and other similar dilutive occurrences. If the holder(s) of these Senior notes converted the notes at a price that is less than the original conversion price (\$7.87) as the result of a decrease in the market price of the Company's stock, the Company would be required to record a charge to interest expense in the period of conversion. At maturity (including upon certain acceleration events), the Company will pay the principal amount of the Senior notes by issuing a number of shares of common stock equal to the principal amount of the Senior notes then due and payable divided by the applicable conversion price in effect on such date, together with cash in lieu of any fractional shares. The Company may redeem the Senior notes at any time after May 12, 2004 at \$1,030 per \$1,000 principal amount of Senior notes to be redeemed, plus accrued and unpaid interest. The holder(s) may require the Company to repurchase the Senior notes upon a change in control of the Company. The Company pays interest in cash on the Senior notes on the last business day of each March, June, September and December of each year. Interest on the Senior notes is not deductible for tax purposes because of the conversion feature.

The Company has a ten-year \$960,000 loan from the State of Maryland under the Community Development Block Grant ("CDBG") program. Quarterly payments are due through December 2003 and represent principal plus interest at 5 percent of the unamortized balance.

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

Fiscal Year	
2005	45,000
2006	--
2007	--
2008	230,000

4. Asset Impairments

During the third quarter of fiscal 2002, the Company recorded a \$66.0 million charge for the impairment of the assembly and test machinery and equipment and related facility in Mexicali, Mexico. The impairment charge was based on a recoverability analysis prepared by management as a result of a significant downturn in the market for test and assembly services for non-wireless products and the related impact on our current and projected outlook.

The Company experienced a severe decline in factory utilization at its Mexicali facility for non-wireless products and projected decreasing revenues and new order volume. Management believed these factors indicated that the carrying value of the assembly and test machinery and equipment and related facility may have been 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 the manufacturing activities at the Mexicali facility over a ten-year period. The estimated future cash flows were based on a gradual phase-out of services sold to Conexant and modest volume increases consistent with management's view of the outlook for the business, partially offset by declining average selling prices. The declines in average selling prices were consistent with historical trends and management's decision to reduce capital expenditures for future capacity expansion. Since the estimated undiscounted cash flows were less than the carrying value (approximately \$100 million based on historical cost) of the related assets, it was concluded that an impairment loss should be recognized. The impairment charge was determined by comparing the estimated fair value of the related assets to their carrying value. The fair value of the assets was determined by computing the present value of the estimated future cash flows using a discount rate of 24%, which management believed was commensurate with the underlying risks associated with the projected future cash flows. Management believes the assumptions used in the discounted cash flow model represented a reasonable estimate of the fair value of the assets. The write down established a new cost basis for the impaired assets.

During the third quarter of fiscal 2002, the Company recorded a \$45.8 million charge for the write-off of goodwill and other intangible assets associated with its acquisition of Philsar Semiconductor Inc. ("Philsar") in fiscal 2000. Philsar was a developer of radio frequency semiconductor solutions for personal wireless connectivity, including emerging standards such as Bluetooth, and radio frequency components for third-generation digital cellular handsets. Management determined that the Company would not support the technology associated with the Philsar Bluetooth business. Accordingly, this product line was discontinued and the employees associated with the product line were either severed or relocated to other operations. As a result of the actions taken, management determined that the remaining goodwill and other intangible assets associated with the Philsar acquisition were impaired.

5. Restructuring Charge

During fiscal 2002, the Company implemented a number of cost reduction initiatives to more closely align its cost structure with the then-current business environment. The cost reduction initiatives included workforce reductions through severance programs and the consolidation of certain facilities. The Company recorded restructuring charges of approximately \$3.0 million for costs related to the workforce reduction and the consolidation of certain facilities. The charges were based upon estimates of the cost of severance benefits for affected employees and lease cancellation, facility sales, and other costs related to the consolidation of facilities. In the second quarter of fiscal 2003, the Company continued its cost reduction initiatives to provide for further workforce reductions and the consolidation of additional facilities. The costs and expenses associated with the restructuring activities are included in selling, general and administrative expenses in the accompanying consolidated statements of operations. Substantially all amounts accrued for these actions are expected to be paid within one year.

Activity and liability balances related to the fiscal 2002 and 2003 restructuring actions are as follows (in thousands):

	Fiscal 2002 Workforce Reductions	Fiscal 2002 Facility Closings and Other	Fiscal 2003 Workforce Reductions	Fiscal 2003 Facility Closings and Other	Total
Charged to costs and expenses	\$ 2,923	\$ 97	\$ --	\$ --	\$ 3,020
Cash payments	(2,225)	(13)	--	--	(2,238)
Restructuring balance, September 30, 2002	\$ 698	\$ 84	\$ --	\$ --	\$ 782
Charged to costs and expenses (recovery)	(16)	--	1,890	1,405	3,279
Cash payments	(682)	(19)	(1,864)	(493)	(3,058)
Restructuring balance, June 30, 2003	\$ --	\$ 65	\$ 26	\$ 912	\$ 1,003

In addition, the Company assumed approximately \$7.8 million of restructuring reserves from Alpha in connection with the Merger. At June 30, 2003, this balance was \$2.5 million and primarily relates to payments on a lease that expires February 28, 2008.

6. Purchased In-Process Research and Development

During the first nine months of fiscal 2002, the Company recorded charges totaling \$65.5 million for the fair value of purchased in-process research and development ("IPRD") in connection with the Merger. The charges represent the estimated fair values of the portion of IPRD projects that had been completed by Alpha at the time of the Merger.

7. Segment Information

The Company operates in one business segment, which designs, develops, manufactures and markets proprietary semiconductor products and system solutions for manufacturers of wireless communication products.

8. Computation of Earnings Per Share

(In thousands, except per share amounts)

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002	Nine Months Ended June 30, 2003	Nine Months Ended June 30, 2002
Net loss	\$ (6,186)	\$ (181,945)	\$ (11,350)	\$ (234,581)
Weighted average shares outstanding - basic	138,729	137,368	138,255	137,368
Effect of dilutive stock options and warrant	--	--	--	--
Weighted average shares outstanding - diluted	138,729	137,368	138,255	137,368
Basic and diluted net loss per share	\$ (0.04)	\$ (1.33)	\$ (0.08)	\$ (1.71)

Debt securities convertible into approximately 31.1 million shares, stock options exercisable into approximately 33.4 million shares and a warrant to purchase approximately 1.0 million shares were outstanding but not included in the computation of earnings per share for the three and nine months ended June 30, 2003 because their effect would have been anti-dilutive. Stock options exercisable into approximately 31.8 million shares and a warrant to purchase approximately 1.0 million shares were outstanding but not included in the computation of earnings per share for the three and nine months ended June 30, 2002 because their effect would have been anti-dilutive.

9. Offer to Exchange Outstanding Stock Options

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 5,328,085 shares of the Company's common stock. These stock options were cancelled as of that date. The Company expects that it will issue, on January 5, 2004, new options to purchase approximately 3,567,574 shares of the Company's common stock with an exercise price at fair market value in exchange for the options cancelled in connection with the offer. The Exchange Offer qualifies for fixed accounting and thus the Company does not expect to recognize compensation expense in connection with the grant of the replacement options pursuant to the Exchange Offer.

10. Commitments

The Company has various operating leases primarily for computer equipment and buildings. Purchase options may be exercised at various times for some of these leases. Future minimum payments under these non-cancelable leases are as follows (in thousands):

Fiscal Year	
2003	\$ 2,009
2004	6,799
2005	5,624
2006	4,755
2007	4,457
Thereafter	11,653
	<u>\$ 35,297</u>

Under supply agreements entered into with Conexant and subsequently with Jazz Semiconductor, Inc., ("Jazz Semiconductor") the Company receives wafer fabrication, wafer probe and certain other services from Jazz Semiconductor's Newport Beach, California foundry.

Pursuant to the terms of these agreements, the Company is initially committed to obtaining certain minimum wafer volumes from Jazz Semiconductor. During the term of these agreements, the Company's unit cost of goods supplied by Jazz Semiconductor will continue to be affected by the level of utilization of the wafer fabrication facility and other factors outside the Company's control. The Company's expected minimum purchase obligations under these supply agreements will be approximately \$13 million for the remaining three months of fiscal 2003, \$39 million and \$13 million in fiscal 2004 and 2005, respectively. At September 30, 2002, the Company estimated that its obligation under these supply agreements would result in excess costs of approximately \$4.8 million, which was recorded as a liability and charged to cost of sales in fiscal 2002. During the first quarter of fiscal 2003, the Company reevaluated this obligation and reduced its liability and cost of sales by approximately \$4.8 million in the quarter. The Company currently anticipates meeting each of the annual minimum purchase obligations under these supply agreements.

11. Contingencies

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company including those pertaining to product liability, intellectual property, environmental, safety and health, and employment and contractual matters. In addition, in connection with the Merger, the Company has assumed responsibility for all then current and future litigation (including environmental and intellectual property proceedings) against Conexant or its subsidiaries in respect of the operations of Conexant's wireless business. The outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to the Company. Based on its evaluation of matters that are pending or asserted, and taking into account any reserves for such matters, management believes the disposition of such matters will not have a material adverse effect on the financial condition or results of operations of the Company.

The semiconductor industry is characterized by vigorous pursuit and protection of intellectual property rights. From time to time, third parties have asserted and may in the future assert patent, copyright, trade secret, trademark and other intellectual property rights to technologies that are important to the Company's business and have demanded and may in the future demand that the Company license their technology. Many intellectual property disputes have a risk of

injunctive relief and there can be no assurance that a license will be granted. Injunctive relief could materially and adversely affect the financial condition or results of operations of the Company.

12. Guarantees

The Company has made guarantees and indemnities, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain transactions. In connection with the Merger, the Company assumed responsibility for all contingent liabilities and then-current and future litigation (including environmental and intellectual property proceedings) against Conexant or its subsidiaries to the extent related to the operations or assets of the wireless business of Conexant. The Company may also be responsible for certain federal income tax liabilities that relate to Washington/Mexicali's spin-off from Conexant under the Tax Allocation Agreement, dated as of June 25, 2002, between the Company and Conexant, which provides that the Company will be responsible for certain taxes imposed on Conexant or its shareholders. The Company's obligations under the tax allocation agreement have been limited by a letter dated November 6, 2002 entered into in connection with the debt refinancing with Conexant.

In connection with the sales of its products, the Company provides certain intellectual property indemnities to its customers. 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 guarantees and indemnities varies, and in many cases is indefinite. The guarantees and 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 guarantees and 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 guarantees and indemnities in the accompanying consolidated balance sheets. Product warranty costs are not expected to have a material adverse effect on the financial condition or results of operation of the Company.

13. Subsequent Events

On August 11, 2003 the Company filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission 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, when effective, will provide the Company with greater flexibility and access to capital in the future. Although the Company has no immediate plans to issue securities under the shelf registration statement, after the registration statement becomes effective, the Company may from time to time issue securities thereunder for general corporate purposes.

In the fourth quarter of fiscal 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 will be consolidated for accounting purposes. Concurrently, Skyworks USA entered into an agreement with Wachovia Bank, National Association providing for a \$50 million credit facility ("Facility Agreement") secured by the purchased accounts receivable. Any interest incurred by Skyworks USA related to monies it borrows under the Facility Agreement will be recorded as interest expense in the Company's consolidated results of operations. The Company performs collections and administrative functions on behalf of Skyworks USA. As of August 11, 2003, Skyworks USA has borrowed \$36.8 million under this agreement.

ITEM 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

This report and other documents we have filed with the SEC contain 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. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "should," "could," "seek," "intends," "plans," "estimates," "anticipates" or other comparable terms. Forward-looking statements involve inherent risks and uncertainties. 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 below and elsewhere in this report and in the other documents filed with the SEC in evaluating our forward-looking statements. We have no plans to update our forward-looking statements to reflect events or circumstances 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.

Overview

Skyworks Solutions, Inc. (the "Company" or "Skyworks") is a leading wireless semiconductor company focused on providing front-end modules, components, radio frequency ("RF") subsystems and complete system solutions to wireless handset and infrastructure customers worldwide. We offer a comprehensive family of components and RF subsystems, and also provide complete antenna-to-microphone semiconductor solutions that support advanced 2.5G and 3G services. Skyworks began operations as a combined company on June 25, 2002, following the completion of the merger (the "Merger") between Alpha Industries, Inc. ("Alpha") and the wireless business of Conexant Systems, Inc. ("Conexant"). Immediately following the Merger, the Company purchased Conexant's semiconductor assembly and test facility located in Mexicali, Mexico and certain related operations (the "Mexicali Operations") for \$150 million. References to the Washington business refer to the wireless communications business spun off by Conexant and merged with Alpha in the Merger. The Washington business and the Mexicali Operations are collectively referred to as Washington/Mexicali.

The Merger was accounted for as a reverse acquisition whereby Washington was treated as the acquirer and Alpha as the acquiree, primarily because Conexant shareholders owned a majority, approximately 67 percent, of the Company upon completion of the Merger. Accordingly, the historical financial statements of Washington/Mexicali became the historical financial statements of the Company after the Merger. Therefore, our consolidated financial statements include the assets, liabilities, operating results and cash flows of Washington/Mexicali for all periods prior to the Merger, and the results of operations of Skyworks, the combined company, for all periods subsequent to the Merger. References to the "Company" refer to Washington/Mexicali for all periods prior to June 25, 2002

and to the combined company following the Merger. Because the historical financial statements of the Company after the Merger do not include the historical financial results of Alpha for periods prior to June 25, 2002, the financial statements may not be indicative of future results of operations or the historical results that would have resulted if the Merger had occurred at the beginning of a historical financial period.

The Company's fiscal year ends on the Friday closest to September 30. For presentation purposes, references made to the periods ended June 30, 2003, September 30, 2002 and June 30, 2002 relate to the actual fiscal 2003 third quarter ended June 27, 2003, the actual fiscal year ended September 27, 2002 and the actual fiscal 2002 third quarter ended June 28, 2002, respectively.

We have entered into agreements with Conexant providing for the supply to us of transition services by Conexant and for the supply of gallium arsenide wafer fabrication and assembly and test services to Conexant, initially at substantially the same volumes as historically obtained by Conexant from Washington/Mexicali. We have also entered into agreements with Conexant and Jazz Semiconductor, Inc., a Newport Beach, California foundry joint venture between Conexant and the Carlyle Group ("Jazz Semiconductor"), providing for the supply to us of silicon-based wafer fabrication, wafer probe and certain other services by Jazz Semiconductor. Historically, Washington/Mexicali obtained a portion of its silicon-based semiconductors from the Newport Beach wafer fabrication facility. We also provide semiconductor assembly and test services to Conexant at our Mexicali facility.

The wireless communications semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand. 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 the past, average selling prices of established products have generally declined over time and this trend is expected to continue in the future.

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures, normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to those rules and regulations. However, in the opinion of management, the financial information reflects all adjustments, consisting of adjustments of a normal recurring nature necessary to present fairly the financial position, results of operations, and cash flows of the Company. The results of operations for the three and nine months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year. This information should be read in conjunction with the Company's financial statements and notes thereto contained in the Company's Form 10-K for the fiscal year ended September 27, 2002 as filed with the SEC.

The financial statements prior to the Merger were prepared using Conexant's historical basis in the assets and liabilities and the historical operating results of Washington/Mexicali during each respective period. The Company believes the assumptions underlying the financial statements are reasonable. However, we cannot assure you that the financial information included herein and in the Company's consolidated financial statements reflects the combined assets, liabilities, operating results and cash flows of the Company in the future or what they would have been had Washington/Mexicali been a separate stand-alone entity and independent of Conexant during the historical periods presented.

Critical Accounting Policies

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. Among the significant estimates affecting our consolidated financial statements are those relating to allowances for doubtful accounts, inventories, long-lived assets, income taxes, warranties, restructuring costs and other contingencies. 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 our 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 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. The Company reduces revenue to the extent of its estimate for distributor claims of price protection and/or right of return on unsold product. A reserve for sales returns and allowances for non-distributor customers is recorded based on historical experience or specific identification of an event necessitating a reserve.

Inventories — We assess the recoverability of inventories 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, we write down the value of those excess inventories. We sell our products to communications equipment OEMs that have designed our products into equipment such as cellular handsets. These design wins are gained through a lengthy sales cycle, which includes providing technical support to the OEM customer. Moreover, once a customer has designed a particular supplier's components into a cellular handset, substituting another supplier's components requires substantial design changes which involve significant cost, time, effort and risk. In the event of the loss of business from existing OEM customers, we may be unable to secure new customers for our existing products without first achieving new design wins. Consequently, when the quantities of inventory on hand exceed forecasted demand from existing OEM customers into whose products our products have been designed, we generally will be unable to sell our excess inventories to others, and the net realizable value of such inventories is generally estimated to be zero. 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. Demand for our products may fluctuate significantly over time, and actual demand and market conditions may be more or less favorable than those projected by management. In the event that actual demand is lower than originally projected, additional inventory write-downs may be required.

Impairment of long-lived assets — Long-lived assets, including fixed assets and intangible assets, are continually monitored and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset 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. Our estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions, changes to our business model or changes in our operating performance. If the

sum of the undiscounted cash flows (excluding interest) is less than the carrying value, we recognize an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset. Fair value is determined using discounted cash flows.

Deferred income taxes — We have provided a valuation allowance related to our substantial United States deferred tax assets. If sufficient evidence of our ability to generate sufficient future taxable income in certain tax jurisdictions becomes apparent, we may be required to reduce our valuation allowance, which may result in income tax benefits in our statement of operations. Reduction of a portion of the valuation allowance may be applied to reduce the carrying value of goodwill. The portion of the valuation allowance for deferred tax assets for which subsequently recognized tax benefits may be applied to reduce goodwill related to the purchase consideration of the Merger is approximately \$24 million. We evaluate the realizability of the deferred tax assets and assess the need for a valuation allowance quarterly. In fiscal 2002, the Company recorded a tax benefit of approximately \$23 million related to the impairment of our Mexicali assets. A valuation allowance has not been established because the Company believes that the related deferred tax asset will be recovered during the carryforward period.

Warranties — Reserves for estimated product warranty costs are provided at the time revenue is recognized. Although we engage in extensive product quality programs and processes, our warranty obligation is affected by product failure rates and costs incurred to rework or replace defective products. Should actual product failure rates or costs differ from estimates, additional warranty reserves could be required, which could reduce our gross margins.

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.

Results of Operations

Three and Nine Months Ended June 30, 2003 and 2002

The following table sets forth the results of our operations expressed as a percentage of net revenues for the three and nine months ended June 30, 2003 and 2002:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2003	2002	2003	2002
Net revenues	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	62.7	82.2	60.5	78.7
Gross margin	37.3	17.8	39.5	21.3
Operating expenses:				
Research and development	24.3	28.0	24.3	31.1
Selling, general and administrative	13.1	9.2	13.5	10.5
Amortization	0.7	3.2	0.7	3.8
In-process research and development	--	58.0	--	21.3
Special charges	--	101.6	--	37.4
Total operating expenses	38.1	200.0	38.6	104.1
Operating income (loss)	(0.8)	(182.2)	0.9	(82.8)
Interest expense	(3.4)	(0.01)	(3.4)	--
Other income (expense), net	0.2	--	0.4	--
Loss before income taxes	(3.9)	(182.3)	(2.1)	(82.8)
Provision (credit) for income taxes	0.2	(21.3)	0.3	(6.4)
Net loss	(4.1)%	(161.0)%	(2.4)%	(76.4)%

General

Our results of operations for the three and nine months ended June 30, 2002 are representative of only Washington/Mexicali's business prior to the Merger (June 25, 2002) and represent the results of operations of the combined Company for the three days following completion of the Merger. Results of operations prior to June 25, 2002 do not include the historical financial results of Alpha because the Merger was accounted for as a reverse acquisition whereby Washington was treated as the acquirer and Alpha as the acquiree.

Net Revenues

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2003	Change	2002	2003	Change	2002
(in thousands)						
Net revenues	\$ 150,199	32.9%	\$ 112,980	\$ 467,757	52.3%	\$ 307,096

Net revenues increased for the three and nine months ended June 30, 2003 when compared to the same periods in 2002 primarily as the result of renewed demand for our wireless product portfolio, market share growth and the exclusion of Alpha's revenues for periods prior to the Merger. More specifically, increased sales of GSM products, including power amplifier modules and complete cellular systems and increased demand for our power amplifier modules for CDMA and TDMA applications from a number of our key customers contributed to higher net revenues for the three and nine month periods ended June 30, 2003. Since the Merger, we have also expanded our customer base and geographical market presence resulting in higher revenues for the three and nine months ended June 30, 2003.

These increases in net revenues for the three and nine months ended June 30, 2003 when compared to the same periods in 2002 were partially offset by the adverse affects of changes in our revenue mix and lower CDMA handset subsidies in Korea.

Gross Margin

(in thousands)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2003	Change	2002	2003	Change	2002
Gross margin:	\$ 56,078	179.5%	\$ 20,063	\$ 184,717	182.2%	\$ 65,450
% of net revenues	37.3%		17.8%	39.5%		21.3%

Gross margin 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, warranties and sustaining engineering expenses pertaining to products sold. Cost of goods sold for the three and nine months ended June 30, 2002 also includes allocations from Conexant of manufacturing cost variances, process engineering and other manufacturing costs, which are not included in our unit costs but are expensed as incurred.

The improvement in gross margin for the three and nine month periods ended June 30, 2003 compared to the same periods in 2002 reflects increased revenues, improved utilization of our manufacturing facilities and a decrease in depreciation expense that resulted from the write-down of the Mexicali facility assets in the third quarter of 2002. Although recent revenue growth has increased the level of utilization of our manufacturing facilities, these facilities continue to operate below optimal capacity and underutilization continues to adversely affect our unit cost of goods sold and gross margin.

Gross margin for the nine months ended June 30, 2003 was also favorably affected by \$4.8 million when we reevaluated our obligation under a wafer fabrication supply agreement with Conexant and reduced our liability and cost of sales in the first quarter of fiscal 2003. Pursuant to the terms of wafer supply agreements with Conexant and Jazz Semiconductor, we are initially committed to obtaining certain minimum wafer volumes from Jazz Semiconductor. As of June 30, 2003, we expect to meet all of these purchase obligations. Our costs will be affected by the extent of our use of outside foundries and the pricing we are able to obtain. During periods of high industry demand for wafer fabrication capacity, we may have to pay higher prices to secure wafer fabrication capacity.

At September 30, 2002, we continued to hold approximately \$5.4 million of inventories which had been written down to a zero cost basis in fiscal 2001. The inventory write-downs recorded in fiscal 2001 resulted from the sharply reduced end-customer demand we experienced, primarily associated with our radio frequency components, as a result of the rapidly changing demand environment for digital cellular handsets during that period. As a result of these market conditions, we experienced a significant number of order cancellations and a decline in the volume of new orders, beginning in the fiscal 2001 first quarter and becoming more pronounced in the second quarter. During the first quarter of fiscal 2003, gross margin benefited by approximately \$2.7 million as a result of the sale of inventories having a historical cost of \$2.7 million that had been written down to a zero cost basis during fiscal year 2001. In addition, approximately \$1.0 million and \$1.7 million of inventories that were carried at zero cost basis were scrapped during the first and second quarter of fiscal 2003, respectively. As of June 30, 2003, we no longer held inventories which were written down to a zero cost basis in fiscal 2001.

Research and Development

(in thousands)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2003	Change	2002	2003	Change	2002
Research and development:	\$ 36,428	15.1%	\$ 31,653	\$ 113,838	19.3%	\$ 95,454
% of net revenues	24.3%		28.0%	24.3%		31.1%

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. Research and development expenses for the three and nine month periods ended June 30, 2002 also include allocated costs for shared research and development services provided by Conexant, principally in the areas of advanced semiconductor process development, design automation and advanced package development, for the benefit of several of Conexant's businesses.

The increase in research and development expenses for the three and nine month periods ended June 30, 2003 represents our commitment to design new products and processes and address new opportunities to meet our customers' demands. We have expanded customer support engagements as well as development efforts targeting semiconductor solutions using the CDMA2000, GSM, General Packet Radio Services, or GPRS, and third-generation, or 3G, wireless standards in both the digital cellular handset and infrastructure markets. The increase in research and development expenses for the three and nine month periods ended June 30, 2003 when compared to the corresponding periods in the previous year is also related to our research and development expenses representing those of the combined company after the Merger whereas those expenses for the same periods in 2002 are representative of only Washington/Mexicali prior to June 25, 2002.

Selling, General and Administrative

(in thousands)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2003	Change	2002	2003	Change	2002
Selling, general and administrative:	\$ 19,711	89.9%	\$ 10,380	\$ 63,198	96.9%	\$ 32,103
% of net revenues	13.1%		9.2%	13.5%		10.5%

Selling, general and administrative expenses include personnel costs (legal, accounting, treasury, human resources, information systems, customer service, etc.), sales representative commissions, real estate, advertising and other marketing costs. Selling, general and administrative expenses also include allocated general and administrative expenses from Conexant for the three and nine month periods ended June 30, 2002 for a variety of these shared functions.

The increase in selling, general and administrative expenses for the three and nine month periods ended June 30, 2003 when compared to the corresponding periods in the previous year is primarily related to our selling, general and administrative expenses representing those of the combined company after the Merger whereas those expenses for the same periods in 2002 are representative of only Washington/Mexicali prior to June 25, 2002. In addition, we recorded approximately \$2.9 million related to restructuring actions during the second quarter of fiscal 2003.

Amortization

(in thousands)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2003	Change	2002	2003	Change	2002
Amortization:	\$ 1,075	(70.0)%	\$ 3,579	\$ 3,310	(72.0)%	\$ 11,802
% of net revenues	0.7%		3.2%	0.7%		3.8%

Amortization expense for the three and nine months ended June 30, 2003 primarily represents the amortization of intangible assets related to technology and customer relationships acquired in the Merger. These assets are principally being amortized on a straight-line basis over a 10-year period. Amortization expense for the three and nine months ended June 30, 2002 primarily represents amortization of goodwill and intangible assets acquired in connection with Washington/Mexicali's acquisition of the Philips Bluetooth business in fiscal 2000. We wrote off all goodwill and other intangible assets associated with our acquisition of the Philips Bluetooth business in the third quarter of fiscal 2002.

We have adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Accordingly, we are required to perform a transitional impairment test for goodwill and intangible assets that have indefinite useful lives. The goodwill impairment test is a two-step process. The first step of the impairment analysis compares our fair value to our net book value. 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. As part of the first step, we determined that we have one reporting unit for purposes of performing the fair-value based test of goodwill. This reporting unit is consistent with its single operating segment, which management determined is appropriate under the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." We completed step one and determined that our goodwill and unamortized intangible assets are impaired. Accordingly, we expect to record a significant transitional impairment charge in the fourth quarter of fiscal 2003. Step two of the analysis compares the implied fair value of goodwill to its carrying amount. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss is recognized equal to that excess. This step must be completed by the end of fiscal 2003. The carrying value of goodwill and unamortized intangible assets, subject to the transitional impairment test, is approximately \$906.2 million at June 30, 2003.

Purchased In-Process Research and Development

During the first nine months of fiscal 2002, we recorded charges totaling \$65.5 million for the fair value of purchased in-process research and development ("IPRD") in connection with the Merger. The charges represent the estimated fair values of the portion of IPRD projects that had been completed by Alpha at the time of the Merger.

Asset Impairments

During the third quarter of fiscal 2002, we recorded a \$66.0 million charge for the impairment of the assembly and test machinery and equipment and related facility in Mexicali, Mexico. The impairment charge was based on a recoverability analysis prepared by management as a result of a significant downturn in the market for test and assembly services for non-wireless products and the related impact on our current and projected outlook.

We experienced a severe decline in factory utilization at our Mexicali facility for non-wireless products and projected decreasing revenues and new order volume. Management believed these factors indicated that the carrying value of the assembly and test machinery and equipment and related facility may have been 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 the manufacturing activities at the Mexicali facility over a ten-year period. The estimated future cash flows were based on a gradual phase-out of services sold to Conexant and modest volume increases consistent with management's view of the outlook for the business, partially offset by declining average selling prices. The declines in average selling prices were consistent with historical trends and management's decision to reduce capital expenditures for future capacity expansion. Since the estimated undiscounted cash flows were less than the carrying value (approximately \$100 million based on historical cost) of the related assets, it was concluded that an impairment loss should be recognized. The impairment charge was determined by comparing the estimated fair value of the related assets to their carrying value. The fair value of the assets was determined by computing the present value of the estimated future cash flows using a discount rate of 24%, which management believed was commensurate with the underlying risks associated with the projected future cash flows. We believe the assumptions used in the discounted cash flow model represented a reasonable estimate of the fair value of the assets. The write down established a new cost basis for the impaired assets.

During the third quarter of fiscal 2002, we recorded a \$45.8 million charge for the write-off of goodwill and other intangible assets associated with our fiscal 2000 acquisition of the Philips Bluetooth business. Management determined that the technology associated with the Philips Bluetooth business would no longer be supported. Accordingly, this product line was discontinued and the employees associated with the product line have either been severed or relocated to other operations. As a result of the actions taken, management determined that the remaining goodwill and other intangible assets associated with the Philips acquisition had been impaired.

Interest Expense

Interest expense for the three and nine months ended June 30, 2003 is primarily related to a combination of the \$150 million note with Conexant for the Mexicali facility purchase, borrowings under our revolving credit facility with Conexant and the subsequent refinancing of such debt with Conexant, whereby we issued an aggregate of \$275 million of notes to repay most of our obligations to Conexant in addition to providing funds for working capital needs. At June 30, 2003, our long-term debt consists of \$230 million of 4.75 percent unsecured convertible notes due November 2007, \$45 million of 15% unsecured convertible notes due June 2005 and a ten-year \$960,000 loan from the State of Maryland under the Community Development Block Grant ("CDBG") program due December 2003 at an interest rate of 5%. Our short-term debt on June 30, 2003 consists of the current portion of the loan under the CDBG program.

Other Income, Net

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

Provision (Credit) for Income Taxes

The net operating loss carryforwards and other tax benefits relating to the historical operations of Washington were retained by Conexant in the spin-off transaction, and will not be available to be utilized in our future separate tax returns. As a result of our history of operating losses and the expectation of future operating results, we 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 Mexicali Operations in the post-spin-off period. Consequently, no United States income tax benefit has been recognized relating to the U.S. operating losses. As of June 30, 2003, we have established a valuation allowance against all of our net U.S. deferred tax assets. Because our foreign operations primarily report taxable income on a cost plus basis, the foreign tax expense for the three and nine months ended June 30, 2003 has been calculated based on the year to date income, rather than on annualized effective tax rate, as this is the best estimate of the interim period tax expense. Deferred tax assets have been recognized for foreign operations when management believes they will be recovered during the carry forward period.

The provision (credit) for income taxes for the three and nine months ended June 30, 2003 and the corresponding periods in 2002 consists of foreign income taxes incurred by foreign operations. We do 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.

Liquidity and Capital Resources

Cash and cash equivalents at June 30, 2003 and September 30, 2002 totaled \$65.2 million and \$53.4 million, respectively. Working capital at June 30, 2003 was approximately \$154.0 million compared to \$79.8 million at September 30, 2002. Annualized inventory turns were approximately 6.1 for the nine months ended June 30, 2003 compared to 6.9 for the fourth quarter of fiscal 2002. Additionally, days sales outstanding included in accounts receivable were approximately 79 days for the nine months ended June 30, 2003 compared to approximately 57 days for the fourth quarter of fiscal 2002.

Cash used in operating activities was \$43.2 million for the nine months ended June 30, 2003, reflecting a net loss of \$11.4 million, offset by non-cash charges, primarily depreciation, amortization, and contribution of common shares to our savings and retirement plans of \$37.3 million and a net decrease in the components of working capital of approximately \$69.2 million, including \$40.0 million of merger-related expense payments. As of June 30, 2003, substantially all amounts accrued for merger-related expenses have been paid.

Cash used in investing activities for the nine months ended June 30, 2003 consisted of capital expenditures of \$32.9 million partially offset by \$1.9 million of proceeds from fixed asset sales. The capital expenditures for the nine months ended June 30, 2003 represent our continued investment in production and test facilities in addition to our commitment to invest in the capital needed to design new products and processes and address new opportunities to meet our customers' demands. A focused program of capital expenditures will be required to sustain our current manufacturing capabilities. We may also consider acquisition opportunities to extend our technology portfolio and design expertise and to expand our product offerings.

Cash provided by financing activities for the nine months ended June 30, 2003 principally consisted of the net impact of our private placement of \$230 million of 4.75 percent convertible subordinated notes due 2007 and related debt refinancing with Conexant on November 13, 2002. These subordinated 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 net proceeds from the note offering were principally used to prepay \$105 million of the \$150 million debt to Conexant relating to the purchase of the Mexicali Operations to and prepay the \$65 million principal amount outstanding as of November 13, 2002 under a separate loan facility with Conexant. In connection with our prepayment of \$105 million of the \$150 million debt owed to Conexant relating to the purchase of the Mexicali Operations, the remaining \$45 million principal balance was exchanged for new 15 percent convertible senior subordinated notes with a maturity date of June 30, 2005. These senior subordinated notes can be converted into our common stock at a conversion rate based on the applicable conversion price, which is subject to adjustment based on, among other things, the market price of our common stock. Based on this adjustable conversion price, we expect that the maximum number of shares that could be issued under the senior subordinated notes is approximately 7.1 million shares, subject to adjustment for stock splits and other similar dilutive occurrences. In addition to the retirement of \$170 million in principal amount of indebtedness owing to Conexant, we also retained approximately \$53 million of net proceeds of the private placement to support our working capital needs.

Following is a summary of consolidated debt, purchase obligations and lease obligations at June 30, 2003 (in thousands):

Obligation	Total	1-3 years	4-5 Years	Thereafter
Debt	\$ 275,064	\$ 45,064	\$ 230,000	\$ --
Purchase obligations	64,384	64,384	--	--
Operating leases	35,297	14,432	9,212	11,653
	<u>\$ 374,745</u>	<u>\$ 123,880</u>	<u>\$ 239,212</u>	<u>\$ 11,653</u>

In the fourth quarter of fiscal 2003, we entered into a receivables purchase agreement under which we have agreed to sell from time to time certain of our accounts receivable to Skyworks USA, Inc. ("Skyworks USA"), a wholly-owned special purpose entity that will be consolidated for accounting purposes. Concurrently, Skyworks USA entered into an agreement with Wachovia Bank, National Association providing for a \$50 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 will be recorded as interest expense in our results of operations. We perform collections and administrative functions on behalf of Skyworks USA. As of August 11, 2003, Skyworks USA has borrowed \$36.8 million under this agreement.

Based on our results of operations for the nine months ended June 30, 2003 and current trends, and after giving effect to the net proceeds we received in our private placement of 4.75 percent convertible subordinated notes due 2007, our debt refinancing with Conexant, and our Facility Agreement, we expect our existing sources of liquidity, together with cash expected to be generated from operations, will be sufficient to fund our research and development, capital expenditure, working capital and other cash requirements for at least the next twelve months.

CERTAIN BUSINESS RISKS

We have recently incurred substantial operating losses and anticipate future losses.

Our operating results have been adversely affected by a global economic slowdown and an abrupt decline in demand for many of the end-user products that incorporate wireless communications semiconductor products and system solutions. As a result, we incurred substantial operating losses during fiscal 2002. We expect that reduced end-customer demand, underutilization of our manufacturing capacity, changes in our revenue mix and other factors will continue to adversely affect our operating results in the near term. In order to become profitable, we must achieve substantial revenue growth and we will face an environment of uncertain demand in the markets for our products. We cannot assure you as to whether or when we will become profitable or whether we will be able to sustain such profitability, if achieved.

We operate in the highly cyclical wireless communications semiconductor industry, which is subject to significant downturns.

The wireless communications semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving technical standards, short product life cycles and wide fluctuations in product supply and demand. From time to time these and other factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry. Periods of industry downturns, as we experienced through most of calendar year 2001, have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices. These factors, and in particular the level of demand for digital cellular handsets, may cause substantial fluctuations in our revenues and results of operations. We have experienced these cyclical fluctuations in our business and may experience cyclical fluctuations in the future. During the late 1990's and extending into 2000, the wireless communications semiconductor industry enjoyed unprecedented growth, benefiting from the rapid expansion of wireless communication services worldwide and increased demand for digital cellular handsets. During calendar year 2001, we were adversely impacted by a global economic slowdown and an abrupt decline in demand for many of the end-user products that incorporate our respective wireless communications semiconductor products and system solutions, particularly digital cellular handsets. The impact of weakened end-customer demand was compounded by higher than normal levels of inventories among our original equipment manufacturer, or OEM, subcontractor and distributor customers. We expect that reduced end-customer demand, underutilization of our manufacturing capacity, changes in revenue mix and other factors will continue to adversely affect our operating results in the near term.

We are subject to intense competition.

The wireless communications semiconductor industry in general and the markets in which we compete in particular are intensely competitive. We compete with U.S. and international semiconductor manufacturers that are both larger and smaller than us in terms of resources and market share. We currently face significant competition in our markets and expect that intense price and product competition will continue. This competition has resulted and is expected to continue to result in declining average selling prices for our products. We also anticipate that additional competitors will enter our markets as a result of growth opportunities in communications electronics, the trend toward global expansion by foreign and domestic competitors and technological and public policy changes. We believe that the principal competitive factors for semiconductor suppliers in our market include, among others:

- o time-to-market;
- o new product innovation;
- o product quality, reliability and performance;
- o price;
- o compliance with industry standards;
- o strategic relationships with customers; and
- o protection of intellectual property.

We cannot assure you that we will be able to successfully address these factors. Many of our competitors have advantages over us, including:

- o longer presence in key markets;
- o greater name recognition;
- o ownership or control of key technology or intellectual property; and
- o greater financial, sales and marketing, manufacturing, distribution, technical or other resources.

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

Current and potential competitors have established or may establish financial or strategic relationships among themselves or with our customers, resellers or other third parties. These relationships may affect customers' purchasing decisions. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share. We cannot assure you that we will be able to compete successfully against current and potential competitors.

Our success depends upon our ability to develop new products and reduce costs in a timely manner.

The markets into which we sell demand cutting-edge technologies and new and innovative products. Our operating results depend largely on our ability to continue to introduce new and enhanced products on a timely basis. Successful product development and introduction depends on numerous factors, including:

- o the ability to anticipate customer and market requirements and changes in technology and industry standards;
- o the ability to define new products that meet customer and market requirements;
- o the ability to complete development of new products and bring products to market on a timely basis;
- o the ability to differentiate our products from offerings of our competitors;
- o overall market acceptance of our products; and
- o the ability to obtain adequate intellectual property protection for our new products.

We cannot assure you that we will have sufficient resources to make the substantial investment in research and development in order to develop and bring to market new and enhanced products in a timely manner. We will be required continually to evaluate expenditures for planned product development and to choose among alternative technologies based on our expectations of future market growth. We cannot assure you that we will be able to develop and introduce new or enhanced wireless communications semiconductor products in a timely and cost-effective manner, that our products will satisfy customer requirements or achieve market acceptance or that we will be able to anticipate new industry standards and technological changes. We also cannot assure you that we will be able to respond successfully to new product announcements and introductions by competitors.

In addition, prices of established products may decline, sometimes significantly, over time. We believe that to remain competitive we must continue to reduce the cost of producing and delivering existing products at the same time that we develop and introduce new or enhanced products. We cannot assure you that we will be able to continue to reduce the cost of our products to remain competitive.

We may not be able to keep abreast of the rapid technological changes in our markets.

The demand for our products can change quickly and in ways we may not anticipate. Our markets generally exhibit the following characteristics:

- o rapid technological developments;
- o rapid changes in customer requirements;
- o frequent new product introductions and enhancements;
- o short product life cycles with declining prices over the life cycle of the product; and
- o evolving industry standards.

Our products could become obsolete or less competitive sooner than anticipated because of a faster than anticipated change in one or more of the technologies related to our products or in market demand for products based on a particular technology, particularly due to the introduction of new technology that represents a substantial advance over current technology. Currently accepted industry standards are also subject to change, which may contribute to the obsolescence of our products.

We may not be able to attract and retain qualified personnel necessary for the design, development, manufacture and sale of our products. Our success could be negatively affected if key personnel leave.

Our success depends on our ability to continue to attract, retain and motivate qualified personnel, including executive officers and other key management and technical personnel. As the source of our technological and product innovations, our key technical personnel represent a significant asset. The competition for management and technical personnel is intense in the semiconductor industry. We cannot assure you that we will be able to attract and retain qualified management and other personnel necessary for the design, development, manufacture and sale of our products. We may have particular difficulty attracting and retaining key personnel during periods of poor operating performance, given, among other things, the use of equity-based compensation by us and our competitors. The loss of the services of one or more of our key employees or our inability to attract, retain and motivate qualified personnel, could have a material adverse effect on our ability to operate our business.

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

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

Because of the lengthy sales cycles of many of our products, we may incur significant expenses before we generate any revenues related to those products.

Our customers may need three to six months to test and evaluate our products and an additional three to six months to begin volume production of equipment that incorporates our products. The lengthy period of time required increases the possibility that a customer may decide to cancel or change product plans, which could reduce or eliminate our sales to that customer. As a result of this lengthy sales cycle, we may incur significant research and development, and selling, general and administrative expenses before we generate the related revenues for these products, and we may never generate the anticipated revenues if our customer cancels or changes its product plans.

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

Our sales will typically be made pursuant to individual purchase orders and not under long-term supply arrangements with our customers. Our customers may cancel orders prior to shipment. Additionally, we will sell a portion of our products through distributors, some of whom will have rights to return unsold products. We may purchase and manufacture inventory based on estimates of customer demand for our products, which is difficult to predict. This difficulty may be compounded when we sell to OEMs indirectly through distributors or contract manufacturers, or both, as our forecasts of demand will then be based on estimates provided by multiple parties. In addition, our customers may change their inventory practices on short notice for any reason. The cancellation or deferral of product orders, the return of previously sold products, or overproduction due to the failure of anticipated orders to materialize, could result in us holding excess or obsolete inventory, which could result in inventory write-downs.

Our reliance on a small number of customers for a large portion of our sales could have a material adverse effect on the results of our operations.

A significant portion of our sales are concentrated among a limited number of customers. If we lost one or more of these major customers, or if one or more major customers significantly decreased its orders of our products, our business would be materially and adversely affected. Sales to Samsung Electronics Co. and to Motorola, Inc. represented approximately 38% and 12%, respectively, of net revenues from customers other than Conexant during fiscal 2002 on a historical basis (such sales representing Washington/Mexicali sales for the full fiscal year, and including sales of Skyworks, the combined company, for the post-merger period from June 26, 2002 through the end of the fiscal year). Our future operating results will depend on the success of these customers and other customers and our success in selling products to them.

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

We may need to obtain sources of financing in the future. After giving effect to the net proceeds we received in our private placement of 4.75 percent convertible subordinated notes due 2007, our debt refinancing with Conexant and our Facility Agreement, we believe that our existing sources of liquidity, together with cash

expected to be generated from operations, will be sufficient to fund our research and development, capital expenditure, working capital and other financing requirements for at least the next twelve months.

However, we cannot assure you that the capital required to fund these expenses will be available in the future. Conditions existing in the U.S. capital markets when the Company seeks financing will affect our ability to raise capital, as well as the terms of any financing. The Company may not be able to raise enough capital to meet our capital needs on a timely basis or at all. Failure to obtain capital when required would have a material adverse effect on the Company.

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

Our manufacturing processes are extremely complex and specialized.

Our manufacturing operations are complex and subject to disruption, including for causes beyond our control. The fabrication of integrated circuits is an extremely complex and precise process consisting of hundreds of separate steps. It requires production in a highly controlled, clean environment. Minor impurities, errors in any step of the fabrication process, defects in the masks used to print circuits on a wafer or a number of other factors can cause a substantial percentage of wafers to be rejected or numerous die on each wafer not to function.

Our operating results are highly dependent upon our ability to produce integrated circuits at acceptable manufacturing yields. Our operations may be affected by lengthy or recurring disruptions of operations at any of our production facilities or those of our subcontractors. These disruptions may include electrical power outages, fire, earthquake, flooding or other natural disasters. Disruptions of our manufacturing operations could cause significant delays in shipments until we are able to shift the products from an affected facility or subcontractor to another facility or subcontractor.

In the event of these types of delays, we cannot assure you that the required alternative capacity, particularly wafer production capacity, would be available on a timely basis or at all. Even if alternative wafer production capacity is available, we may not be able to obtain it on favorable terms, which could result in higher costs and/or a loss of customers. We may be unable to obtain sufficient manufacturing capacity to meet demand, either at our own facilities or through external manufacturing or similar arrangements with others.

Due to the highly specialized nature of the gallium arsenide integrated circuit manufacturing process, in the event of a disruption at the Newbury Park, California or Woburn, Massachusetts semiconductor wafer fabrication facilities, alternative gallium arsenide production capacity would not be immediately available from third-party sources. These disruptions could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to achieve manufacturing yields that contribute positively to our gross margin and profitability.

Minor deviations or perturbations in the manufacturing process can cause substantial manufacturing yield loss, and in some cases, cause production to be suspended. Manufacturing yields for new products initially tend to be lower as we complete product development and commence volume manufacturing, and typically increase as we bring the product to full production. Our forward product pricing includes this assumption of improving manufacturing yields and, as a result, material variances between projected and actual manufacturing yields will have a direct effect on our gross margin and profitability. The difficulty of forecasting manufacturing yields accurately and maintaining cost competitiveness through improving manufacturing yields will continue to be magnified by the increasing process complexity of manufacturing semiconductor products. Our manufacturing operations will also face pressures arising from the compression of product life cycles, which will require us to manufacture new products faster and for shorter periods while maintaining acceptable manufacturing yields and quality without, in many cases, reaching the longer-term, high-volume manufacturing conducive to higher manufacturing yields and declining costs.

We are dependent upon third parties for the manufacture, assembly and test of our products.

We rely upon independent wafer fabrication facilities, called foundries, to provide silicon-based products and to supplement our gallium arsenide wafer manufacturing capacity. There are significant risks associated with reliance on third-party foundries, including:

- o the lack of ensured wafer supply, potential wafer shortages and higher wafer prices;
- o limited control over delivery schedules, manufacturing yields, production costs and product quality; and
- o the inaccessibility of, or delays in obtaining access to, key process technologies.

Although we have long-term supply arrangements to obtain additional external manufacturing capacity, the third-party foundries we use may allocate their limited capacity to the production requirements of other customers. If we choose to use a new foundry, it will typically take an extended period of time to complete the qualification process before we can begin shipping products from the new foundry. The foundries may experience financial difficulties, be unable to deliver products to us in a timely manner or suffer damage or destruction to their facilities, particularly since some of them are located in earthquake zones. If any disruption of manufacturing capacity occurs, we may not have alternative manufacturing sources immediately available. We may therefore experience difficulties or delays in securing an adequate supply of our products, which could impair our ability to meet our customers' needs and have a material adverse effect on our operating results.

We also utilize subcontractors to package, assemble and test a portion of our products. Because we rely on others to package, assemble or test our products, we are subject to many of the same risks as are described above with respect to foundries.

We are dependent upon third parties for the supply of raw materials and components.

We believe we have adequate sources for the supply of raw materials and components for our manufacturing needs with suppliers located around the world. However, we are currently dependent on two suppliers for epitaxial wafers used in the gallium arsenide semiconductor manufacturing processes at our manufacturing facilities. Nevertheless, while we historically have not experienced any significant difficulties in obtaining an adequate supply of raw materials, including epitaxial wafers, and components necessary for our manufacturing operations, we cannot assure you that we will not lose a significant supplier or that a supplier will be able to meet performance and quality specifications or delivery schedules.

Under supply agreements entered into with Conexant and Jazz Semiconductor we receive wafer fabrication, wafer probe and certain other services from Jazz Semiconductor. Pursuant to these supply agreements, we are initially committed to obtaining certain minimum wafer volumes from Jazz Semiconductor. Our

expected minimum purchase obligations under these supply agreements are anticipated to be approximately \$13 million for the remaining three months of fiscal 2003, \$39 million and \$13 million in fiscal 2004 and 2005, respectively.

We are subject to the risks of doing business internationally.

Historically, a substantial majority of the Company's net revenues from customers other than Conexant were derived from customers located outside the United States, primarily countries located in the Asia-Pacific region and Europe. In addition, we have suppliers located outside the United States and third-party packaging, assembly and test facilities and foundries located in the Asia-Pacific region. Our international sales and operations are subject to a number of risks inherent in selling and operating abroad. These include, but are not limited to, risks regarding:

- o currency exchange rate fluctuations;
- o local economic and political conditions;
- o disruptions of capital and trading markets;
- o restrictive governmental actions (such as restrictions on transfer of funds and trade protection measures, including export duties and quotas and customs duties and tariffs);
- o changes in legal or regulatory requirements;
- o limitations on the repatriation of funds;
- o difficulty in obtaining distribution and support;
- o the laws and policies of the United States and other countries affecting trade, foreign investment and loans, and import or export licensing requirements;
- o tax laws;
- o the possibility of being exposed to legal proceedings in a foreign jurisdiction; and
- o limitations on our ability under local laws to protect our intellectual property.

Because our international sales are denominated in U.S. dollars our products could become less competitive in international markets if the value of the U.S. dollar increases relative to foreign currencies. Moreover, we may be competitively disadvantaged relative to our competitors located outside the United States who may benefit from a devaluation of their local currency. We cannot assure you that the factors described above will not have a material adverse effect on our ability to increase or maintain our international sales.

Our operating results may be negatively affected by substantial quarterly and annual fluctuations and market downturns.

Our revenues, earnings and other operating results have fluctuated in the past and our revenues, earnings and other operating results may fluctuate in the future. These fluctuations are due to a number of factors, many of which are beyond our control. These factors include, among others:

- o changes in end-user demand for the products (principally digital cellular handsets) manufactured and sold by our customers;
- o the effects of competitive pricing pressures, including decreases in average selling prices of our products;
- o production capacity levels and fluctuations in manufacturing yields;
- o availability and cost of products from our suppliers;
- o the gain or loss of significant customers;
- o our ability to develop, introduce and market new products and technologies on a timely basis;
- o new product and technology introductions by competitors;
- o changes in the mix of products produced and sold;
- o market acceptance of our products and our customers;
- o intellectual property disputes;
- o seasonal customer demand;
- o the timing of receipt, reduction or cancellation of significant orders by customers; and
- o the timing and extent of product development costs.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. If our operating results fail to meet the expectations of analysts or investors, it could materially and adversely affect the price of our common stock.

Our gallium arsenide semiconductors may not continue to be competitive with silicon alternatives.

We manufacture and sell gallium arsenide semiconductor devices and components, principally power amplifiers and switches. The production of gallium arsenide integrated circuits is more costly than the production of silicon circuits. As a result, we must offer gallium arsenide products that provide superior performance to that of silicon for specific applications to be competitive with their respective silicon products. If we do not continue to offer products that provide sufficiently superior performance to justify the cost differential, our operating results may be materially and adversely affected. It is expected that the costs of producing gallium arsenide integrated circuits will continue to exceed the costs associated with the production of silicon circuits. The costs differ because of higher costs of raw materials for gallium arsenide and higher unit costs associated with smaller sized wafers and lower production volumes. Silicon semiconductor technologies are widely-used process technologies for certain integrated circuits and these technologies continue to improve in performance. We cannot assure you that we will continue to identify products and markets that require performance superior to that offered by silicon solutions.

We may be subject to claims of infringement of third-party intellectual property rights or demands that we license third-party technology, which could result in significant expense and prevent us from using our technology.

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. At the present time, we are in discussions with a third party who claims we are infringing certain of its intellectual property rights. The third party has filed a complaint in this matter but, through joint stipulations between the parties, has not yet served Skyworks with the complaint. Although we believe that these claims are without merit, we are in discussions with this party to avoid litigation. The third party has indicated its willingness to resolve these claims without litigation. If this third party were to proceed with litigation, we are prepared to vigorously defend

against these claims. Moreover, we believe that the patent infringement claims if successfully asserted would impact only a limited number of our RF IC product line, which presently accounts for less than 5% of our annualized revenues.

Any litigation to determine the validity of claims that our products infringe or may infringe intellectual property rights of another, including claims arising from our contractual indemnification of our customers, regardless of their merit or resolution, could be costly and divert the efforts and attention of our management and technical personnel. Regardless of the merits of any specific claim, we cannot assure you that we would prevail in litigation because of the complex technical issues and inherent uncertainties in intellectual property litigation. If litigation were to result in an adverse ruling, we could be required to:

- o pay substantial damages;
- o cease the manufacture, import, use, sale or offer for sale of infringing products or processes;
- o discontinue the use of infringing technology;
- o expend significant resources to develop non-infringing technology; and
- o license technology from the third party claiming infringement, which license may not be available on commercially reasonable terms.

If we are not successful in protecting our intellectual property rights, it may harm our ability to compete.

We rely on patent, copyright, trademark, trade secret and other intellectual property laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary technologies, devices, algorithms and processes. In addition, we often incorporate the intellectual property of our customers, suppliers or other third parties into our designs, and we have obligations with respect to the non-use and non-disclosure of such third-party intellectual property. In the future, it may be necessary to engage in litigation or like activities to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others, including our customers. This could require us to expend significant resources and to divert the efforts and attention of our management and technical personnel from our business operations. We cannot assure you that:

- o the steps we take to prevent misappropriation, infringement, dilution or other violation of our intellectual property or the intellectual property of our customers, suppliers or other third parties will be successful;
- o any existing or future patents, copyrights, trademarks, trade secrets or other intellectual property rights will not be challenged, invalidated or circumvented; or
- o any of the measures described above would provide meaningful protection.

Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our technology without authorization, develop similar technology independently or design around our patents. If any of our patents fails to protect our technology, it would make it easier for our competitors to offer similar products, potentially resulting in loss of market share and price erosion. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited for certain technologies and in certain foreign countries.

Our success depends, in part, on our ability to effect suitable investments, alliances and acquisitions, and we may have difficulty integrating companies we acquire. Skyworks' merger with the wireless business of Conexant presents such risks.

Although we intend to invest significant resources in internal research and development activities, the complexity and rapidity of technological changes and the significant expense of internal research and development make it impractical for us to pursue development of all technological solutions on our own. On an ongoing basis, we intend to review investment, alliance and acquisition prospects that would complement our product offerings, augment our market coverage or enhance our technological capabilities. However, we cannot assure you that we will be able to identify and consummate suitable investment, alliance or acquisition transactions in the future. Moreover, if we consummate such transactions, they could result in:

- o issuances of equity securities dilutive to our stockholders;
- o large one-time write-offs;
- o the incurrence of substantial debt and assumption of unknown liabilities;
- o the potential loss of key employees from the acquired company;
- o amortization expenses related to intangible assets; and
- o the diversion of management's attention from other business concerns.

Additionally, in periods following an acquisition, we will be required to evaluate goodwill and acquisition-related intangible assets for impairment. When such assets are found to be impaired, they will be written down to estimated fair value, with a charge against earnings.

Integrating acquired organizations and their products and services may be difficult, expensive, time-consuming and a strain on our resources and our relationship with employees and customers and ultimately may not be successful.

We may be responsible for payment of a substantial amount of U.S. federal income and other taxes upon certain events.

In connection with Conexant's spin-off of its wireless business prior to the Merger, Conexant sought and received a ruling from the Internal Revenue Service to the effect that certain transactions related to and including the spin-off qualified as a reorganization and as tax-free for U.S. federal income tax purposes. While the tax ruling generally is binding on the Internal Revenue Service, the continuing validity of the ruling is subject to certain factual representations and assumptions. In connection with the Merger we entered into a tax allocation agreement with Conexant that generally provides, among other things, that we will be responsible for certain taxes imposed on various persons (including Conexant) as a result of either:

- o the failure of certain spin-off transactions to qualify as a reorganization for U.S. federal income tax purposes, or
- o the failure of certain spin-off transactions to qualify as tax-free to Conexant for certain U.S. federal income tax purposes,

if such failure is attributable to certain actions or transactions by or in respect of Skyworks (including our subsidiaries) or our stockholders, such as the acquisition of stock of Skyworks by a third party at a time and in a manner that would cause such failure. In addition, the tax allocation agreement provides that we will be responsible for various other tax obligations and for compliance with various representations, statements, and conditions made in the course of obtaining the tax ruling referenced above and in connection with the tax allocation agreement. Our obligations under the tax allocation agreement have been limited by a letter agreement dated November 6, 2002 entered into in connection with our debt refinancing with Conexant. Nevertheless, if we do not carefully monitor our

compliance with the requirements imposed as a result of the spin-off and related transactions and our responsibilities under the tax allocation agreement, we might inadvertently trigger an obligation to indemnify certain persons (including Conexant) pursuant to the tax allocation agreement or other obligations under such agreement. In addition, our indemnity obligations could discourage or prevent a third party from making a proposal to acquire Skyworks.

If we were required to pay any of the taxes described above, the payment could be very substantial and have a material adverse effect on our business, financial condition, results of operations and cash flow.

In addition, it is expected that the interest payments we are required to make on our \$45 million principal amount of 15% convertible subordinated notes due June 30, 2005 originally issued to Conexant will not be deductible for tax purposes. Our inability to offset our interest expense from these notes against other income may increase our tax liability currently and in future years.

Further, the terms of these senior subordinated notes require us to pay the principal due at the maturity date or upon certain acceleration events in a number of shares of our common stock equal to the principal due at such time divided by the applicable conversion price on such date. If the fair market value of our common stock on such date is less than the applicable conversion price, we may recognize cancellation of indebtedness income for tax purposes equal to the excess of the principal amount of these notes due at such time over the fair market value of the common stock issued by us to satisfy our obligations under these notes.

Certain provisions in our organizational documents and Delaware law may make it difficult for someone to acquire control of us.

We have certain anti-takeover measures that may affect our common stock. Our certificate of incorporation, our by-laws and the Delaware General Corporation Law contain several provisions that would make more difficult an acquisition of control of us in a transaction not approved by our board of directors. Our certificate of incorporation and by-laws include provisions such as:

- o the division of our board of directors into three classes to be elected on a staggered basis, one class each year;
- o the ability of our board of directors to issue shares of preferred stock in one or more series without further authorization of stockholders;
- o a prohibition on stockholder action by written consent;
- o elimination of the right of stockholders to call a special meeting of stockholders;
- o a requirement that stockholders provide advance notice of any stockholder nominations of directors or any proposal of new business to be considered at any meeting of stockholders;
- o a requirement that the affirmative vote of at least 66 2/3 percent of our shares be obtained to amend or repeal any provision of our by-laws or the provision of our certificate of incorporation relating to amendments to our by-laws;
- o a requirement that the affirmative vote of at least 80 percent of our shares be obtained to amend or repeal the provisions of our certificate of incorporation relating to the election and removal of directors, the classified board or the right to act by written consent;
- o a requirement that the affirmative vote of at least 80 percent of our shares be obtained for business combinations unless approved by a majority of the members of the board of directors and, in the event that the other party to the business combination is the beneficial owner of 5 percent or more of our shares, a majority of the members of board of directors in office prior to the time such other party became the beneficial owner of 5 percent or more of our shares;
- o a fair price provision; and
- o a requirement that the affirmative vote of at least 90 percent of our shares be obtained to amend or repeal the fair price provision.

In addition to the provisions in our certificate of incorporation and by-laws, Section 203 of the Delaware General Corporation Law generally provides that a corporation shall not engage in any business combination with any interested stockholder during the three-year period following the time that such stockholder becomes an interested stockholder, unless a majority of the directors then in office approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder or specified stockholder approval requirements are met.

We may be liable for penalties under environmental laws, rules and regulations, which could adversely impact our business.

We have used, and will continue to use, a variety of chemicals and compounds in manufacturing operations and have been and will continue to be subject to a wide range of environmental protection regulations in the United States. While we have not experienced any material adverse effect on our operations as a result of such regulations, we cannot assure you that current or future regulations would not have a material adverse effect on our business, financial condition and results of operations. Environmental regulations often require parties to fund remedial action regardless of fault. Consequently, it is often difficult to estimate the future impact of environmental matters, including potential liabilities. We cannot assure you that the amount of expense and capital expenditures that might be required to satisfy environmental liabilities, to complete remedial actions and to continue to comply with applicable environmental laws will not have a material adverse effect on our business, financial condition and results of operations.

We have adopted new accounting policies that could negatively impact our earnings for fiscal 2003.

We have adopted SFAS No. 142 "Goodwill and Other Intangible Assets." This policy requires us to evaluate the goodwill and intangible assets that we report on our balance sheet for potential impairment using a fair value method. The goodwill impairment test is a two-step process. The Company completed step one and has determined that its goodwill and unamortized intangible assets are impaired. Accordingly, the Company expects to record a significant transitional impairment charge in the fourth quarter of fiscal 2003. The carrying value of goodwill and unamortized intangible assets, subject to the transitional impairment test, is approximately \$906.2 million at June 30, 2003.

Our stock price has been volatile and may fluctuate in the future.

The trading price of our common stock may fluctuate significantly. This price may be influenced by many factors, including:

- o our performance and prospects;
- o the performance and prospects of our major customers;
- o the depth and liquidity of the market for our common stock;
- o investor perception of us and the industry in which we operate;
- o changes in earnings estimates or buy/sell recommendations by analysts;

- o general financial and other market conditions; and
- o domestic and international economic conditions.

Public stock markets have experienced, and are currently experiencing, extreme price and trading volume volatility, particularly in the technology sectors of the market. This volatility has significantly affected the market prices of securities of many technology companies for reasons frequently unrelated to or disproportionately impacted by the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our common stock.

In addition, fluctuations in our stock price and our price-to-earnings multiple may have made our stock attractive to momentum, hedge or day-trading investors who often shift funds into and out of stocks rapidly, exacerbating price fluctuations in either direction particularly when viewed on a quarterly basis.

Our debt service obligations may adversely affect our cash flow.

For so long as our \$230 million aggregate principal amount of 4.75 percent convertible subordinated notes remain outstanding, we will have debt service obligations on such notes of approximately \$10,925,000 per year in interest payments. In addition, we will have debt service obligations on our \$45 million principal amount of 15 percent convertible senior subordinated notes due June 30, 2005 originally issued to Conexant of approximately \$6,750,000 per year. If we issue other debt securities in the future, our debt service obligations will increase. If we are unable to generate sufficient cash to meet these obligations and must instead use our existing cash or investments, we may have to reduce or curtail other activities of our business.

We intend to fulfill our debt service obligations from cash generated by our operations, if any, and from our existing cash and investments. If necessary, among other alternatives, we may add lease lines of credit to finance capital expenditures and we may obtain other long-term debt, lines of credit and other financing.

Our indebtedness could have significant negative consequences, including:

- o increasing our vulnerability to general adverse economic and industry conditions;
- o limiting our ability to obtain additional financing;
- o requiring the dedication of a substantial portion of any cash flow from operations to service our indebtedness, thereby reducing the amount of cash flow available for other purposes, including capital expenditures;
- o limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- o placing us at a possible competitive disadvantage to less leveraged competitors and competitors that have better access to capital resources.

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

Our financial instruments include cash and cash equivalents, 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 June 30, 2003, the carrying value of our cash and cash equivalents approximates fair value.

The Company has issued fixed-rate debt, which is convertible into our common stock at a predetermined or market related 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 three and nine months ended June 30, 2003 the Company's convertible debt, on an if-converted basis, was not dilutive and, as a result, had no impact on the Company's net income 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 \$230 million of 4.75 percent unsecured convertible subordinated notes due November 2007, \$45 million of 15 percent unsecured convertible senior subordinated notes due June 2005 and a ten-year \$960,000 loan from the State of Maryland under the Community Development Block Grant ("CDBG") program due December 2003 at an interest rate of 5 percent. Our short-term debt on June 30, 2003 consists of the current portion of the loan under the CDBG program. We do not believe that we have significant cash flow exposure on our short-term or long-term debt.

ITEM 4 Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Under the supervision and with the participation of our management, including our President and Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-14(c) under the Exchange Act) as of a date (the "Evaluation Date") within 90 days prior to the filing date of this report. Based upon that evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in timely alerting them to the material information relating to us (or our consolidated subsidiaries) required to be included in our periodic SEC filings. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

(b) Changes in internal controls.

There were no significant changes made in our internal controls during the period covered by this report or, to our knowledge, in other factors that could significantly affect these controls subsequent to the date of our evaluation.

ITEM 6 Exhibits and Reports on Form 8-K

(a) Exhibits

<u>Number</u>	<u>Description</u>
<u>10.a</u>	<u>Credit and Security Agreement, dated as of July 15, 2003, by and between Skyworks USA, Inc. and Wachovia Bank, National Association.</u> *
<u>10.b</u>	<u>Servicing Agreement, dated as of July 15, 2003, by and between the Company and Skyworks USA, Inc.</u> *
<u>10.c</u>	<u>Receivables Purchase Agreement, dated as of July 15, 2003, by and between Skyworks USA, Inc. and the Company.</u> *
<u>99</u>	<u>Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> *

* Filed Herewith.

(b) Reports on Form 8-K

The Company filed, on April 16, 2003, a current report on Form 8-K furnishing one exhibit: a Press Release announcing the Company's financial results for the three and six month periods ended March 28, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 11, 2003

SKYWORKS SOLUTIONS, INC.

Registrant

By: /s/ David J. Aldrich
David J. Aldrich
Chief Executive Officer
President
Director

By: /s/ Paul E. Vincent
Paul E. Vincent
Chief Financial Officer
Principal Financial Officer
Principal Accounting Officer
Secretary

CERTIFICATION

I, David J. Aldrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Skyworks Solutions, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report 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 our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 11, 2003

/s/ David J. Aldrich

David J. Aldrich
President and Chief Executive Officer

CERTIFICATION

I, Paul E. Vincent, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Skyworks Solutions, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report 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 our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: August 11, 2003

/s/ Paul E. Vincent

Paul E. Vincent
Chief Financial Officer, Treasurer and Secretary

EXHIBIT INDEX

<u>Number</u>	<u>Description</u>
<u>10.a</u>	<u>Credit and Security Agreement, dated as of July 15, 2003, by and between Skyworks USA, Inc. and Wachovia Bank, National Association.</u> *
<u>10.b</u>	<u>Servicing Agreement, dated as of July 15, 2003, by and between the Company and Skyworks USA, Inc.</u> *
<u>10.c</u>	<u>Receivables Purchase Agreement, dated as of July 15, 2003, by and between Skyworks USA, Inc. and the Company.</u> *
<u>99</u>	<u>Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> *

* Filed Herewith.

RECEIVABLES PURCHASE AGREEMENT

This Receivables Purchase Agreement (this "Agreement") is made and entered into as of July 15, 2003, by and between **SKYWORKS USA, INC.**, a Delaware corporation ("Purchaser") and **SKYWORKS SOLUTIONS, INC.**, a Delaware corporation ("Seller").

WITNESSETH:

On the terms and subject to the conditions set forth herein, Seller has agreed to sell, and Purchaser has agreed to purchase, on a "true sale" basis, certain of Seller's Accounts Receivable.

ARTICLE I DEFINITIONS

Section 1.1 Definitions. Unless otherwise defined herein, all terms with their initial letters capitalized shall have the meanings given such terms in that certain Credit and Security Agreement dated the date hereof (as the same may be amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), by and between Purchaser and Wachovia Bank, National Association (the "Lender").

Section 1.2 Construction. Unless the context otherwise clearly indicates, words used in the singular include the plural and words used in the plural include the singular.

ARTICLE II PURCHASE AND SALE OF ACCOUNTS RECEIVABLE

Section 2.1 Agreement to Sell and Purchase Certain Accounts Receivable. From time to time before the Purchase Termination Date but not during the continuation of any Default or Event of Default, Seller may on any Preparation Date offer to sell, and Purchaser may, in its discretion, purchase on the Settlement Date immediately following such Preparation Date, certain of Seller's Accounts Receivable which arose before such Preparation Date, subject to the terms and conditions set forth herein.

Section 2.2 Offering Accounts Receivable for Sale. On or before each Preparation Date, Seller will notify Purchaser and Lender of those Accounts Receivable it desires to sell to Purchaser on the immediately following Settlement Date by delivering written notice to Purchaser, with a copy to Lender (each, a "Purchase Notice"), which Purchase Notice may be in the form of an executed Bill of Sale dated as of, and which will be effective as of, such Settlement Date. Such Purchase Notice shall specifically identify each of Seller's Accounts Receivable it desires to sell and shall include the date such Account Receivable arose, its Face Value, invoice number, the Account Debtor, its due date, and any Deductions granted prior to the date of such Purchase Notice, all determined as of such Preparation Date, as applicable; provided, however, that Seller will notify Purchaser in writing on such Settlement Date if there is any change in any of the foregoing information relating to any of the Accounts Receivable identified in such Purchase Notice.

Section 2.3 Accepting Accounts Receivable. Purchaser, in its discretion, may purchase none, one or more, or all of Seller's Accounts Receivable listed on a Purchase Notice by notifying Seller, on such Preparation Date, of those it desires to purchase. Seller will not offer for sale, and Purchaser shall not agree to purchase, and shall not purchase, any Account Receivable if it does not, at the time of Purchaser's purchase thereof, constitute an Eligible Receivable in every respect, according to the definition of Eligible Receivable.

Section 2.4 Purchase Transaction. On each Settlement Date, Seller, if selling any Accounts Receivable to Purchaser on such Settlement Date, will execute and deliver to Purchaser a bill of sale dated as of such Settlement Date, which bill of sale will be substantially in the form of Exhibit A, attached hereto and made a part hereof (each, a "Bill of Sale"); provided that, if Seller delivered an executed Bill of Sale in accordance with Section 2.2, Seller need not execute and deliver a new Bill of Sale, but the Bill of Sale delivered in accordance with Section 2.2 shall become effective on such Settlement Date. In any event, Purchaser will deliver, or caused to be delivered, a copy of such Bill of Sale to Lender on such Settlement Date. Such Bill of Sale will list only those of Seller's Accounts Receivable which Purchaser may, and has elected to, purchase in accordance with Section 2.3. The sale of the Accounts Receivable identified on a Bill of Sale shall not be deemed consummated until Lender shall have received a copy of such Bill of Sale, fully executed by Seller.

Section 2.5 Payment of Purchase Price. The Purchase Price for any Account Receivable purchased from Seller by Purchaser on any Settlement Date shall be paid on such Settlement Date in cash to the extent of the Cash Price of such Account Receivable and by an accrual on the Subordinated Note in an amount equal to the Deferred Price of such Account Receivable.

Section 2.6 True Sale of Purchased Receivables. The sale of each Account Receivable will constitute a "true sale" of all of Seller's right, title and interest in and to such Account Receivable and its Related Rights and Property, and Purchaser shall take title to such Account Receivable and its Related Rights and Property without recourse to Seller except in the event such Account Receivable becomes a Recourse Receivable.

Section 2.7 Repurchase of Recourse Receivables.

(a) If a Purchased Receivable becomes a Recourse Receivable, (a) the party who makes the determination that such Purchased Receivable has become a Recourse Receivable will immediately notify the other party and Lender and specifically identify such Recourse Receivable and the event or condition which has caused it to become a Recourse Receivable; (b) Purchaser will sell such Recourse Receivable to Seller, without recourse, at the next occurring Settlement Date and shall, to the extent requested by Seller, execute and deliver a bill of sale substantially similar to a Bill of Sale; and (c) Seller will repurchase such Recourse Receivables on such Settlement Date by paying the Repurchase Price to Purchaser.

(b) To the extent the Borrowing Base, as calculated without including a Recourse Receivable, is less than the Aggregate Advances, the Repurchase Price for such Recourse Receivable shall be paid by Seller in cash deposited into the Purchaser's Account. Otherwise, the Repurchase Price shall be paid by Seller in the form of a reduction of the outstanding principal balance of the Subordinated Note.

(c) Any Policy claim which may have been submitted on a Recourse Receivable shall be withdrawn immediately after such Recourse Receivable is identified as such, and Seller, after repurchasing such Recourse Receivable, shall not make any claim under the Policy for payment of the Recourse Receivable.

Section 2.8 Power of Attorney; Limited License. Effective upon the Closing Date and thereafter, Seller hereby irrevocably names, constitutes, and appoints Purchaser and Purchaser's officers, agents, employees and representatives its duly authorized attorney and agent with full power and authority to endorse in Seller's name any checks or other instruments relating to (a) the Purchased Receivables purchased from Seller, including, without limitation, any Recourse Receivable until such Recourse Receivable is repurchased by Seller and (b) the Unsold Receivables. Seller grants Purchaser and, during the continuation of any Default or Event of Default, Lender a license to use any of its tradenames, trademarks, service marks, or other intellectual property for the limited purposes of billing, collecting, settling, compromising, or otherwise disposing of any Purchased Receivable purchased from Seller and its Related Rights and Property, and Purchaser and Lender may assign this limited license to any other person or entity which then or thereafter has any interest in and to such Purchased Receivable or Related Rights and Property and to Servicer for purposes of Servicer's performing its duties under the Servicing Agreement.

Section 2.9 Servicing of Accounts Receivable.

(a) On and after each Settlement Date, Purchaser shall have the sole right to receive all collections with respect to all Purchased Receivables it purchased on such Settlement Date. The foregoing notwithstanding, Purchaser and Seller agreed to engage Seller's services as initial Servicer for all the Purchased Receivables pursuant to the terms set forth in the Servicing Agreement. Seller agrees to notify all Account Debtors of its respective Purchased Receivables to tender all payments on such Purchased Receivables to the Lockbox and to cooperate fully with the Servicer in all respects regarding the servicing of the Purchased Receivables. Collections received in the Lockbox shall be deposited in the Purchaser's Account on each Business Day or at such other frequency as set forth in the agreements relating to the establishment and administration of the Lockbox. All collections on an Account Receivable received by a Person who is not the Obligee of such Account Receivable shall be held in trust for the Obligee and, in the case of a Purchased Receivable, promptly deposited into Purchaser's Account or delivered to Servicer with proper endorsement for deposit by Servicer into the Purchaser's Account.

(b) Purchaser and Seller acknowledge that certain, but not necessarily all, of the Accounts Receivable from time to time owing by a given Account Debtor may be sold to Purchaser and that each such Account Debtor may experience confusion at a given time over to whom it should make payment on such Accounts Receivable. To mitigate this risk of confusion and the associated delay in collecting such Accounts Receivable (both Purchased Receivables and Unsold Receivables), Purchaser and Seller agree that, with respect to those Account Debtors who have been pre-approved by the Underwriter and whose Accounts Receivable are nominally eligible for purchase by Purchaser, the Seller may direct such Account Debtors to make payment on Unsold Receivables to the Lockbox. Any items of payment or other collections on Unsold Receivables received into the Lockbox will be endorsed over to Purchaser and deposited in the Purchaser's Account and, on each Settlement Date, such items of payment and collections will be paid over to Seller, in full, in accordance with Seller's lawful instructions provided from time to time to Purchaser, Servicer, and Lender, to the extent such items of payment and other collections (i) have been reasonably identified as payment on an Unsold Receivable and (ii) have cleared the customary bank collection process for payments of like kind. Purchaser will direct Servicer to notify Purchaser, Seller, and Lender of any items of payment or other collections received in the Lockbox which are not identifiable as to any given Account Receivable, and Purchaser and Seller agree to cooperate in identifying the Person to whom such items of payment or other collections should be paid. If requested by Purchaser, Lender, or Servicer, Seller agrees from time to time to provide any of them with a listing of all Unsold Receivables with respect to which Seller has directed the Account Debtor thereof to make payment to the Lockbox. Seller agrees that the powers granted to Purchaser under Section 2.8, above, shall apply with equal force to Unsold Receivables; provided, however, that none of Purchaser, Servicer, or Lender shall be under any obligation whatsoever to enforce payment of any Unsold Receivable and that none of Purchaser, Servicer, or Lender will have any duty or obligation with respect to any Unsold Receivable other than as expressly set forth in this Section 2.9. In the event any item of payment received with respect to an Unsold Receivable is paid over to Seller and, thereafter, such item is returned unpaid or uncollected, or the depository institution which made the funds available to Seller for such item of payment is by law forced to disgorge the amount thereof to any Person other than Seller, then such depository institution may offset against Purchaser's funds in the Purchaser's Account, and Seller shall promptly reimburse Purchaser in an amount equal thereto upon Seller's receipt of reasonably satisfactory evidence thereof.

Section 2.10 Recharacterization. The parties hereto intend that Purchaser's purchase of the Purchased Receivables shall constitute an absolute sale, conveying good title, free and clear of any Liens other than Permitted Encumbrances. It is the intention of the parties that the initial funding of the Minimum Balance constitutes a contribution of capital to Purchaser, and not a loan. In the event, however, that it were to be determined that the transactions evidenced hereby and by the other Program Documents constitute a loan and not a contribution of capital or purchase and sale, then (a) Purchaser shall cease purchasing any additional Accounts Receivable, (b) this Agreement shall constitute a security agreement under applicable law, and (c) Seller does hereby grant Purchaser a first priority perfected security interest in and to all of Seller's right, title, and interest, whether now owned or hereafter acquired, in, to, and under the Purchased Receivables and their Related Rights and Property to secure the obligations of Seller hereunder.

Section 2.11 Related Rights and Property. In all cases hereunder where an Account Receivable is sold or conveyed to a Person who then becomes the Obligee of such Account Receivable, the sale or conveyance of such Account Receivable shall be deemed to include the sale and conveyance of all of the Related Rights and Property relating to such Account Receivable.

ARTICLE III THE CLOSING

Section 3.1 The Closing. The closing of the transaction set forth herein shall occur on the Closing Date, contemporaneously with the closing of the Credit Agreement. In any event, this Agreement will not be effective until the Effective Date. Facsimile signatures of the parties hereto shall be sufficient to close this Agreement; provided that Seller and Purchaser agree to deliver fully executed, original counterparts of this Agreement and the other Program Documents to Lender's counsel for receipt by Lender's counsel no later than two Business Days following the Closing Date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser as follows (each of which representations and warranties shall be deemed to have been restated upon the delivery of each Bill of Sale to Purchaser):

(a) Organization; Location. Seller is a corporation validly existing and in good standing under the laws of the state of its formation or organization and is authorized under such laws to conduct its business as currently conducted and to own its assets (including but not limited to its Accounts Receivable) as currently owned. The location of Seller's chief executive office and all of its Books and Records relating to its Accounts Receivable, the state of incorporation of the Seller, the Seller's federal tax identification number, and the Seller's organizational identification number are identified in that certain Collateral Disclosure Certificate delivered by Seller as of even date herewith (the "Collateral Disclosure Certificate").

(b) Capacity; Authority; Validity. Seller has all necessary corporate power and authority to enter into this Agreement and to perform all of the obligations to be performed by it under this Agreement. This Agreement and the consummation by Seller of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action of Seller. This Agreement has been duly executed and delivered by Seller, and, when executed by Purchaser, this Agreement will constitute the valid and binding obligations of Seller, enforceable against Seller in accordance with its terms.

(c) Conflict; Defaults. Neither the execution and delivery of this Agreement by Seller, nor the consummation of the transactions contemplated hereby and thereby will (i) conflict with, result in the breach of, constitute a default under, or accelerate the performance required by, the terms of any order, law, regulation, contract, instrument, agreement, or commitment to which Seller is a party or by which it or its assets are bound, (ii) violate Seller's articles of incorporation, bylaws, or other constitutional or charter documents, as the case may be, (iii) require any consent, approval, authorization or filing under any law, regulation, judgment, order, writ, decree, permit, license or agreement to which Seller is a party, or (iv) require the consent or approval of any other party to any contract, instrument, agreement, or commitment to which Seller is a party. Seller is not subject to any agreement with any regulatory authority which would prevent the consummation by Seller of the transactions contemplated by this Agreement. Seller is not in default under, and no event has occurred which with the lapse of time or action by a third party could result in a default under, the terms of any judgment, order, writ, decree, permit or license of any Governmental Body, whether at law or in equity, which could have a material adverse effect on the Purchased Receivables.

(d) Title to Purchased Receivables. Seller has good and marketable title to its Accounts Receivable as the same arise, free and clear of any Lien except for Permitted Encumbrances. Execution and delivery of this Agreement and each Bill of Sale by the parties thereto (i) will vest in Purchaser good and marketable title to all the Accounts Receivable set forth from time to time in such Bills of Sale, free and clear of any Lien, other than Permitted Encumbrances, and (ii) constitute a valid, binding and enforceable sale and assignment of Seller's interest in the Purchased Receivables set forth on such Bills of Sale.

(e) Litigation. There is no claim, or any litigation, proceeding, arbitration, investigation or controversy pending, against or affecting Seller, which could have a material adverse effect on (i) the Purchased Receivables or (ii) the ability of Seller to consummate the transactions contemplated hereby, and to Seller's knowledge, no such claim, litigation, proceeding, arbitration, investigation or controversy has been threatened in writing received by Seller or in any telephonic communication with Seller.

(f) Finders or Brokers. Seller has not agreed to pay any fee or commission to any agent, broker, finder, or other person retained by it, for or on account of services rendered as a broker or finder in connection with this Agreement or the transactions contemplated hereby which would give rise to any valid claim against Purchaser for the payment of any such fee or commission.

(g) Effect of Law on Closing. There is no foreign, federal, or state statute, rule or regulation, or order or rule of any Governmental Body which would prevent Seller from selling its Accounts Receivable to Purchaser as contemplated by this Agreement or which would prevent Seller from performing its obligation under this Agreement, the Servicing Agreement, or any other Program Document.

(h) No Outside Collection Agencies. Seller has not employed or used the services of any outside collection agencies or other third parties for the purposes of collection or enforcement of any of its Accounts Receivable, except as contemplated in the Servicing Agreement or as may otherwise be required by Underwriter, so long as Purchaser has notified Lender of such Underwriter requirements.

(i) No Bulk Sale. No transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(j) Nature of Purchased Receivables. Each Purchased Receivable constitutes an "account," "chattel paper," or "general intangible," as such terms are defined in the UCC.

(k) Purchased Receivables. Each Purchased Receivable, at the time it was purchased by Purchaser pursuant to a Bill of Sale, constituted an Eligible Receivable in every respect, according to the definition of Eligible Receivable.

(l) No Misrepresentation. Seller has made no material misrepresentation in any written document delivered to Purchaser, Lender, or Underwriter.

(m) No Default. Seller is not in default under or with respect to any agreement, instrument, or undertaking to which it is a party or by which it or any of its property is bound which could reasonably be expected to have or cause a Material Adverse Effect on Seller and its Subsidiaries taken as a whole.

Section 4.2 Representations and Warranties of Purchaser. Purchaser represents and warrants to Seller as follows (each of which representations and warranties shall be deemed to have been restated upon the delivery of each Bill of Sale to Purchaser):

(a) Organization. Purchaser is a corporation, validly existing and in good standing under the laws of the State of Delaware.

(b) Capacity; Authority; Validity. Purchaser has all necessary corporate power and authority to enter into this Agreement and to perform all of the obligations to be performed by it under this Agreement. This Agreement and the consummation by Purchaser of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action of Purchaser, and this Agreement has been duly executed and delivered by Purchaser, and when executed by Purchaser, this Agreement will constitute the valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with its terms.

(c) Conflicts; Defaults. The execution and delivery of this Agreement by Purchaser and the consummation of the transactions contemplated hereby or thereby by Purchaser will not (i) conflict with, result in the breach of, constitute a default under or accelerate the performance required by, the terms of any order, law, regulation, contract, instrument, agreement, or commitment to which Purchaser is a party or by which Purchaser is bound, (ii) violate the articles of incorporation or bylaws of Purchaser, (iii) require any consent, approval, authorization or filing under any law, regulation, judgment, order, writ, decree, permit or license to which Purchaser is a party or by which Purchaser or its assets are bound, or (iv) require the consent or approval of any other party to any contract, instrument, agreement, or commitment to which Purchaser is a party or by which Purchaser or its assets are bound, other than the approvals of regulatory authorities, if any, which have been obtained or will be obtained prior to or on the Closing Date. Purchaser is not subject to any agreement or understanding with any Governmental Body which would prevent the consummation by Purchaser of the transactions contemplated by this Agreement.

(d) Effect of Law on Closing. There is no foreign, federal, or state statute, rule or regulation, or order or rule of any Governmental Body which would prevent Purchaser from purchasing Accounts Receivable as contemplated herein.

ARTICLE V CERTAIN COVENANTS

Section 5.1 Mutual Covenants and Agreements. Subject to the terms and conditions herein provided, each party to this Agreement shall use its commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, appropriate or desirable hereunder and under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement. Each party to this Agreement will use its commercially reasonable efforts to obtain consents of all third parties and Governmental Bodies necessary for the consummation of the transactions

contemplated by this Agreement. The parties and their respective officers, directors and/or employees shall use their commercially reasonable efforts to take such further actions subsequent to the Closing Date as are reasonably necessary, appropriate or desirable to carry out the purposes of this Agreement.

Section 5.2 Certain Covenants of Seller. Seller hereby agrees with Purchaser as follows:

(a) Financing Statements. Seller authorizes Purchaser to prepare and file (at Seller's cost) Financing Statements in any jurisdictions where Purchaser deems such filings to be reasonably necessary to give notice of Purchaser's interest in and to the Purchased Receivables, and, if requested by Purchaser, Seller will promptly execute such Financing Statements and return them to Purchaser or its designee for filing.

(b) Access. Seller shall (i) so long as there is then no Event of Default in existence, during Seller's regular business hours and with reasonable prior notice, and during the existence of an Event of Default, at any time without prior notice, permit Purchaser, Lender, and Underwriter, and their respective authorized representatives, full access to its Books and Records as they relate to the Purchased Receivables and (ii) furnish Purchaser and, upon request, Lender and Underwriter with true, accurate and complete copies of the Underlying Contracts and other such records and all other information in its possession with respect to the Purchased Receivables as Purchaser, Lender, or Underwriter may request. Seller shall cause its personnel and its agents to provide Purchaser, Lender, and Underwriter, and their respective authorized representatives, assistance in each of their investigation of the matters set forth in clauses (i) and (ii) of the preceding sentence, all for purposes of monitoring compliance with this Agreement and the other Program Documents.

(c) Further Assurances and Assistance. On or after the Closing Date, Seller shall give such further assurances to Purchaser, execute, acknowledge and deliver all such acknowledgments and other instruments and take such further action as may be reasonably necessary or appropriate to fully and effectively carry out the transactions contemplated hereby, including, without limitation, any additional Financing Statements. As reasonably requested by Purchaser, Lender, or Underwriter, Seller will provide reasonable assistance to Purchaser, Lender, and Underwriter, and their respective authorized representatives in obtaining access to information to assist Purchaser in financing and insuring the Purchased Receivables (or any portion thereof) as any of them may reasonably request, including, without limitation, reports currently prepared by Seller in the ordinary course of business in accordance with the Policies and Procedures, the Settlement Reports and other reports required of Purchaser by Lender under the Credit Agreement or Underwriter under the Policy, and any additional reports that Seller is obligated to provide under the Servicing Agreement. Seller shall (i) comply with all requirements under the Policy which are applicable to it in its capacity as Seller or originator of the Purchased Receivables and (ii) respond completely and accurately to all questionnaires, polls, surveys, or audits of its Policies and Procedures, Standard Terms, Books and Records, the Purchased Receivables and their Related Rights and Property, and other items delivered to or required of Seller by Lender or Underwriter. Except as otherwise provided in this Agreement, Seller shall take no action after the Closing Date which would be inconsistent with the effective transfer by Seller to Purchaser hereunder of Seller's entire right, title and interest in and to the Purchased Receivables and their Related Rights and Property or which would demean or diminish Purchaser's rights under the Policy.

(d) Seller agrees that it will not, without the prior written consent of Purchaser, Lender, and Underwriter, (i) change any of its Policies and Procedures or (ii) change, alter, amend, or otherwise modify the Standard Terms or the terms and conditions of any Underlying Contract.

(e) Seller agrees that it will not grant or consent to any Deductions to the Purchased Receivables without promptly notifying Purchaser thereof in writing, no later than the Settlement Date next occurring after the granting of such Deduction.

(f) Seller agrees that it will provide reasonable assistance to Purchaser in recovering, repossessing, reclaiming, or procuring the return of any goods represented by a Purchased Receivable and that it will set aside, mark with Purchaser's name, and hold such goods for Purchaser's account. Seller will promptly notify Purchaser of any such goods. Seller agrees to allow such goods to be stored without cost in a reasonably safe and secure location on Seller's property and grants Purchaser, Lender, and Underwriter, and their respective authorized representatives, the right to enter upon its premises at any reasonable time and upon reasonable notice to inspect or remove such goods; provided that no such notice shall be required during the existence of an Event of Default.

ARTICLE VI CONDITIONS OF CLOSING

Section 6.1 Conditions Precedent. The parties' respective obligations to consummate and perform the transactions contemplated by this Agreement are subject to the satisfaction or waiver of each of the conditions precedent that (i) each of the representations and warranties of each of the parties hereto shall be true and correct on the Closing Date, (ii) each of the conditions precedent set forth in the Credit Agreement shall have been satisfied or waived by Lender, and (iii) the Seller shall have delivered the Collateral Disclosure Certificate in form and substance satisfactory to the Purchaser.

ARTICLE VII INDEMNIFICATION AND RELATED TERMS

Section 7.1 Seller's Indemnification Obligations. Seller shall be liable to and shall indemnify, defend and hold Purchaser, Lender, and Underwriter, and their respective officers, directors, employees, subcontractors, and permitted assigns, harmless from and against any and all Losses arising from or relating to (i) Seller's breach of any representation, warranty or covenant expressly made by Seller hereunder or under any other Program Document or (ii) Seller's failure to perform its obligations hereunder.

Section 7.2 Survival of Indemnification Obligations. Seller's indemnification of Purchaser, Lender, and Underwriter shall survive Closing and the Program Termination Date.

ARTICLE VIII MISCELLANEOUS

Section 8.1 Survival of Representations and Warranties. The representations and warranties of each party contained in this Agreement or in any certificates or other instruments delivered pursuant to this Agreement will survive Closing and the Program Termination Date.

Section 8.2 Notices. All notices and other communications by Purchaser, Seller, or Lender hereunder shall be in writing to the other parties (and to Lender) and shall be deemed to have been duly given when delivered in person or to an overnight courier service, receipt requested, or sent via telecopy transmission, receipt requested or when posted by the United States registered or certified mail, with postage prepaid, addressed as follows:

To Seller:
Skyworks Solutions, Inc.:
20 Sylvan Road
Woburn, Massachusetts 01801
Attn: Paul E. Vincent

To Purchaser:
Skyworks USA, Inc.
103 Foulk Road, Suite 202
Wilmington, Delaware 19803
Attn: Robert A. Sagedy, Jr.

In any case, with copies to:

Wachovia Bank, National Association
One South Broad Street
Philadelphia, Pennsylvania 19107
Attn: Alison Price, Structured Trade
Finance
Fax: 267-321-6600
Confirmation: 267-321-6550

Skyworks Solutions, Inc.
5221 California Avenue
Irvine, California 92612
Attn: Daniel N. Yannuzzi
Fax: 949-231-3206
Confirmation: 949-231-3200

or to such other addresses as a party or Lender may from time to time designate by notice as provided herein (or which Lender may provide to the parties), except that notices of change of address shall be effective only upon actual receipt.

Section 8.3 Assignment.

- (a) The rights of any party under this Agreement shall not be assigned or transferred by any party without the prior written approval of the other party hereto and Lender; provided, however, that the parties hereto acknowledge and agree that:
- (i) Purchaser intends (A) to finance, in part, its purchase of the Purchased Receivables through extensions of credit from Lender and (B) to insure the collection of such Purchased Receivables under the Policy;
 - (ii) that Purchaser may assign its rights under this Agreement, each other Program Document, and the Purchased Receivables to Lender in connection with such financing; and
 - (iii) to the extent a Purchased Receivable is paid under the Policy, Purchaser may assign its rights under this Agreement, each other Program Document, and each Purchased Receivable so paid to Underwriter, to the extent such rights affect, or are related to, such Purchased Receivables;
- (b) During the continuation of any Default or Event of Default, Seller agrees that Lender shall have all the rights (but none of the obligations) of Purchaser hereunder, to the same extent as Purchaser, and that Seller shall continue to be bound by the terms of this Agreement as against Lender and Underwriter until the Program Termination Date.
- (c) Seller agrees that Lender and Underwriter are third-party beneficiaries to this Agreement (each to the extent described in this Section 8.3) and shall be entitled to and have standing to enforce the rights of Purchaser hereunder. Any attempt by any party to assign or transfer this Agreement contrary to the terms and conditions of this section shall be null and void.

Section 8.4 Entire Agreement, Limited Third Party Beneficiaries. This Agreement, together with the exhibits attached hereto, constitutes the entire agreement by the parties and supersedes any other agreement, whether written or oral, that may have been made or entered into between Seller and Purchaser (or by any of their respective officers, agents, or representatives) relating to the matters contemplated herein. Except as described in Section 8.3 hereof, no other person or entity shall be a third party beneficiary of this Agreement.

Section 8.5 Amendments and Waivers. This Agreement may be amended, modified, superseded, or canceled, and any of the terms, representations, warranties or covenants hereof may be waived, only by written instrument executed by each of the parties or, in the case of a waiver, by the party waiving compliance, and, in any event with the prior written consent of Lender and, to the extent such amendment, modification, superseding agreement, or cancellation relates to the Policy or the administration thereof, or the satisfaction of any requirements or conditions contained in the Policy, Underwriter. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of any condition or of any breach of any term, representation, warranty or covenant under this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any other condition or of any breach of any such condition of breach or waiver of any other condition or of any breach of any other term, representation, warranty or covenant under this Agreement.

Section 8.6 Expenses. Seller and Purchaser shall each bear their respective legal, accounting, and other costs in connection with the transactions herein and in the other Program Documents.

Section 8.7 Captions; Counterparts. The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement. This Agreement may be executed in two or more counterparts (and by each of the parties on separate signature pages), each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 8.8 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York, without regard to principles of conflict of laws (other than Section 5-1401 of the New York General Obligations Laws).

Section 8.9 Severability. If any provision of this Agreement or portion thereof is held invalid, illegal, void or unenforceable by reason of any rule of law, administrative or judicial provision or public policy, such provision shall be ineffective only to the extent invalid, illegal, void or unenforceable, and the

remainder of such provision and all other provisions of this Agreement shall nevertheless remain in full force and effect.

Section 8.10 WAIVER OF JURY TRIAL; CONSENT TO JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THIS AGREEMENT OR ANY OTHER PROGRAM DOCUMENT; (B) SUBMITS TO THE NONEXCLUSIVE PERSONAL JURISDICTION IN THE STATE COURTS OF THE STATES OF NEW YORK AND NORTH CAROLINA AND THE UNITED STATES DISTRICT COURTS OF NORTH CAROLINA AND THE SOUTHERN DISTRICT OF NEW YORK FOR THE ENFORCEMENT OF THIS AGREEMENT AND THE OTHER PROGRAM DOCUMENTS; (C) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY JURISDICTION TO OBJECT ON ANY BASIS (INCLUDING, WITHOUT LIMITATION, INCONVENIENCE OF FORUM) TO JURISDICTION OR VENUE WITHIN THE STATES AND DISTRICTS DESCRIBED ABOVE FOR THE PURPOSE OF LITIGATION TO ENFORCE THIS AGREEMENT OR THE OTHER PROGRAM DOCUMENTS; AND (D) AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN THE MANNER PRESCRIBED IN SECTION 8.2. NOTHING HEREIN CONTAINED, HOWEVER, SHALL PREVENT ANY PARTY FROM BRINGING ANY ACTION OR EXERCISING ANY RIGHTS AGAINST ANY SECURITY AND AGAINST ANY OTHER PARTY PERSONALLY, AND AGAINST ANY ASSETS OF SUCH OTHER PARTY, WITHIN ANY OTHER STATE OR JURISDICTION.

[Signatures on following page]

IN WITNESS WHEREOF, each of Seller and Purchaser have caused this Receivables Purchase Agreement to be duly executed under seal as of the first above written.

PURCHASER

SKYWORKS USA, INC. (SEAL)

By: /s/ Robert A. Sagedy, Jr.
Name: Robert A. Sagedy, Jr.
Title:

SELLER

SKYWORKS SOLUTIONS, INC. (SEAL)

By: /s/ Paul E. Vincent
Name: Paul E. Vincent
Title: Chief Financial Officer

EXHIBIT A TO PURCHASE AGREEMENT

BILL OF SALE

Settlement Date: _____

THIS BILL OF SALE is made as of the date above written by Skyworks Solutions, Inc., a corporation organized under the laws of the State of Delaware ("Seller"), and is delivered pursuant to that certain Receivables Purchase Agreement dated as of July 15, 2003, by and among Skyworks Solutions, Inc. and Skyworks USA, Inc. (the "Purchase Agreement"). Unless otherwise defined herein, capitalized terms used in this Bill of Sale have the meanings given such terms in the Purchase Agreement and that certain Credit and Security Agreement dated as of July 15, 2003, by and between Wachovia Bank, National Association, and Purchaser (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement").

By these presents, and for good and valuable consideration, the receipt of which is hereby acknowledged, Seller hereby does sell, convey, transfer, assign, and set over unto Purchaser all of Seller's right, title, and interest in and to those of Seller's Accounts Receivable shown on Exhibit A, attached hereto and made a part hereof, and all of their respective Related Rights and Property (each, a "Purchased Receivable" and, collectively, the "Purchased Receivables"), the sale, conveyance, transfer, assignment, and setting over hereunder being made under and subject to the Purchase Agreement. Seller hereby represents and warrants to Purchaser, that:

(a) Seller (i) is the true, lawful, and sole owner of the Purchased Receivables; (ii) has good, absolute, and marketable title to the Purchased Receivables free of all Liens other than Permitted Encumbrances; and (iii) has the right to sell, convey, transfer, assign, and set over unto Purchaser each of the Purchased Receivables without restriction;

(b) Each Purchased Receivable qualifies as an "Eligible Receivable" in every respect, in accordance with the definition of "Eligible Receivable" as set forth in the Credit Agreement; and

(c) Each of the representations and warranties made by Seller in the Purchase Agreement are true and correct in all material respects on this date, as if made on this date, and Seller is in material compliance with all the terms, conditions, and covenants set forth in the Purchase Agreement.

IN WITNESS WHEREOF, Seller has caused its duly authorized Senior Officer to execute this Bill of Sale, under seal, as of the date first above written.

Skyworks Solutions, Inc., a Delaware Corporation (SEAL)

By: _____

Title: _____

SERVICING AGREEMENT

THIS SERVICING AGREEMENT (this “Agreement”) is made as of July 15, 2003, by and among **SKYWORKS SOLUTIONS, INC.**, a Delaware corporation (“Skyworks” or “Servicer”), and **SKYWORKS USA, INC.**, a Delaware corporation (“Purchaser”).

- A. Skyworks and Purchaser have entered into the Purchase Agreement, pursuant to which Seller has agreed to sell, and Purchaser has agreed to purchase, from time to time, certain of Seller’s Accounts Receivable (as more fully defined below, the “Purchased Receivables”).
- B. Purchaser desires to have Servicer administer and service the Purchased Receivables commencing on the Closing Date until the Program Termination Date, and Servicer desires to so administer and service the Purchased Receivables, all pursuant to the terms and conditions of this Agreement.
- C. In the Purchase Agreement, Purchaser and Seller (i) have acknowledged that certain, but not necessarily all, of the Accounts Receivable from time to time owing by a given Account Debtor may be sold to Purchaser and that each such Account Debtor may experience confusion at a given time over to whom it should make payment on such Accounts Receivable and (ii) have agreed that, to mitigate this risk of confusion and the associated delay in collecting such Accounts Receivable (both Purchased Receivables and Unsold Receivables), Seller may direct those Account Debtors who have been pre-approved by the Underwriter and whose Accounts Receivable are nominally eligible for purchase by Purchaser to make payment on Unsold Receivables to the Lockbox. Purchaser and Servicer desire to establish the terms and conditions of Servicer’s obligations with respect to the payment of collections on such Unsold Receivables to Seller.

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Servicer and Purchaser agree as follows:

ARTICLE I DEFINITIONS

1.01 Certain Definitions. In addition to terms which may be defined elsewhere herein, capitalized terms contained in this Agreement have the meanings specified in Section 1.01 of that certain Credit and Security Agreement dated as of the same date hereof, by and between Wachovia Bank, National Association, and Purchaser, as the same may be amended, restated, supplemented, or modified from time to time.

ARTICLE II SERVICES AND PROCEDURES

2.01 Services.

(a) Subject to the terms of this Agreement and commencing on the Closing Date, Servicer shall provide, using the same degree of skill and attention that Servicer has exercised with respect to its Accounts Receivable prior to the date hereof and, except as otherwise expressly noted herein, in all material respects in accordance with the Policy and the policies and procedures delivered to Lender on or about the Closing Date (as the same may be amended from time to time as provided herein, the “Policies and Procedures”), all of the services with respect to the Purchased Receivables as Skyworks provided with respect to its own Accounts Receivable immediately prior to the date hereof and as otherwise provided herein, including, without limitation, the servicing, processing, collection, and administration of the Purchased Receivables and the services specified in Exhibit A (collectively, the “Services”).

(b) Servicer acknowledges and agrees that certain collections on Unsold Receivables may be directed to the Lockbox (for purposes of mitigating Account Debtor confusion over to whom such Account Debtors should direct payment). Servicer and Purchaser agree that all items of payment or other collections on Unsold Receivables received into the Lockbox will be endorsed over to Purchaser and deposited in the Purchaser’s Account and, on each Settlement Date, such items of payment or other collections will be paid over to Seller, in full, in accordance with Seller’s lawful instructions provided from time to time to Purchaser, Servicer, and Lender, to the extent such items of payment or other collections (i) have been reasonably identified as payment on an Unsold Receivable and (ii) have cleared the customary bank collection process for payments of like kind. In the event any collections received in the Lockbox are not identifiable as to any given Account Receivable, Servicer shall maintain such collections in the Purchaser’s Account until such time as Purchaser and Seller have agreed on the identity of the Account Receivable to which such collections relate, and, on the following Settlement Date, such collections will be paid over to the Obligor related thereto. Servicer agrees to cooperate with Purchaser and Seller in identifying the Person to whom any such collections should be paid and shall promptly forward to Seller any notices, writings, or other information actually received by Servicer with respect to any Unsold Receivable; provided, however, that Servicer is not under any obligation whatsoever to enforce payment or collection of any Unsold Receivable and that Servicer has no duty or obligation with respect to any Unsold Receivable other than as expressly set forth in this Section 2.01. Moreover, Servicer agrees that it will not take any action with respect to any Unsold Receivable (other than as expressly set forth herein) without Seller’s consent. If requested by Purchaser, Servicer will make its books and records reasonably available to Seller from time to time for purposes of ensuring Servicer’s compliance with the terms of this Agreement and the Servicer’s proper direction of collections received in the Lockbox and Purchaser’s Account.

2.02 Policies and Procedures. Servicer shall specifically identify, and provide access to, those of Servicer’s manuals and records in which the Policies and Procedures are codified or documented and permit inspection of the same by Purchaser, Lender, and Underwriter or as required by law or regulatory authorities. Servicer shall provide copies of specific Policies or Procedures applicable to the Purchased Receivables on or prior to the Closing Date, and thereafter as Purchaser reasonably requests.

2.03 Access to Premises. During the term of this Agreement, Servicer will, during normal business hours and upon reasonable prior notice (except that during the existence of an Event of Default or a Servicing Agreement Event of Default, no such notice shall be required), provide Purchaser (or its designee) with access (a) to the location where the Services are being performed; (b) to those of Servicer’s employees providing Services; and (c) to all facilities, data, applicable software, records, files and Books and Records relating to the Purchased Receivables and their Related Rights and Property, for the purpose of monitoring compliance with this Agreement.

2.04 Collection of Purchased Receivables. Except as specifically provided in this Agreement, Servicer shall undertake on Purchaser’s behalf to collect all payments of Purchased Receivables in accordance with the Policies and Procedures and the Services. Servicer shall not have the power and authority to

permit or agree to any Deduction without the Purchaser's prior consent. Servicer shall cause all Account Debtors of the Purchased Receivables to remit their payment on the Purchased Receivables to the Lockbox.

2.05 Ownership of Accounts. Purchaser shall be the owner and holder of all Purchased Receivables and their Related Rights and Property and shall have all rights, powers, and privileges with respect thereto as such owner and holder. Servicer acknowledges and agrees that it has (i) no right, title, or interest in or to the Purchased Receivables, their Related Rights and Property, outstanding balances on the Purchased Receivables, or payments made by Account Debtors with respect to the Purchased Receivables, and (ii) no right, privilege, or power to establish or modify any terms or conditions of the Underlying Contract or other instruments relating to the Purchased Receivables. From the Closing Date through the Program Termination Date, Servicer shall maintain all information relating to the Purchased Receivables in a format that will allow Servicer to segregate, and Servicer shall segregate, the Purchased Receivables from other Accounts Receivable that Servicer, either in its capacity as Servicer or as Skyworks, as applicable, may be servicing, so that access to such information is readily available and each Purchased Receivable is segregated, clearly marked, and readily identified as being segregated, from other of the Servicer's Accounts Receivable.

2.06 Compliance With Laws; Notice of Litigation. Servicer shall provide all Services in compliance with applicable international, federal, and local laws and regulations. Servicer shall promptly advise Purchaser in writing of any actual or threatened litigation or regulatory investigation of which it has knowledge and which relates to the Purchased Receivables, their Related Rights and Property, or the Program Documents.

2.07 Maintenance of Business and Personnel. Throughout the term hereof, Servicer shall preserve its business organization and business (as conducted on the Closing Date) and keep available the equipment, facilities, and work force of personnel of a quality and quantity capable of rendering Services in accordance with the Policies and Procedures and at a level of quality comparable to the services it currently provides with respect to the collection of its Accounts Receivable. Without the prior written approval of Purchaser and Lender, Servicer may not outsource all or any portion of the Services other than with respect to the Lockbox.

2.08 Bankrupt Account Debtors; Notice of Payment Issues. Upon receipt by Servicer of a petition filed in bankruptcy by an Account Debtor of a Purchased Receivable, Servicer shall (i) promptly notify Purchaser and Lender of the petition; (ii) promptly forward copy of such petition to Purchaser and Lender; (iii) promptly submit a claim under the Policy and fully and diligently cooperate with Underwriter in all matters relating to the prosecution of that claim; and (iv) if such claim is not paid by Underwriter, fully and diligently assist Purchaser in connection with the continued prosecution of the claim, including, without limitation, any re-submission of the claim, or any appeal of denial of coverage under the Policy, or assisting Purchaser in filing suit over Underwriter's denial of coverage. Servicer shall promptly forward to Lender, Purchaser, and Seller all notices relating to a Purchased Receivable which Servicer receives and which in any way implicate the corresponding Account Debtor's willingness or ability to pay on such Purchased Receivable.

2.09 Negative Covenants.

(a) Legal Action. Servicer shall not initiate any litigation with respect to collection of any Purchased Receivable without prior approval of the Purchaser, Lender, and Underwriter, and Purchaser shall be responsible for paying the related expenses of such action.

(b) Other Action. Subject to Section 2.09(a), Servicer shall not take any action or fail to take any action under this Agreement with respect to the Purchased Receivables which could reasonably be expected to impair any rights of Lender, Purchaser, or Underwriter in and to such Purchased Receivable and their Related Rights and Property and such Persons' respective rights under the Policy, and Servicer shall not amend, terminate, or otherwise modify or prejudice any of Purchaser's rights with respect to any terms or conditions of any Purchased Receivable or its related Underlying Contract without Purchaser's, Lender's, and Underwriter's prior written consent. Servicer shall promptly correct any errors that become known to Servicer with respect to any aspect of the servicing of the Purchased Receivables and shall notify Purchaser, Lender, and Underwriter immediately in writing of any material errors, including, without limitation, errors that may have occurred prior to the Closing Date.

(c) Change in Policies and Procedures. During the term hereof, Servicer shall not make any change in the Policies and Procedures without Purchaser's, Lender's, and Underwriter's written consent, which consent shall not be unreasonably withheld or delayed.

(d) Chief Executive Office. Servicer will not change its chief executive office, its state of organization, or the location where it maintains its Books and Records (each as stated in Section 5.01(e), below) without the prior written consent of Purchaser and Lender.

2.10 Affirmative Covenants. Servicer hereby covenants and agrees that:

(a) Servicer shall continue to use throughout the term of this Agreement the contingency procedures which were delivered to Lender on or about the Closing Date, including but not limited to contingency procedures for data processing, telecommunications, payment processing, and off-site maintenance and retention of Purchased Receivables and their related Books and Records.

(b) Servicer shall directly provide all Services related to the Purchased Receivables pursuant to systems, software, and applications used by Servicer. Other than (i) the agreements regarding the Lockbox and (ii) any licensing or use agreements relating to any software used by Servicer in the performance of its duties hereunder, Servicer has no agreements, contracts, or other understandings or arrangements with any third party relating to the administration or collection of its Accounts Receivable or the Purchased Receivables.

ARTICLE III
FEES, PAYMENTS AND SETTLEMENT

3.01 Servicing Fees. In consideration for the performance of Services in accordance herewith, Purchaser shall pay to Servicer a weekly servicing fee ("Servicing Fee"), payable on each Settlement Date, in an amount equal to 0.75% (on a per annum basis, based on an assumed year of 360 days for the actual number of days elapsed) of the average outstanding balance of all Purchased Receivables during the Settlement Period ending on such Settlement Date.

3.02 Settlement. Servicer shall prepare and deliver to Purchaser and Lender (and to Underwriter upon its reasonable request), in respect of each Settlement Period, a fully completed and executed report, in form substantially similar to Exhibit B, attached hereto and made a part hereof, certified by a Senior Officer of Servicer (each, an "IRPF Receivables Report"), with the following information (provided, however, that any information required below which is also required to be reported on the form of Settlement Report need not be reported in the IRPF Receivables Report, unless Purchaser or Lender shall make a reasonable request to the contrary):

(a) each of the Purchased Receivables which were purchased prior to the date of such IRPF Receivables Report and remain Purchased Receivables as of such date, their respective Uncollected Values, their respective due dates, invoice number, Borrowing Base value, and any Deductions, and collections on such

Deductions, which may have been granted or received on such Purchased Receivables;

(b) the aging of each Purchased Receivable;

(c) each of the Purchased Receivables which became Discharged Receivables or Recourse Receivables during the Settlement Period ending on such Settlement Date and their respective Uncollected Values;

(d) all collections, Policy Proceeds, and payments received on account of any Purchased Receivable, Recourse Receivable, Discharged Receivable, or Unsold Receivable received during the Settlement Period ending on such Settlement Date;

(e) the outstanding principal balance and accrued, but unpaid interest on the Subordinated Note, as of the opening of the Settlement Date and after giving effect to all payments required to be paid on such Subordinated Note and interest on such Settlement Date;

(f) the amount of any insurance premiums which are due and payable or which have accrued but are not yet payable;

(g) the amount of any Lockbox fees which are due and payable as of such Settlement Date;

(h) a detailed accounting of any modifications or adjustments which have been, or are required to be, made with respect to any prior IRPF Receivables Reports; and

(i) the amount of any Commitment Fee required to be paid by Purchaser for the Settlement Period ending on such Settlement Date.

Each IRPF Receivables Report shall be delivered no later than 1:00 P.M. (Philadelphia, Pennsylvania, time) on each Preparation Date and shall be accompanied by copies of all supporting documentation and such additional back-up information as Purchaser, Lender, or Underwriter shall reasonably request and is reasonably available to Servicer; provided that such IRPF Receivables Report shall be delivered to Underwriter only if it has requested such delivery. Servicer shall also assist Purchaser in preparing those Settlement Reports which it is required to submit under the Credit Agreement and shall deliver to Purchaser or Lender such other reports as Purchaser or Lender may reasonably request from time to time. The requirements of this Section are subject to change as mutually agreed among Purchaser, Skyworks, Servicer, and Lender, pending further review and familiarity with the Servicer's accounting operation.

3.03 Collections. Servicer agrees that all collections received by Servicer on account of the Purchased Receivables will be deemed to be held in trust for Purchaser and will be deposited in the Purchaser's Account no later than the Business Day next following the date such collections were received. Servicer agrees that all collections received by Servicer on account of any Unsold Receivables will be deemed to be held in trust for Seller and will be deposited in the Purchaser's Account no later than the Business Day next following the date such collections were received, pending payment over to Seller on the next Settlement Date in accordance with the terms of the Program Documents.

3.04 Funds Received by Servicer After Program Termination Date. After the Program Termination Date, Servicer shall within three Business Days after receipt, forward, or cause to be forwarded, to the Lockbox or the Purchaser's Account all funds received by or credited to Servicer related to the Purchased Receivables and all correspondence received by Servicer which relates directly or indirectly to the Purchased Receivables. In the event Purchaser receives funds or correspondence relating to any Account Receivable which is not a Purchased Receivable, Purchaser shall within three Business Days after receipt, forward, or cause to be forwarded, to Servicer all such funds and correspondence. The obligation to transmit funds shall survive termination of this Agreement. Servicer hereby appoints and empowers Purchaser as its true and lawful attorney-in-fact solely to endorse any check or instrument made payable to Servicer and submitted as payment on any Purchased Receivable.

ARTICLE IV TERM AND TERMINATION

4.01 Term and Termination.

(a) Term. Except as otherwise provided herein, this Agreement shall commence on the Closing Date and shall continue in full force and effect until the Program Termination Date, with the parties acknowledging that any extension or termination of the Program Termination Date by Purchaser and Lender in accordance with the Credit Agreement shall cause a corresponding extension or termination of the term of this Agreement. The termination of this Agreement shall not terminate, affect, or impair any rights, obligations, or liabilities of either party hereto which may accrue prior to such termination or which, under the terms of this Agreement, continue after the Program Termination Date.

(b) Early Termination. This Agreement may be terminated, reserving all other remedies and rights hereunder in whole or in part, by (i) either party upon the occurrence of a Servicing Agreement Event of Default caused by the other party and (ii) Purchaser upon the occurrence of an Event of Default under the Credit Agreement; provided that, in either case, no termination of this Agreement shall be effective until Lender shall have received written notice of such intent to terminate and shall have consented to such termination, which consent shall not be delayed beyond that time required for Purchaser and Lender to engage the services of a successor Servicer.

(c) For purposes of this Agreement, a "Servicing Agreement Event of Default" shall mean the occurrence of any one or more of the following events:

(i) a party fails to make a payment in accordance with Article III (other than pursuant to a bona fide dispute over the amount which is payable) when such payment becomes due and payable and such failure continues for a period of three Business Days; or

(ii) a party defaults in the performance of any of its other duties or obligations under this Agreement and such default is not cured within fifteen days from the date of notice of such default from the other party; or

(iii) the filing of any petition in bankruptcy or for reorganization or debt consolidation under the federal bankruptcy laws or under any comparable law by or against a party, or upon the making of an assignment by a party of its assets for the benefit of creditors, or upon the application of a party for the appointment of a receiver or trustee of its assets; or

(iv) any representation or warranty made by a party herein is determined to have been false in any material respect when made.

(d) Servicer agrees that Lender may, but shall have no obligation to do so, cure any Servicing Agreement Event of Default where Purchaser is the defaulting party.

(e) The Servicer and Purchaser agree that, if Lender, in the exercise of its commercially reasonable judgment, determines that the Services are not being provided according to the standards set forth herein (regardless of whether any Servicing Agreement Event of Default then has occurred or is continuing) or that an event or series of events occurs which has a reasonable likelihood of preventing Servicer from providing the Services in the manner required herein, Lender may, by notice to both Purchaser and Servicer and after consultation with each of them, remove Servicer and, by mutual agreement with Purchaser, appoint a successor Servicer. In any event, any replacement Servicer must be reasonably satisfactory to Lender.

ARTICLE V REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of Servicer. Servicer represents and warrants to Purchaser as follows:

(a) Organization. Servicer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware.

(b) Capacity; Authority; Validity. Servicer has all necessary power and authority to enter into this Agreement and to perform all of the obligations to be performed by it under this Agreement. This Agreement and the performance by Servicer of its obligations hereunder have been duly and validly authorized by all necessary corporate action of Servicer, and this Agreement has been duly executed and delivered by Servicer and, assuming the due authorization, execution, and delivery thereof by Purchaser, constitutes the valid and binding obligation of Servicer, enforceable against Servicer in accordance with its terms.

(c) Conflicts; Defaults; Etc. Neither the execution and delivery of this Agreement by Servicer nor the performance by Servicer of its obligations hereunder will (i) conflict with, result in the breach of, constitute an event which would, or with the lapse of time or action by a third party or both would, result in a default under, or accelerate the performance required by, the terms of any contract, instrument, agreement, or commitment to which Servicer is a party or by which it is bound, (ii) violate the articles of incorporation or by-laws, or any other equivalent organizational document, of Servicer, (iii) result in the creation of any Lien, upon any of Servicer's or Skywork's assets other than Permitted Encumbrances, (iv) require any consent or approval under any judgment, order, writ, decree, permit or license, to which Servicer is a party or bound, or to which Servicer or any of its assets are subject.

(d) Consents. No consent, authorization or approval of, or exemption by, or filing with, any Governmental Body or any other Person is required to be obtained by Servicer in connection with the execution and delivery by Servicer of this Agreement or Servicer's performance of its obligations hereunder.

(e) Chief Executive Office; Filing Data. Servicer's federal taxpayer identification number is 04-2302115 and its organizational identification number is 0588101. Servicer's chief executive office is located at 20 Sylvan Road, Woburn, MA 01801, and all of Servicer's Books and Records relating to the Purchased Receivables are kept at such location. Servicer is organized under the laws of the State of Delaware and its exact legal name is: SKYWORKS SOLUTIONS, INC.

5.02 Representations and Warranties of Purchaser. Purchaser represents and warrants to Servicer as follows:

(a) Organization. Purchaser is a corporation, validly existing, and in good standing under the laws of the State of Delaware.

(b) Capacity; Authority; Validity. Purchaser has all necessary power and authority to enter into this Agreement and to perform all of the obligations to be performed by it under this Agreement. This Agreement and the performance by Purchaser of its obligations hereunder have been duly and validly authorized by all necessary corporate action of Purchaser, and this Agreement has been duly executed and delivered by Purchaser, and, assuming the due authorization, execution and delivery thereof by Servicer, constitutes the valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms.

(c) Conflicts; Defaults; Etc. Neither the execution and delivery of this Agreement by Purchaser nor the performance by Purchaser of its obligations hereunder will (i) conflict with, result in the breach of, constitute an event which would, or with the lapse of time or action by a third party or both would, result in a default under, or accelerate the performance required by, the terms of any contract, instrument, agreement, or commitment to which Purchaser is a party or by which it is bound, (ii) violate the articles of incorporation or bylaws, or any other equivalent organizational document, of Purchaser, (iii) result in the creation of any Lien upon any of Purchaser's assets other than Permitted Encumbrances, or (iv) require any consent or approval under any judgment, order, writ, decree, permit or license, to which Purchaser is a party or bound, or to which Purchaser or any of its assets are subject.

(d) Consents. No consent, authorization or approval of, or exemption by, or filing with, any Governmental Body or any other Person is required to be obtained by Purchaser in connection with the execution and delivery by Purchaser of this Agreement or Purchaser's performance of its obligations hereunder.

ARTICLE VI INDEMNIFICATION

6.01 Servicer's Indemnification Obligations. Servicer shall be liable to and shall indemnify, defend, and hold each of Purchaser, Lender, and Underwriter and their respective officers, directors, employees, subcontractors and permitted assigns, harmless from and against any and all Losses arising from or relating to (i) breach by Servicer of any representation, warranty, or covenant of Servicer hereunder, (ii) failure by Servicer to perform its obligations hereunder; (iii) the failure by Servicer or its agents, directors, officers, servants, or employees to comply with any international, federal, state, or local law or regulation; (iv) any other act, omission, or misrepresentation by Servicer or its agents, directors, officers, servants or employees with respect to any Purchased Receivables, the Policies and Procedures, or the Services.

6.02 Survival of Indemnification Obligations. The obligations of the parties set forth in this Article 6 shall survive the Program Termination Date.

ARTICLE VII MISCELLANEOUS

7.01 Cooperation. Purchaser shall furnish or cause to be furnished to Servicer all powers of attorney and other documents necessary or appropriate to enable Servicer to carry out its servicing duties hereunder. Each party shall provide such reasonable cooperation and assistance to the other party as may be necessary to enable Servicer to perform the servicing obligations hereunder and to enable Purchaser to monitor the Purchased Receivables and the servicing obligations of Servicer.

7.02 Notices. Except as otherwise provided in this Agreement, all notices permitted or required by this Agreement shall be in writing and shall be deemed to have been duly given (a) upon personal delivery (whether by messenger, overnight delivery, telegram, or otherwise), (b) upon facsimile transmission (receipt of which has been orally confirmed by the recipient), or (c) three Business Days after deposit, postage prepaid, in the United States mail, if sent by certified or registered mail, return receipt requested, and addressed:

If to Purchaser, to:

Skyworks USA, Inc.
103 Foulk Road
Suite 202
Wilmington, Delaware 19803
Attn: Robert A. Sagedy, Jr.
Vice President-Administrativ
Fax: 302-652-8667
Confirmation: 302-656-1950

with copies to:

Wachovia Bank, National Association
One South Broad Street
Philadelphia, Pennsylvania 19107
Attn: Alison Price, Structured Trade Finance
Fax: 267-321-6600
Confirmation: 267-321-6550

Skyworks Solutions, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801
Attn: Paul E. Vincent
Fax: 781-376-3310
Confirmation: 781-376-3030

Skyworks Solutions, Inc.
5221 California Avenue
Irvine, California 92612
Attn: Daniel N. Yannuzzi
Fax: 949-231-3206
Confirmation: 949-231-3200

If to Servicer, to:

Skyworks Solutions, Inc.
20 Sylvan Road
Woburn, Massachusetts 01801
Attn: Paul E. Vincent
Fax: 781-376-3310
Confirmation: 781-376-3030

with a copy to:

Wachovia Bank, National Association (at the address shown above);

Skyworks Solutions (to the attention of Paul E. Vincent at the address shown above; which copy of notice is not required, so long as Skyworks continues to serve as Servicer); and

Skyworks Solutions (to the attention of Daniel N. Yunnuzzi at the address shown above)

or in accordance with such other address information as the party to receive notice (or copy thereof) may provide in writing to the other party in accordance with the above notice provisions. Any notice given by any other method will be deemed to have been duly given upon receipt thereof.

7.03 Assignment.

(a) The rights of any party under this Agreement shall not be assigned or transferred by any party without the prior written approval of the other party hereto and Lender; provided, however, that the parties hereto acknowledge and agree that:

(i) Purchaser intends (A) to finance, in part, its purchase of the Purchased Receivables through extensions of credit from Lender and (B) to insure the collection of such Purchased Receivables under the Policy;

(ii) Purchaser may assign its rights under this Agreement, each other Program Document, and the Purchased Receivables to Lender in connection with such financing; and

(iii) to the extent a Purchased Receivable is paid under the Policy, Purchaser may assign its rights under this Agreement, each other Program Document, and each Purchased Receivable so paid to Underwriter, to the extent such rights affect, or are related to, such Purchased Receivables.

(b) During the continuation of any Default or Event of Default, Servicer agrees that Lender shall have all the rights (but none of the obligations) of Purchaser hereunder, to the same extent as Purchaser, and that Servicer shall continue to perform its obligations hereunder for the benefit of Lender until the Program Termination Date, unless Servicer is otherwise released from its obligation to perform in accordance with this Agreement.

(c) Servicer agrees that Lender and Underwriter are third-party beneficiaries to this Agreement (each to the extent described in this Section 7.03) and shall be entitled to and have standing to enforce the rights of Purchaser hereunder. Any attempt by any party to assign or transfer this Agreement contrary to the terms and conditions of this section shall be null and void.

7.04 **Severability.** If any provision or portion thereof of this Agreement is held invalid, illegal, void, or unenforceable by reason of any rule of law, administrative or judicial provision, or public policy, such provision shall be ineffective only to the extent invalid, illegal, void, or unenforceable, and the remainder of such provision and all other provisions of this Agreement shall nevertheless remain in full force and effect.

7.05 **Entire Agreement; Amendments.** This Agreement, together with the Exhibits and Schedules hereto, constitute the entire agreement between the Servicer on the one hand and the Purchaser on the other relating to the subject matter herein. This Agreement may be amended only by a written document signed by each of the parties and with the prior written consent of Lender and, to the extent such amendment relates to the Policy or the administration thereof, or the satisfaction of any requirements or conditions contained in the Policy, Underwriter. This Agreement and the rights and obligations created under it shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns, and no other person shall acquire or have any right under or by virtue of this Agreement except as expressly set forth herein.

7.06 **Waivers.** One party hereto may, by a signed written notice to the other party hereto and with the Lender's prior written consent, (a) extend the time for the performance of any of the obligations or other actions of the other party under this Agreement; (b) waive any inaccuracies in the representations or warranties of the other party contained in this Agreement or in any document delivered pursuant to this Agreement; (c) waive compliance with any of the conditions or covenants of the other party contained in this Agreement; or (d) waive or modify performance of any of the obligations of the other party under this Agreement. Except as provided in the preceding sentence, no action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of one party, shall be deemed to constitute a waiver by such party of compliance with any of the representations, warranties, covenants, conditions, or agreements contained in this Agreement. The waiver by one party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach. No party may consent to the waiver of any term or condition in this Agreement which relates to the Policy or the administration thereof, or the satisfaction of any requirements or conditions contained in the Policy, without the Lender's and Underwriter's prior written consent.

7.07 **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict of laws rules (other than Section 5-1401 of the New York General Obligations Laws).

7.08 **Books and Records.** During the term of this Agreement and for any period required by applicable law, each party shall maintain books of account and records, in accordance with GAAP, of all transactions arising in connection with its obligations pursuant to this Agreement.

7.09 **Expenses.** Except as otherwise expressly set forth herein, any costs, expenses, or other charges incurred by either of the parties hereto shall be borne by the party incurring such cost, expense, or charge.

7.10 **Relationship of the Parties.** The parties agree that in performing their responsibilities pursuant to this Agreement, they are in the position of independent contractors. This Agreement is not intended to create, nor does it create, and shall not be construed to create, a relationship of partner or joint venture or any association for profit between or among any of Lender, Servicer, Seller, or Purchaser.

7.11 **Headings.** The headings contained herein are for convenience of reference only and are not intended to define, limit, expand, or describe the scope or intent of any provisions of this Agreement.

7.12 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original, but together shall constitute one and the same instrument.

7.13 **WAIVER OF JURY TRIAL; CONSENT TO JURISDICTION.** EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THIS AGREEMENT OR ANY OTHER PROGRAM DOCUMENT; (B) SUBMITS TO THE NONEXCLUSIVE PERSONAL JURISDICTION IN THE STATE COURTS OF THE STATES OF NEW YORK AND NORTH CAROLINA AND THE UNITED STATES DISTRICT COURTS OF NORTH CAROLINA AND THE SOUTHERN DISTRICT OF NEW YORK FOR THE ENFORCEMENT OF THIS AGREEMENT AND THE OTHER PROGRAM DOCUMENTS; (C) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY JURISDICTION TO OBJECT ON ANY BASIS (INCLUDING, WITHOUT LIMITATION, INCONVENIENCE OF FORUM) TO JURISDICTION OR VENUE WITHIN THE STATES AND DISTRICTS DESCRIBED ABOVE FOR THE PURPOSE OF LITIGATION TO ENFORCE THIS AGREEMENT OR THE OTHER PROGRAM DOCUMENTS; AND (D) AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN THE MANNER PRESCRIBED IN SECTION 7.02. NOTHING HEREIN CONTAINED, HOWEVER, SHALL PREVENT ANY PARTY FROM BRINGING ANY ACTION OR EXERCISING ANY RIGHTS AGAINST ANY SECURITY AND AGAINST ANY OTHER PARTY PERSONALLY, AND AGAINST ANY ASSETS OF SUCH OTHER PARTY, WITHIN ANY OTHER STATE OR JURISDICTION.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Servicing Agreement under seal on the day and year first above written.

SKYWORKS USA, INC. (SEAL)

Witness

By: /s/ Robert A. Sagedy, Jr.
Name: Robert A. Sagedy, Jr.
Title: Vice President

SKYWORKS SOLUTIONS, INC. (SEAL)

Witness

By: /s/ Paul E. Vincent
Name: Paul E. Vincent
Title: Chief Financial Officer

Exhibit A

Services

Servicer shall perform, or shall cause the performance of (to the extent permitted in this Agreement), each of the following (collectively, the “Services”):

(a) At the request of Purchaser, prepare and deliver to Lender Advance Requests containing payment instructions as directed by Purchaser;

(b) Carry on all dealings with Underwriter on behalf of Purchaser regarding the enforcement, maintenance, and administration of the Policy, including, without limitation, (i) assist Purchaser in causing the timely payment of any premiums under the Policy; (ii) submitting Purchased Receivables for payment under the Policy and assisting in identifying, collecting, and delivering supporting documentation to Underwriter for processing of any claim; (iii) resubmitting claims initially denied under the Policy; (iv) assisting Purchaser in enforcing its rights under the Policy against Underwriter; (v) assisting in the settlement of disputes between Underwriter and Purchaser; (vi) assisting Purchaser in submitting to Underwriter all information and materials requested by it or required under the Policy; and (vii) assisting Purchaser in complying with all obligations of Purchaser under the Policy;

(c) Prepare and deliver IRPF Receivables Reports as prescribed in the Program Documents;

(d) Respond to Lender’s inquiries, and otherwise cooperate with Lender, regarding the Purchased Receivables, the Policy, the Program, and the Program Documents and all transactions contemplated therein;

(e) Cause the Lockbox and the Purchaser’s Account to be maintained in accordance with the Program Documents, including, without limitation, ensuring that all associated fees are timely paid;

(f) Assist Purchaser in calculating the Borrowing Base and preparing and delivering each Settlement Report; and

(g) Bill, collect, and process all collections on the Purchased Receivables and otherwise administer to the collection of the Purchased Receivables, including, without limitation, identifying collections, applying collections to particular Purchased Receivables, maintaining aging reports of the Purchased Receivables, identifying all Recourse Receivables and calculating the Repurchase Price thereof, ensuring Recourse Receivables and their Related Rights and Property are conveyed to Skyworks upon receipt of the Repurchase Price, and ensuring that Deductions are authorized, accord with the terms of the Program Documents, and are documented by credit memoranda or similar papers.

Exhibit B

Form of IRPF Receivables Report

[TO BE ATTACHED]

CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT (the "Agreement") is dated as of July 15, 2003, by and between **SKYWORKS USA, INC.**, a Delaware corporation ("Purchaser"), and **WACHOVIA BANK, NATIONAL ASSOCIATION**, as Lender.

The parties hereto agree as follows:

ARTICLE 1. DEFINITIONS AND RELATED TERMS

SECTION 1.01. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Account Debtor" means, with respect to an Account Receivable, the Person who is obligated to the Obligee of such Account Receivable.

"Account Receivable" means an Obligee's right to the payment of money from an Account Debtor arising out of goods sold or to be sold, property leased or to be leased, and services rendered to be rendered, whether secured or unsecured, whether now existing or hereafter arising, and whether or not specifically sold or purchased in connection with the Program; provided that the parties hereto agree that each such right to payment evidenced by a separate, discrete invoice shall constitute a separate Account Receivable hereunder.

"Adjusted LIBOR" means, as applicable to any Settlement Period, a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/100th of one percent) by dividing (i) the applicable LIBOR for such Settlement Period by (ii) 1.00 minus the LIBOR Reserve Percentage.

"Advance" means each extension of credit made by Lender to Purchaser or on Purchaser's behalf under this Agreement or relating to the Program.

"Advance Request" means each request substantially in the form of Exhibit A, attached hereto and made a part hereof.

"Affiliate" of any relevant Person means (i) any Person that directly, or indirectly through one or more intermediaries, controls the relevant Person (a "Controlling Person"); (ii) any Person (other than the relevant Person or a Subsidiary of the relevant Person) which is controlled by or is under common control with a Controlling Person; or (iii) any Person (other than a Subsidiary of the relevant Person) of which the relevant Person owns, directly or indirectly, five percent or more of the common stock or equivalent equity interests. As used herein, the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

"Aggregate Advances" means, at any time of determination, the aggregate outstanding principal amount of all Advances.

"Aggregate Cash Payment" means, as of any Settlement Date, an amount equal to the amount of the Advance (if any) being made on such Settlement Date, plus the collected balance in the Purchaser's Account as of the open of business on the Preparation Date immediately preceding such Settlement Date (other than that portion of such collected balance which represents collections which have been received, but not yet identified and applied to a specific Account Debtor in an IRPF Receivables Report delivered to Purchaser by Servicer and collections on Unsold Receivables), less the amounts indicated in items (i) through (xi) of Section 2.08(d) in the Credit Agreement, as such items are calculated as of such Settlement Date.

"Aggregate Insured Value" means, at the time of determination, the aggregate Insured Value of all Purchased Receivables of all Account Debtors.

"Agreement" means this Credit and Security Agreement, together with all amendments, restatements, supplements, and other modifications hereto.

"Authority" has the meaning set forth in Section 7.02.

"Available Proceeds" means, at any time of determination, the then-total amount of proceeds which remains available for payment of claims submitted under the Policy.

"Bankruptcy Code" means Title 11 of the United States Code, as it may be amended from time to time.

"Base Rate" means, as of any day, a rate of interest per annum equal to the higher as of such day of (i) Prime Rate, less one percent and (ii) one-half of one percent above the Federal Funds Rate. For purposes of determining the Base Rate for any day, changes in the Prime Rate or the Federal Funds Rate shall be effective on the date of each such change.

"Bill of Sale" has the meaning give such term in the Purchase Agreement.

"Blocked Account Agreement" means a Control Agreement for Notification and Acknowledgement of Pledge or Security Interest in Accounts substantially in the form of Exhibit B, attached hereto and made part hereof, with any changes as may be acceptable to Lender in its sole discretion, executed and delivered by Purchaser, the depository institution at which the Purchaser maintains the Purchaser's Account, and Lender, as required by Lender.

"Books and Records" means, with respect to an Obligee's Accounts Receivable, all of the Obligee's books, records, computer tapes, programs, and ledger books arising from or relating to such Accounts Receivable.

"Borrowing Base" means, at any time of determination, the lesser of (a) the Commitment and (b) an amount equal to 85% of the Aggregate Insured Value.

"Business Day" means each day on which dealings in Dollar deposits are carried out in the London Interbank market and which is not a Saturday, Sunday, or a day on which banking institutions in the States of Pennsylvania or North Carolina are authorized or obligated by law, executive order, or governmental decree to be closed.

"Cash Price" means, with respect to an Account Receivable which is being purchased on a Settlement Date, an amount equal to the Purchase Price of such Account Receivable, divided by the Purchase Price of all Accounts Receivable of Seller being sold on such Settlement Date, times the Aggregate Cash Payment as of such Settlement Date; provided that the Cash Price for such Account Receivable shall in no event exceed the Purchase Price of such Account Receivable; and provided further, that in no event may the Cash Price of such Account Receivable be less than 85% of its Face Value.

"Change of Law" has the meaning set forth in Section 7.02.

"Closing Certificate" has the meaning set forth in Section 8.01(c).

“Closing Date” means the date of this Agreement as first above written.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor Federal tax code.

“Collateral” means the property in which Lender is granted a security interest pursuant to Section 3.01 or elsewhere in the Program Documents.

“Collateral Disclosure Certificate” has the meaning given such term in Section 4.15.

“Commitment” means \$50,000,000, as such amount may be reduced from time to time as set forth in Section 2.06.

“Commitment Fee” has the meaning set forth in Section 2.05.

“Consolidated Tangible Net Worth” means (a) shareholders’ equity of Seller and its consolidated Subsidiaries, as set forth or reflected on the most recent consolidated balance sheet of Seller and its consolidated Subsidiaries, as prepared in accordance with GAAP (but excluding any preferred stock of Seller or its consolidated Subsidiaries which, prior to the Scheduled Purchase Termination Date, is either mandatorily redeemable (by sinking fund or similar payments or otherwise) or redeemable at the option of the holder thereof, less (b) the sum of (i) all assets which would be treated as intangible assets for balance sheet presentation purposes under GAAP, including, without limitation, goodwill (whether representing the excess of cost over book value of assets acquired or otherwise), trademarks, trade names, copyrights, patents and technologies, and unamortized debt discount and expense, (ii) to the extent not included in the foregoing clause (i), any amount at which shares of capital stock of Seller or any of its consolidated Subsidiaries appear as an asset on the balance sheet of Seller and its consolidated subsidiaries, (iii) loans or advances to stockholders, directors, officers, or employees, and (iv) to the extent not included in the foregoing clause (i), deferred expenses.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with any of Purchaser or Seller, are treated as a single employer under Section 414 of the Code.

“Debt” of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all payment obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable and accrued expenses arising in the ordinary course of business, (iv) all obligations of such Person as lessee under capital leases or leases for which such Person retains tax ownership of the property subject to a lease, (v) all obligations of such Person to reimburse any bank or other Person in respect of amounts payable under a banker’s acceptance, (vi) all obligations of such Person to reimburse any bank or other Person in respect of amounts paid or undrawn amounts available to be paid under a letter of credit or similar instrument, (viii) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (ix) all obligations of such Person with respect to interest rate protection agreements, foreign currency exchange agreements or other hedging arrangements, other than commodity hedging agreements entered into by such Person as risk protection rather than as an investment (each valued as the termination value thereof computed in accordance with a method approved by the International Swap Dealers Association and agreed to by such Person in the applicable agreement, if any), and (x) all Debt of others guaranteed, in any form whatsoever, by such Person.

“Deduction” means any credit, allowance, discount, setoff, counterclaim, settlement, compromise, return, accord and satisfaction, accommodation, or forgiveness of any nature or type, on, of, or relating to all Accounts Receivable.

“Default Rate” means, with respect to any of the Obligations, on any day, a rate of interest per annum equal to the sum of (i) the Interest Rate, plus (ii) two percent.

“Default” means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

“Deferred Price” means, with respect to an Account Receivable which is being purchased on a Settlement Date, an amount equal to the Purchase Price of such Account Receivable, less the Cash Price of such Account Receivable.

“Discharged Receivable” means any Purchased Receivable (a) the Uncollected Value of which was fully and finally paid by the Account Debtor or (b) for which a claim was submitted under the Policy and either (i) initially rejected (regardless of whether there exists any right to resubmit such Purchased Receivable or any right to appeal such rejection) or (ii) paid by Underwriter and the Policy Proceeds received by Lender or deposited into the Purchaser’s Account.

“Dollars” or “\$” means dollars in lawful currency of the United States of America.

“Effective Date” means the date on which each of the conditions precedent to closing and conditions precedent to the making of the initial Advance are satisfied, as determined by Lender.

“Eligible Receivable” means each of the Seller’s Accounts Receivable which has been specifically identified and offered for sale by Seller, accepted or approved for purchase by Purchaser, Lender, and Underwriter, and satisfies, at any time of determination, each of the following other criteria:

- (a) Seller has the right to sell such Account Receivable to Purchaser;
- (b) is evidenced by a binding Underlying Contract between Seller and the Account Debtor;
- (c) the right to payment of which has been fully earned by Seller and requires no further performance on Seller’s part and the Account Receivable is due and payable by the Account Debtor in Dollars;
- (d) the Account Debtor related to such Account Receivable is not affiliated with Seller;
- (e) arises out of a bona fide sale from Seller to the Account Debtor related to such Account Receivable in a transaction occurring in the ordinary course of Seller’s business;
- (f) is not within the scope of any exclusions of coverage pursuant to the terms of the Policy;
- (g) at the time of Purchaser’s purchase thereof, is not past due;
- (h) is free from adverse claims, is not subject to any Deductions other than Deductions of which the Purchaser has been notified, has not been sold or pledged to any other Person other than Purchaser or Lender, and is free and clear of all Liens except Liens in favor of Lender;

- (i) upon Purchaser's purchase thereof and for so long as it remains a Purchased Receivable, Purchaser's ownership thereof and security interest therein will be evidenced and perfected under the UCC and applicable Financing Statements filed in appropriate offices and will be subject to Lender's first-priority, perfected security interest; and
- (j) at the time of Purchaser's purchase thereof, the Account Debtor related to such Account Receivable (i) enjoys the status of being a buyer or account debtor pre-approved by Underwriter or (ii) is otherwise acceptable to Underwriter because of the existence of a discretionary credit limit or similar discretionary approval process allowed under the Policy.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor law. Any reference to any provision of ERISA shall also be deemed to be a reference to any successor provision or provisions thereof.

"Event of Default" has the meaning set forth in Section 6.01.

"Face Value" means, with respect to an Account Receivable, the amount the Account Debtor is obligated to pay the Oblige on account of the sale of goods or rendition of services as shown on the face of any related documents (e.g., the Underlying Contract, invoices, purchase orders, or other shipping documents), without including any Deductions, interest, shipping charges, or other extraneous costs and expenses.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the next higher 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to Lender on such day on such transactions, as determined in good faith by Lender.

"Final Payment Date" means the date which is nine months after the Purchase Termination Date; provided that, if such date is not a Business Day, then the Final Payment Date shall be the immediately following Business Day.

"Financing Statement" means any financing statement (as such term is used in the UCC) and any other statement or document which is filed in a public record for the purpose of giving notice of, or perfecting, a Lien, and amendments thereto (including, without limitation, any amendments effecting any assignment of any financing statement from one Person to another).

"Fiscal Quarter" means any fiscal quarter of Seller.

"Fiscal Year" means any fiscal year of Seller.

"GAAP" means generally accepted accounting principles in the United States of America applied on a basis consistent with those which, in accordance with Section 1.02, are to be used in making the calculations for purposes of determining compliance with the terms of this Agreement.

"Governmental Body" means any court, arbitrator, tribunal, or other governmental authority, agency, or body or any official thereof.

"Indenture Agreements" means that certain Indenture respecting certain 4 3/4% Convertible Subordinated Notes, by and among Seller, as Issuer, and State Street Bank and Trust Company, as Trustee, dated as of November 12, 2002, and that certain Indenture respecting certain 15% Convertible Senior Subordinated Notes, by and among Seller, as Issuer, and Wachovia Bank, National Association, as Trustee, dated as of November 20, 2002, as each is amended, restated, supplemented, or otherwise modified from time to time.

"Indenture Default" means any "Event of Default" (as such term is defined in the Indenture Agreements) under the Indenture Agreements.

"Independent Director" has the meaning given such term in Section 5.10(b).

"Insured Value" means, with respect to all Purchased Receivables of a particular Account Debtor and at any time of determination, that portion of the Uncollected Value of such Purchased Receivables which (a) does not exceed any buyer, credit, or other limitation established for such Account Debtor by Underwriter pursuant to the Policy, as such limitation exists at such time; (b) is otherwise nominally eligible for payment under the Policy at such time, without regard to the limitations described in the immediately preceding clause (a) or any other credit or Policy limitation set forth in or applicable to the Policy; and (c) was calculated in a manner acceptable to Lender and Purchaser. In determining the Uncollected Value of a Purchased Receivable for purposes of this definition, such value shall be calculated as of the date and time of the most recent IRPF Receivables Report delivered by Servicer or the Lockbox administrator and shall be calculated based solely on the information contained in such IRPF Receivables Report, meaning that collections received, but not yet identified, applied to such Purchased Receivable, or deposited in the Purchaser's Account, will not be used in determining any part of such Uncollected Value for purposes of this definition.

"Interest Rate" means (a) a variable rate of interest per annum equal to Adjusted LIBOR, plus 0.40%, which rate shall be adjusted for each Settlement Period as set forth herein or (b) such other rate of interest applicable to the Aggregate Advances as determined from time to time in accordance with Article 7.

"Investment" means any investment in any Person, whether by means of purchase or acquisition of obligations or securities of such Person (including, without limitation, interest rate protection, foreign currency, or other hedging arrangements to be held by such Person as an investment), capital contribution to such Person, loan or advance to such Person, making of a time deposit with such Person, guaranty, suretyship, or assumption of any obligation of such Person or otherwise.

"IRPF Receivables Report" has the meaning given such term in the Servicing Agreement.

"LIBOR" means, for the Aggregate Advances outstanding during any Settlement Period:

- (a) the rate of interest per annum at which U.S. Dollar deposits are offered in the London interbank market in an amount approximately equal to the Aggregate Advances for a period of time comparable to such Settlement Period which appears on the Telerate Page 3750 as of 11:00 A.M. London time two Business Days prior to the first Business Day of such Settlement Period; or
- (b) if no such rate appears on the Telerate Page 3750, the rate of interest per annum determined by Lender to be the average of up to four interest rates per annum, at which U.S. Dollar deposits are offered in the London interbank market in an amount approximately equal to the Aggregate Advances for a period of time comparable to such Settlement Period, which appear on the Reuter's Screen LIBO Page as of 11:00 A.M. London time two

Business Days prior to the first Business Day of such Settlement Period, if at least two such offered rates so appear on the Reuter's Screen LIBO Page; or

- (c) if no such rate appears on the Telerate Page 3750 and fewer than two offered rates appear on the Reuter's Screen LIBO Page, the rate of interest per annum at which deposits in an amount comparable to the Aggregate Advances and which have a term corresponding to such Settlement Period are offered to Lender by first class banks in the London inter-bank market for delivery in immediately available funds at a non-United States office or international banking facility of Lender, as selected by Lender, on the first day of such Settlement Period as determined by Lender approximately 10:00 A.M. (Philadelphia, Pennsylvania, time) two Business Days prior to the date upon which such Settlement Period is to commence (which determination by such Lender shall, in the absence of manifest error, be conclusive).

"LIBOR Reserve Percentage" means, for any day, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in respect of "eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on the Aggregate Advances is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of Lender to United States residents). Adjusted LIBOR shall be adjusted automatically on and as of the effective date of any change in the LIBOR Reserve Percentage.

"Lien" means, with respect to any asset, any mortgage, deed to secure debt, deed of trust, lien, pledge, charge, security interest, security title, preferential arrangement which has the practical effect of constituting a security interest, encumbrance, or servitude of any kind in respect of such asset to secure or assure payment of a Debt or a guarantee of Debt of another, whether by consensual agreement or by operation of statute or other law, or by any agreement, contingent or otherwise, to provide any of the foregoing. For the purposes of this Agreement, Purchaser shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease, or other title retention agreement relating to such asset.

"Lockbox" means a lockbox arrangement on terms, and administered by a financial institution, satisfactory at all times to Lender.

"Lockbox Agreement" means a lockbox agreement in form and substance satisfactory at all times to Lender, which agreement shall be by and among Lender, Purchaser, and the financial institution which serves as administrator for the Lockbox.

"Losses" means any liability, damage, costs and expenses, including, without limitation, any attorneys' fees, disbursements and court costs, in each case reasonably incurred by a Person, as the case may be, without regard to whether or not such Losses would be deemed material under this Agreement or any other Program Document, provided, however, that "Losses" shall not include any losses based on claims for benefit-of-the bargain (other than with respect to the Purchase Price), lost opportunity costs or similar claims.

"Management Expenses" means (a) the management fees, rental fees, phone expenses, and other administrative fees which Purchaser is required to pay under that certain Sublease and Administrative Services Agreement dated as of July 11, 2003, by and between Purchaser and Blue Diamond Realty, L.L.C.; that certain Administrative Manager's Employment Contract dated as of July 11, 2003, by and between Purchaser and Robert A. Sagedy, Jr.; and that certain Director's Contract dated as of July 11, 2003, by and between Purchaser and Beth L. Peoples and (b) legal and accounting expenses Purchaser is required to pay to Seller pursuant to that certain Service Allocation Agreement dated as of July 14, 2003, by and between Purchaser and Seller.

"Margin Stock" means "margin stock" as defined in Regulations T, U or X.

"Material Adverse Effect" means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination, or claim or contest by any Person demanding the same, in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, a material adverse change in, or a material adverse effect upon, any of (a) the financial condition, operations, business, properties or prospects of the Purchaser, (b) the rights and remedies of Lender under the Program Documents, Lender's security interest and Lien against the Collateral, the ability of Purchaser to perform its obligations with respect to the Obligations or under the Program Documents to which it is a party, or the ability of either the Seller or Servicer to perform its respective obligations under the Program Documents to which it is a party (including, without limitation, the repudiation, revocation or any attempt to do the same by any Person obligated under any other Program Document), as applicable, or (c) the legality, validity or enforceability of any Program Document.

"Minimum Balance" means, at any time of determination, an amount equal to the greater of (a) sum of (i) the deductible then existing under the Policy, plus (ii) the amount of any additional premiums which, though not currently due and payable, have accrued for payment by Purchaser at the conclusion of the Policy's term, plus (iii) an amount equal to three month's interest at an assumed interest rate of two and one-half percent per annum on an amount equal to the initial Commitment, plus (iv) if any governmental authority has entered an order or taken any other official action (provisionally or otherwise) which serves as, or is reasonably intended to result in, a garnishment or similar attachment of any payments owing to Purchaser on account of a Purchased Receivable, an amount equal to the maximum amount of such payments so, or to be, garnished or attached, as such amount is stated in such order or other official pronouncement of such governmental authority and (b) ten percent of the initial Commitment hereunder.

"Moody's" means Moody's Investor Service, Inc.

"Multiemployer Plan" has the meaning set forth in Section 4001(a)(3) of ERISA.

"Note" means a promissory note substantially in the form attached hereto as Exhibit D, made by Purchaser and payable to Lender in the principal amount equal to the Commitment, together with all amendments, consolidations, modifications, renewals, and supplements thereto.

"Obligations" means all Debts, indebtedness, liabilities, covenants, duties and other obligations of Purchaser to Lender included or arising from time to time under this Agreement or any other Program Document, whether evidenced by any note or other writing, including, without limitation, principal, interest, fees, costs, attorneys' fees, and indemnification amounts and any and all extensions or renewals thereof in whole or in part, direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

"Obligee" means the Person to whom payment of an Account Receivable is owed.

"Officer's Certificate" has the meaning set forth in Section 8.01(d).

"Original Discount" means, with respect to an Account Receivable purchased under the Program, two percent, expressed as a decimal, times the Face Value of such Account Receivable.

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Encumbrances” means, as to the Collateral, the Liens granted to Lender under the Program Agreements and any Liens or other claims Seller may have to any Recourse Receivable and its Related Rights and Property which arise after Seller pays the Repurchase Price for such Recourse Receivable and any Liens or other claims Underwriter may have in any Purchased Receivable and its Related Rights and Property on account of having paid Policy Proceeds on such Purchased Receivable.

“Person” means an individual, a corporation, a limited liability company, a partnership, an unincorporated association, a trust or any other entity or organization, including, but not limited to, a government or political subdivision or an agency or instrumentality thereof.

“Plan” means at any time an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either (i) maintained by a member of the Controlled Group for employees of any member of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Policy” means, in each case in form and substance satisfactory to Lender, (a) a receivables insurance policy and all endorsements and other agreements, documents, and instruments relating thereto, issued by Underwriter to Purchaser, and (b) any replacement, substitution, or extension of, or amendments to, such receivables insurance policy (and all endorsements and other agreements, documents, and instruments relating thereto) issued by Underwriter to Purchaser.

“Policies and Procedures” has the meaning given such term in the Servicing Agreement.

“Policy Proceeds” means the proceeds paid by Underwriter on a Purchased Receivable submitted for payment under the Policy.

“Preparation Date” means each date which is two Business Days before each Settlement Date; provided that the initial Preparation Date shall be the Effective Date.

“Prime Rate” refers to that interest rate so denominated and set by Lender from time to time as an interest rate basis for borrowings. The Prime Rate is but one of several interest rate bases used by Lender. Lender lends at interest rates above and below the Prime Rate.

“Program” means the program for the Seller’s sale, and Purchaser’s purchase, of certain of the Seller’s Accounts Receivable, and for the funding of a portion of the Purchase Price thereof by Advances made to Purchaser under this Agreement, all as contemplated by the Program Documents.

“Program Documents” means each of this Agreement, the Purchase Agreement, the Note, the Servicing Agreement, the Financing Statements, each Settlement Report, each IRPF Receivables Report, each Advance Request, the Subordinated Notes, the Collateral Disclosure Certificate, the Lockbox Agreement (if any), the Blocked Account Agreement (if any), and all other agreements, documents, or instruments entered into in connection with any of the foregoing as the same may be amended, restated, supplemented, or otherwise modified from time to time.

“Program Termination Date” means the date on which the Obligations shall have been finally paid in full and Lender’s commitment to make Advances has terminated.

“Public Accountants” means nationally recognized certified public accountants acceptable to Lender.

“Purchase Agreement” means that certain Receivables Purchase Agreement of even date herewith by and among Seller and Purchaser, as amended, restated, supplemented or otherwise modified from time to time.

“Purchase Notice” has the meaning given such term in the Purchase Agreement.

“Purchase Price” means, with respect to any Account Receivable purchased under the Program, the price paid by Purchaser for the purchase of such Account Receivable, which price shall be an amount equal to its Face Value, less the Original Discount, and shall be paid in cash to the extent of the Cash Price and as an accrual on the Subordinated Note to the extent of the Deferred Price.

“Purchase Termination Date” means the earliest to occur of the following: (a) the date on which the Policy is initially scheduled to expire (or, if the Policy is replaced, substituted, extended, or amended, with Lender’s consent and approval, to provide a later expiration date, then such later expiration date); (b) the Scheduled Purchase Termination Date (provided that the Scheduled Purchase Termination Date is subject to extension for an additional 364 days, in Lender’s sole and absolute discretion, upon Purchaser’s request made in writing not more than sixty and not less than thirty days before the then-pending Scheduled Purchase Termination Date); (c) the date following delivery of any the Seller’s financial statements required to be delivered pursuant to Sections 5.01(a) and (b), and the certificate required pursuant to Section 5.01(d), if such financial statements and certificate indicate that Seller’s Consolidated Tangible Net Worth is less than zero; provided that, in any of the foregoing cases, if such date is not a Business Day, the Purchase Termination Date shall be the Business Day immediately preceding such date.

“Purchased Receivable” means an Account Receivable which was actually purchased by Purchaser under and in accordance with the terms of the Purchase Agreement; provided that such Account Receivable shall no longer constitute a Purchased Receivable immediately upon its becoming a Recourse Receivable or a Discharged Receivable.

“Purchaser’s Account” means a deposit account at a domestic financial institution reasonably acceptable to Lender at all times, which account will be owned by Purchaser and into which, inter alia, (a) all collections on all Purchased Receivables, Policy Proceeds not received directly by Lender, and all proceeds of either of them will be deposited and all of Purchaser’s cash will be maintained on deposit and (b) collections on certain Unsold Receivables may be received, to the extent described in the Purchase Agreement and in the other Program Documents; provided, however, that for purposes of calculating the balance of the Purchaser’s Account from time to time under the Program Documents, no items of payment or other collections (or the funds thereof) on any Unsold Receivable shall be included.

“Recourse Receivable” means any Account Receivable which was purchased by Purchaser under the Program which (a) becomes subject to any dispute between its Account Debtor and Seller (or Purchaser by virtue of Purchaser’s having purchased such Account Receivable) regarding Seller’s performance of its obligations under the Underlying Contract, unless (i) the amount in dispute is less than twenty percent of the Face Value of such Account Receivable, or (ii) if the aggregate amount in dispute with respect to all Purchased Receivables exceeds \$5,000,000, the amount in dispute is less than five percent of the Face Value of such Account Receivable and, in either case (i) or (ii), Purchaser and Lender are notified of such dispute in writing and any disputed amount is excluded from the calculation of the Borrowing Base until such dispute is settled, (b) was sold to Purchaser in violation of any representation, warranty, or covenant contained in any Program Document, or (c) was sold to Purchaser fraudulently or unlawfully.

“Related Rights and Property” means, with respect to an Account Receivable and in each case whether now existing or hereafter acquired or arising, (a) all of Obligees’ interest in all goods represented by such Account Receivable and in all goods returned by, or reclaimed, repossessed, or recovered from, the Account Debtor; (b) all of Obligees’ Books and Records relating to such Account Receivable; (c) all of Obligees’ rights in and to (but not its obligations under) the Underlying Contract; (d) all accounts, instruments, general intangibles, documents, chattel paper, and letter of credit rights related to such Account Receivable; (e) all of the collections or payments received and all of Obligees’ rights to receive payment and collections on such Account Receivable; (f) all of Obligees’ rights as an unpaid lienor or vendor of such goods; (g) all of Obligees’ rights of stoppage in transit, replevin, and reclamation relating to such goods or Account Receivable; (h) all of Obligees’ rights in and to all security for such goods or the payment of such Account Receivable and guaranties thereof; (i) any collections or casualty insurance proceeds or proceeds from any trade receivables or other insurance (including, without limitation, the Policy and Policy Proceeds) collected or paid on account of such Account Receivable or any of the foregoing; and (j) all of Obligees’ rights against third parties with respect thereto.

“Repurchase Price” means, with respect to any Recourse Receivable, the amount Seller of such Recourse Receivable is required to pay in repurchasing such Recourse Receivable, which amount shall be equal to (a) the Purchase Price paid by Purchaser for such Recourse Receivable, less (b) any amounts which Purchaser is required to convey to Seller as Related Rights and Property upon Seller’s repurchase of such Recourse Receivable, less (c) any Deductions on such Recourse Receivable to the extent Purchaser was actually reimbursed for such Deductions under the provisions of 2.08(d) or 2.08(e).

“Restricted Payment” means (a) any dividend or other distribution on any shares of Purchaser’s equity securities (except dividends payable solely in shares of its equity securities); (b) any payment on account of the purchase, redemption, retirement, defeasance, or other acquisition of or sinking fund for (i) any shares of Purchaser’s equity securities (except shares acquired upon the conversion thereof into other of Purchaser’s equity securities), or (ii) any option, capital appreciation rights, stock appreciation rights, warrant, or other right to acquire Purchaser’s equity securities; or (c) any payment prior to the scheduled maturity of any of Purchaser’s subordinated debt or other Debt (other than the Obligations), provided that payment on the Subordinated Notes in accordance with the terms of this Agreement shall not constitute a Restricted Payment.

“S&P” means Standard & Poor’s Rating Group, a division of McGraw-Hill, Inc.

“Scheduled Purchase Termination Date” means the date which is 364 days after the Effective Date, subject to extension as provided in the definition of “Purchase Termination Date.”

“Seller” means Skyworks Solutions, Inc.

“Senior Officer” means, with respect to any Person, such Person’s president, vice president, treasurer, secretary, general counsel, controller, chief executive officer, chief financial officer, and all other executive officers, regardless of title.

“Servicer” means Seller or any successor servicer acceptable to Lender.

“Servicing Agreement” means the Servicing Agreement dated as of even date herewith between Servicer and Purchaser, as amended, restated, supplemented or otherwise modified from time to time.

“Servicing Agreement Event of Default” has the meaning given such term in the Servicing Agreement.

“Servicing Fee” has the meaning given such term in the Servicing Agreement.

“Settlement Date” means the last Business Day of each calendar week, the day which is two Business Days after the Effective Date, and any other Business Day agreed to by Lender.

“Settlement Period” means each period commencing on a Settlement Date and ending on the next occurring Settlement Date; provided that the initial Settlement Period shall commence on the Effective Date and end on the next occurring Settlement Date and the last Settlement Period shall end on the Purchase Termination Date.

“Settlement Report” means a report substantially in the form of Exhibit C, as the same may be amended, restated, supplemented, or otherwise modified from time to time, or such other form acceptable to Lender.

“Standard Terms” means those terms and conditions related to the Seller’s selling and shipping of its products which have been approved by Underwriter and are in accordance with the Policy.

“Subordinated Note” means each of, and “Subordinated Notes” means collectively, the promissory notes, each substantially in the form of Exhibit E, attached hereto and made a part hereof, executed and delivered by Purchaser to Seller.

“Subsidiary” means, with respect to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the such Person.

“UCC” shall mean Article 9 of the Uniform Commercial Code as adopted in the State of New York, as amended from time to time.

“Uncollected Value” means, with respect to a Purchased Receivable, the Face Value of such Purchased Receivable, less any payments which have been made on the principal portion of such Purchased Receivable, less any Deductions on such Purchased Receivable to the extent Purchaser has not been actually reimbursed in accordance with the provisions of Sections 2.08(d) or 2.08(e), less any portion of the Face Value of any Purchased Receivable which has been placed in dispute by the related Account Debtor (but only until such dispute is settled), but excluding for purposes of calculating its Uncollected Value any unaccrued, accrued, paid, or unpaid interest, shipping charges, or other extraneous costs and expenses relating to such Purchased Receivable.

“Underlying Contract” means, with respect to an Account Receivable, any contract or agreement, in whatever form, existing between the Seller of such Account Receivable and the Account Debtor to which such Account Receivable relates.

“Underwriter” means the Person issuing the Policy, which Person must be acceptable to Lender at all times.

“Unfunded Vested Liabilities” means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all vested nonforfeitable benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

“Unsold Receivable” means an Account Receivable, owned by Seller, but with respect to which Seller has directed the respective Account Debtor to make payment on such Account Receivable to the Lockbox, for purposes of mitigating Account Debtor confusion over to whom such Account Debtor should make

payment on such Account Receivable.

“Unused Commitment” means, at the time of determination, the amount, if any, by which the Commitment exceeds the Aggregate Advances.

SECTION 1.02. Accounting Terms and Determinations. Unless otherwise specified herein, all terms of an accounting character used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP, applied on a basis consistent (except for changes concurred in by the Public Accountants or otherwise required by a change in GAAP) with the most recent audited consolidated financial statements of Seller and its Subsidiaries delivered to Lender.

SECTION 1.03. References. Unless otherwise indicated, references in this Agreement to “articles,” “exhibits,” “schedules,” “sections,” and other subdivisions are references to articles, exhibits, schedules, sections and other subdivisions hereof.

SECTION 1.04. Use of Defined Terms. All terms defined in this Agreement shall have the same defined meanings when used in any of the other Program Documents, unless otherwise defined therein or unless the context shall require otherwise. The terms “accounts,” “chattel paper,” “instruments,” “general intangibles,” “inventory,” “equipment,” and “fixtures,” as and when used herein and in the other Program Documents, shall have the same meanings given such terms under the UCC.

SECTION 1.05. Terminology. The terms “herein,” “hereof,” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.” All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations. All references to any of the Program Documents shall include any and all amendment or modifications thereto and any and all restatements, extensions or renewals thereof. All references to any Person shall mean and include the successors and permitted assigns of such Person. All references to “including” and “include” shall be understood to mean “including, without limitation.” All references to the time of day shall mean the time of day on the day in question in Philadelphia, Pennsylvania, unless otherwise expressly provided in this Agreement. A Default or an Event of Default shall be deemed to exist at all times during the period commencing on the date that such Default or Event of Default occurs to the date on which such Default or Event of Default is waived in writing pursuant to this Agreement or, in the case of a Default, is cured within any period of cure expressly provided in this Agreement; and an Event of Default shall “continue,” be “continuing,” or “in existence” until such Event of Default has been waived in writing by Lender. Whenever the phrase “to the best of Purchaser’s knowledge” or words of similar import relating to the knowledge or the awareness of any Purchaser are used herein, such phrase shall mean and refer to (i) the actual knowledge of a Senior Officer of Purchaser or (ii) the knowledge that a Senior Officer would have obtained if he had engaged in a good faith and diligent performance of his duties, including the making of such reasonable specific inquiries as may be necessary of the officers, employees or agents of Purchaser and a good faith attempt to ascertain the existence or accuracy of the matter to which such phrase relates. All references to “acceptable” or “satisfactory” shall, unless expressly provided otherwise, be deemed to mean “reasonably acceptable” or “reasonably satisfactory.” All calculations of money values shall be in Dollars, all Advances made hereunder shall be funded in Dollars, and all amounts payable in respect of any of the Obligations shall be paid in Dollars.

ARTICLE 2. ADVANCES

SECTION 2.01. Commitment to Make Advances. Lender agrees, subject to the terms and conditions set forth herein, to make Advances to Purchaser (each of which shall be evidenced by the Note) from time to time on a Settlement Date and before the Purchase Termination Date, so long as no Default or Event of Default shall be in existence on such Settlement Date; provided that, immediately after each such Advance is made, the Aggregate Advances will not exceed the Borrowing Base. Lender shall have no obligation to make any Advance in an amount less than the lesser of (a) \$500,000.00 and (b) the Unused Commitment.

SECTION 2.02. Method of Borrowing. No later than 11:00 A.M., Philadelphia, Pennsylvania, time, at least two Business Days before a Settlement Date on which Purchaser desires Lender to make an Advance, Purchaser shall deliver, or cause to be delivered, to Lender an Advance Request, which Advance Request need not be executed when first delivered on such date provided Lender receives a duly executed Advance Request no later than 9:00 A.M., Philadelphia, Pennsylvania, time, on the Settlement Date on which such Advance is to be made. On the Settlement Date indicated in such Advance Request, Lender will make an Advance in the amount described in the Advance Request (subject to all other conditions set forth herein) and will pay the proceeds of such Advance by wire transfer in accordance with instructions provided by Purchaser in writing from time to time in such Advance Request.

SECTION 2.03. Final Payment of Aggregate Advances. All of the Obligations shall mature, and the principal amount thereof will be due and payable, no later than the Final Payment Date, unless the Obligations will be due and payable prior thereto by reason of the provisions of this Agreement. To the extent not repaid on any Settlement Date, the Aggregate Advances, plus the Advance being made in such Settlement Date (if any), shall automatically be deemed to have been reborrowed at the Interest Rate for the following Settlement Period, and the Aggregate Advances (plus any additional Advances accruing thereto) shall continue to be automatically reborrowed for successive Settlement Periods at the Interest Rate until paid, except as set forth in Article 7.

SECTION 2.04. Interest Rate.

(a) The Aggregate Advances outstanding from time to time shall bear interest until paid at a variable rate of interest per annum equal to the Interest Rate. Except as provided in Article 7, the Interest Rate shall be fixed during each Settlement Period, but shall be subject to increase or decrease on each Settlement Date in accordance with the definition of “LIBOR.” Interest shall be calculated on an assumed year of 360 days for the actual number of days elapsed. Accrued but unpaid interest shall be due and payable, in arrears, on each Settlement Date. In no event may the Interest Rate, or the amount of interest paid on the Aggregate Advances, exceed the maximum rate of interest permitted by law.

(b) Any overdue principal of and, to the extent permitted by law, overdue interest on the Aggregate Advances shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Default Rate. After the occurrence and during the continuance of a Default or an Event of Default, the Aggregate Advances (and, to the extent permitted by applicable law, all accrued interest thereon) shall bear interest at the Default Rate from the date of such Default or Event of Default, which date shall be deemed to be the date on which such Default or Event of Default occurred and not the date such Default or Event of Default is discovered or otherwise made known to any Person.

SECTION 2.05. Fees. On each Settlement Date for the Settlement Period then ending, Purchaser shall pay to Lender, in arrears, a commitment fee (the “Commitment Fee”) equal to 0.25% per annum, times the average daily amount of the Unused Commitment during such Settlement Period. The Commitment Fee shall be determined on an assumed year of 360 days for the actual number of days elapsed. Purchaser shall pay, or cause to be paid, all fees which are due and payable under that certain mandate letter by and between Lender and Seller dated June 9, 2003, and all other fees, charges, and expenses required to be paid to Lender from time to time under the Program Documents.

SECTION 2.06. Termination or Reduction of Commitment.

(a) Purchaser may, with thirty days prior written notice to Lender, terminate the Commitment in its entirety as of any Settlement Date. In any event, the Commitment shall terminate no later than the Purchase Termination Date.

(b) The Commitment shall be reduced from time to time without notice to Purchaser so that it is at no time greater than the Available Proceeds.

SECTION 2.07. Repayment of the Aggregate Advances.

(a) Before the Purchase Termination Date, Purchaser shall have no obligation to repay any principal amount of the Aggregate Advances, except as otherwise provided herein.

(b) On any date on which the Commitment is reduced or terminated, Purchaser shall (i) repay such amounts on the Aggregate Advances which are necessary so that the Aggregate Advances, after giving effect to such payment, shall not exceed the Borrowing Base, as reduced on account of the reduction or termination of the Commitment, and (ii) pay all accrued but unpaid fees and interest.

(c) If on any Settlement Date the Aggregate Advances exceed the Borrowing Base, Purchaser shall repay such amounts on the Aggregate Advances which are necessary so that the Aggregate Advances, after giving effect to such payment, shall not exceed the Borrowing Base.

(d) All Policy Proceeds shall be paid directly to Lender and the Commitment reduced, without prior notice to Purchaser, by the amount of such Policy Proceeds.

(e) All cash or cash equivalent amounts received by Purchaser on account of Seller's repurchase of any Recourse Receivable shall be deposited directly into the Purchaser's Account, without setoff, counterclaim, or any other deduction, and applied in accordance with Section 2.08.

SECTION 2.08. General Provisions as to Payments.

(a) Purchaser shall make each payment of principal of, and interest on, the Aggregate Advances and of fees hereunder, without any setoff, counterclaim or any deduction whatsoever, not later than 11:00 A.M. (Philadelphia, Pennsylvania, time) on the date when due, in Federal or other funds immediately available in Philadelphia, Pennsylvania, to Lender at its address referred to in Section 9.01. All payments received by Lender after 11:00 A.M. (Philadelphia, Pennsylvania, time) on any Business Day shall be deemed to be received on the following Business Day.

(b) Whenever any payment of principal of, or interest on, the Aggregate Advances or fees or interest hereunder shall be due on a day which is not a Business Day, the date for payment thereof shall be due and payable on the immediately following Business Day.

(c) All payments of principal, interest, fees, and all other amounts to be made by Purchaser with respect to the Obligations or otherwise pursuant to this Agreement shall be paid without deduction for, and free from, any tax, imposts, levies, duties, deductions, or withholdings of any nature now or at anytime hereafter imposed by any Governmental Body thereon or therein.

(d) Except as set forth in Section 2.08(e) and (f), on each Settlement Date the amount of (x) the Advance (if any) being made on such Settlement Date, plus (y) the collected balance in the Purchaser's Account as of the open of business on the Preparation Date immediately preceding such Settlement Date (other than that portion of such collected balance which represents collections which have been received, but not yet identified and applied to a specific Account Debtor in an IRPF Receivables Report delivered to Purchaser by Servicer and collections on Unsold Receivables), plus (z) subject to the proviso clause below, the principal balance of, and interest accrued on, any and all of Purchaser's Investments shall be applied in the following order (and in no other order without Lender's prior written consent until the amounts owing in each category are fully paid): (i) first, to Underwriter for payment of any premiums and other fees necessary to keep the Policy in full force and effect; (ii) second, to Servicer in payment of all Servicing Fees; (iii) third, toward the payment of all fees and expenses related to the Lockbox and the administration thereof; (iv) fourth, towards payment of the Management Expenses and other reasonable business costs and expenses, including without limitation, reasonable attorneys' fees; (v) fifth, to Lender in payment of accrued interest then due and payable in respect of the Aggregate Advances; (vi) sixth, to Lender in payment of principal of the Aggregate Advances, but only to the extent necessary to reduce the Aggregate Advances to an amount less than or equal to the Borrowing Base; (vii) seventh, to Lender to pay the amount of expenses that have not been reimbursed to Lender by Purchaser in accordance with the terms of this Agreement, together with any interest accrued thereon; (viii) eighth, to Lender to reimburse Lender for any indemnities owed by Purchaser to Lender under this Agreement or the other Program Documents; (ix) ninth, to Lender to pay any fees due and payable to Lender and arising under this or any other Program Document, including, without limitation, the Commitment Fee; (x) tenth, to Purchaser as reimbursement for any Deductions on any Purchased Receivables; (xi) eleventh, to Purchaser to replenish or maintain the Minimum Balance in the Purchaser's Account or to invest in accordance with Section 5.13(f) and subject to the conditions set forth therein; (xii) twelfth, to Seller as payment on the Purchaser's obligations under the Subordinated Notes; and (xiii) lastly, to Purchaser or such other Person who is lawfully entitled thereto for proper disposition (in accordance with this Agreement) as such Person determines; provided that, in the event any Accounts Receivable are to be purchased by Purchaser on such Settlement Date, the payments described in this Section 2.08(d)(xii) and (xiii) shall be made only after Purchaser pays Seller the Cash Price for all Accounts Receivable being so purchased; provided further that, (A) so long as Purchaser has sufficient funds in the Purchaser's Account to satisfy all payments in clauses (i) through and including (x), and (B) the Purchaser is in compliance with all conditions set forth in Section 5.13(f) with respect to all of its Investments, the Purchaser need not apply the principal balance of, and interest accrued on, any of Purchaser's Investments to the payments provided for in this Section 2.08(d).

(e) Except as set forth in Section 2.08(f), during the existence of any Default or Event of Default or at all times after the Purchase Termination Date or at all times after the Obligations have become due and payable for whatever reason, all monies in the Purchaser's Account on any Business Day (other than collections received on any Unsold Receivables), plus the principal balance of, and interest accrued on, any and all of Purchaser's Investments shall be applied in the following order (and in no other order without Lender's prior written consent until all amounts owing within each category are fully paid): (i) first, to Underwriter for payment of any premiums and other fees necessary to keep the Policy in full force and effect; (ii) second, to Servicer in payment of all Servicing Fees; (iii) third, toward the payment of all fees and expenses related to the Lockbox and the administration thereof; (iv) fourth, towards payment of the Management Expenses; (v) fifth, to Lender in payment of accrued interest then due and payable in respect of the Aggregate Advances; (vi) sixth, to Lender to pay the amount of expenses that have not been reimbursed to Lender by Purchaser in accordance with the terms of this Agreement or the other Program Documents, together with any interest accrued thereon; (vii) seventh, to Lender to reimburse Lender for any indemnities owed by Purchaser to Lender under this Agreement or the other Program Documents; (viii) eighth, to Lender to pay any fees due and payable to Lender and arising under this or any other Program Document, including, without limitation, the Commitment Fee; (ix) ninth, to Lender in payment of principal of the Aggregate Advances; (x) tenth, to Purchaser as reimbursement for any Deductions on any Purchased Receivables; (xi) eleventh, other business costs and expenses, including without limitation reasonable attorneys' fees; (xii) twelfth, to Seller as payment on the Purchaser's obligations under the Subordinated Notes; and (xiii) lastly, to Purchaser or such other Person who is lawfully entitled thereto for proper disposition (in accordance with this Agreement) as such Person determines.

(f) Lender acknowledges and agrees that, in the Purchase Agreement, Purchaser and Seller (i) have acknowledged that certain, but not necessarily all, of the Accounts Receivable from time to time owing by a given Account Debtor may be sold to Purchaser and that each such Account Debtor may experience confusion at a given time over to whom it should make payment on such Accounts Receivable and (ii) have agreed that, to mitigate this risk of confusion and the associated delay in collecting such Accounts Receivable (both Purchased Receivables and Unsold Receivables), Seller may direct those Account Debtors who have been pre-approved by the Underwriter and whose Accounts Receivable are nominally eligible for purchase by Purchaser to make payment on Unsold Receivables to the Lockbox. Any items of payment or other collections on Unsold Receivables received into the Lockbox will be endorsed over to Purchaser and deposited in the Purchaser's Account and, on each Settlement Date, such items of payment or other collections will be paid over to Seller, in full, in accordance with

Seller's lawful instructions provided from time to time to Purchaser, Servicer, and Lender, to the extent such items of payment or other collections (i) have been reasonably identified as payment on an Unsold Receivable and (ii) have cleared the customary bank collection process for payments of like kind. Lender acknowledges and agrees that neither Purchaser nor Lender has any rights in and to any items of payment or other collections on any Unsold Receivables (other than as are necessary to process such items of payment or other collections in accordance with the terms of the Program Documents) and agrees to cooperate with Servicer and Purchaser in ensuring that all items of payment or other collections on any Unsold Receivables (or the funds thereof) are paid over to Seller on each Settlement Date in accordance with the terms of the Program Documents. To this end, all funds in the Purchaser's Account which represent items of payment or other collections on Unsold Receivables shall, without conditions (other than as provided above), be paid over to Seller on each Settlement Date before any payments are otherwise made pursuant to Sections 2.08(d) and 2.08(e) or otherwise, regardless of whether there then exists any Default or Event of Default. Purchaser and Lender also agree that, any other term of this Agreement to the contrary notwithstanding, none of the items of payment or other collections on any Unsold Receivables shall be used in any manner in the calculation and determination of the balance of the Purchaser's Account.

(g) In addition to the provisions of the foregoing clause (f), in the event any funds are, through mistake or misdirection (such that Purchaser was not the intended or rightful recipient of such funds), deposited into the Purchaser's Account, Lender will cooperate with Purchaser in causing the depository institution at which the Purchaser's Account is maintained to disburse such funds to the proper Person; provided Lender must receive from Purchaser evidence of the mistake or misdirection and wire instructions for the Person to whom such funds should be directed.

SECTION 2.09. Lockbox; Purchaser's Account; Blocked Account Agreement.

(a) Purchaser shall establish and, until the Program Termination Date, continuously maintain, the Purchaser's Account and the Lockbox into which the Seller, Servicer, and/or Purchaser shall cause all Account Debtors of the Purchased Receivables to remit all cash, checks, drafts, items and other instruments for the payment of money which it now has or may at any time hereafter receive in full or partial payment on or collection of the Purchased Receivables or the proceeds of the Purchased Receivables. (Moreover, Seller may direct certain Account Debtors to make payment on Unsold Receivables to the Lockbox, to the extent provided for in the Purchase Agreement and the other Program Documents.) In the event any items of payment on any Purchased Receivables are inadvertently received by Purchaser or any other Person, whether or not in accordance with the terms of this Agreement or any other Program Document, Purchaser or such other Person shall be deemed to hold the same in trust for the benefit of Lender and promptly forward them to Lender for deposit in the Purchaser's Account without setoff, counterclaim, or other deduction. Servicer shall cause the Lockbox administrator to remove all payment items from the Lockbox on each Business Day and deposit such items in the Purchaser's Account, all without setoff, counterclaim, or other deduction.

(b) If the Lockbox administrator is different from the bank at which the Purchaser's Account is maintained or if the Lockbox is not administered by Lender, the Purchaser shall cause the Lockbox administrator to execute and deliver, and Purchaser shall execute and deliver, a Lockbox Agreement governing the disposition of collections received in such Lockbox and granting Lender a security interest in and to Purchaser's rights in and to such Lockbox. If the Purchaser's Account is not maintained at Lender, Purchaser shall execute and deliver, and shall cause the bank at which the Purchaser's Account is maintained to execute and deliver, a Blocked Account Agreement. If the Lockbox administrator is the same Person at which the Purchaser's Account is maintained, the Lockbox Agreement and the Blocked Account Agreement may be combined into a single document in form and substance satisfactory to Lender.

ARTICLE 3. COLLATERAL

SECTION 3.01. Grant of Security Interest. As security for the payment of all Obligations, Purchaser hereby grants to Lender a continuing, general lien upon and security interest and security title in and to all of the Purchaser's assets and properties, whether real, personal, mixed, or tangible or intangible, including, without limitation, the Purchaser's Account, the Lockbox, all of the Purchased Receivables and their Related Rights and Property, and all of the following described property, wherever located, whether now existing or hereafter acquired or arising, namely, all of Purchaser's (a) "accounts" (as this and all other terms in quotations in this Section 3.01 are defined in the UCC), (b) "general intangibles," (c) "instruments," (d) "goods," (e) "chattel paper," (f) "documents," (g) "letter of credit rights," (h) "deposit accounts," (i) "investment property," and (j) all products and/or proceeds of any and all of the foregoing, and the proceeds of such proceeds, including, without limitation, insurance proceeds, Policy Proceeds, and all Related Rights and Property; provided, however, that the security interest provided for herein shall not at any time attach to or cover any items of payment or other collections received in the Lockbox or by Lender on any Unsold Receivables or the proceeds thereof (including, without limitation, any funds on deposit in the Purchaser's Account to the extent such funds represent items of payment or other collections on Unsold Receivables) and Lender shall not claim any right against such items of payment or other collections.

SECTION 3.02. Further Assurances. Purchaser shall duly execute and/or deliver (or cause to be duly executed and/or delivered) to Lender any instrument, agreement, invoice, document, document of title, dock warrant, dock receipt, warehouse receipt, bill of lading, order, Financing Statement, assignment, waiver, consent or other writing which may be reasonably necessary to Lender to carry out the terms of this Agreement and any of the other Program Documents and to perfect its security interest or intended security interest in and facilitate the collection of the Collateral, the proceeds thereof, and any other property at any time constituting security or intended to constitute security to Lender. Purchaser shall perform or cause to be performed such acts as Lender may request to establish and maintain for Lender a valid and perfected security interest in and security title to the Collateral, free and clear of any Liens.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES

Purchaser represents and warrants to Lender that:

SECTION 4.01. Corporate Existence and Power. Purchaser is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, is duly qualified to transact business in every jurisdiction where, by the nature of its business, such qualification is necessary, and has all corporate powers and all governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted, except where any such failure to qualify or have all required governmental licenses, authorizations, consents and approvals does not have and could not reasonably be expected to cause a Material Adverse Effect.

SECTION 4.02. Corporate and Governmental Authorization; No Contravention. Purchaser's execution, delivery, and performance of this Agreement, the Note, and the other Program Documents (i) are within Purchaser's corporate powers, (ii) have been duly authorized by all necessary corporate action, and have been executed on behalf of Purchaser by duly authorized officers, (iii) require no action by or in respect of or filing with, any Governmental Body, (iv) do not contravene, or constitute a default under, any provision of applicable law or regulation or of Purchaser's charter documents or by-laws or of any agreement, judgment, injunction, order, decree, or other instrument binding upon Purchaser, and (v) do not result in the creation or imposition of any Lien on any asset of Purchaser except as created by the Program Documents.

SECTION 4.03. Litigation. Except as set forth in Schedule 4.03, there is no action, suit, or proceeding pending or threatened against or affecting Purchaser before any Governmental Body which could reasonably be expected to have a Material Adverse Effect.

SECTION 4.04. Binding Effect. This Agreement constitutes a valid and binding agreement of Purchaser enforceable in accordance with its terms, and the Note and the other Program Documents, when executed and delivered in accordance with this Agreement, will constitute valid and binding obligations of Purchaser and the other parties thereto enforceable in accordance with their respective terms.

SECTION 4.05. Financial Information.

(a) The (i) audited consolidated financial statements (including the balance sheet and statements of income, shareholders' equity, and cash flows) of Seller and its consolidated Subsidiaries for the Fiscal Year ending September 27, 2002, copies of which have been delivered to Lender, and (ii) unaudited consolidated financial statements (including the balance sheet and statements of income and cash flows) of Seller and its consolidated Subsidiaries for the interim periods ended December 27, 2002, and March 28, 2003, copies of which have been delivered to Lender, fairly present, in conformity with GAAP, the consolidated financial position of Seller and its consolidated Subsidiaries as of such dates and their consolidated results of operations and cash flows for such periods stated.

(b) Since March 28, 2003, there has been no event, act, condition, or occurrence having a Material Adverse Effect.

SECTION 4.06. Margin Stock. Purchaser is not engaged principally, or as one of its important activities, in the business of purchasing or carrying any Margin Stock, and no part of the proceeds of any Advance will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, or be used for any purpose which violates, or which is inconsistent with, the provisions of Regulation T, U, or X.

SECTION 4.07. Good Title. Purchaser is the legal and beneficial owner of the Purchased Receivables and their Related Rights and Property, or possesses a valid and perfected security interest therein, in each case, free and clear of any Lien, except as created by the Program Documents. There have been duly filed all Financing Statement or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Purchaser's ownership in each Purchased Receivable and their Related Rights and Property.

SECTION 4.08. Perfection; No Liens. This Agreement is effective to create a valid security interest in the Collateral in favor of Lender. There have been duly filed all Financing Statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Lender's security interest in and to the Collateral. The Collateral is free of any Liens except as created under the Program Documents.

SECTION 4.09. Compliance with Laws; Payment of Taxes. Purchaser is in material compliance with all applicable laws, regulations and similar requirements of governmental authorities. There have been filed on behalf of Purchaser all Federal, state and local income, excise, property and other tax returns which are required to be filed by it and all taxes due pursuant to such returns or pursuant to any assessment received by or on behalf of Purchaser have been paid.

SECTION 4.10. Investment Company and Public Utility Holding Acts. Purchaser is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended. Purchaser is not a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

SECTION 4.11. No Default. Purchaser is not in default under or with respect to any agreement, instrument, or undertaking to which it is a party or by which it or any of its property is bound which could reasonably be expected to have or cause a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

SECTION 4.12. Insolvency. After giving effect to the execution and delivery of the Program Documents and the incurrence of the Obligations under this Agreement (a) Purchaser will not (i) be "insolvent," as such term is defined in § 101 of the Bankruptcy Code, or Section 2 of either the "UFTA" or the "UFCA", or as defined or used in any "Other Applicable Law" (as those terms are defined below), or (ii) be unable to pay its debts generally as such debts become due within the meaning of Section 548 of the Bankruptcy Code, Section 4 of the UFTA or Section 6 of the UFCA, or (iii) have an unreasonably small capital to engage in any business or transaction, whether current or contemplated, within the meaning of Section 548 of the Bankruptcy Code, Section 4 of the UFTA or Section 5 of the UFCA; and (b) the Obligations of Purchaser under the Program Documents will not be rendered avoidable under any Other Applicable Law. For purposes of this Section 4.12, "UFTA" means the Uniform Fraudulent Transfer Act, "UFCA" means the Uniform Fraudulent Conveyance Act, and "Other Applicable Law" means any other applicable law pertaining to fraudulent transfers or acts voidable by creditors, in each case as such law may be amended from time to time.

SECTION 4.13. Insurance. The Policy has been validly executed and delivered by Purchaser and Underwriter and all premiums and other fees with respect thereto have been paid, and the Policy is in full force and effect. Purchaser has delivered to Lender a true and complete copy of the Policy on or before the date hereof and such Policy is identical in form and substance to the form of Policy approved by Lender. All information heretofore furnished by Purchaser, Seller, or Servicer to Underwriter for purposes of or in connection with the Policy or any transaction contemplated by the Program Documents is, and all such information hereafter furnished by Purchaser, Seller, or Servicer to Underwriter will be, true, accurate, and complete in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein, taken as a whole in light of the circumstances in which they were made, not misleading.

SECTION 4.14. Capital Structure. All of Purchaser's issued and outstanding equity securities are legally and beneficially owned by Seller, free and clear of any Lien; all of such securities have been validly issued, fully paid, and are nonassessable; and there are no options, warrants, or other rights to acquire any of Purchaser's securities. Purchaser has no Subsidiaries.

SECTION 4.15. Collateral Information. Purchaser is a corporation validly existing and in good standing under the laws of the state of its formation or organization and is authorized under such laws to conduct its business as currently conducted and to own its assets (including but not limited to its Accounts Receivable) as currently owned. The location of Purchaser's chief executive office and all of its Books and Records relating to its Accounts Receivable, the state of incorporation of the Purchaser, the Purchaser's federal tax identification number, and the Purchaser's organizational identification number are identified in that certain Collateral Disclosure Certificate delivered by Seller as of even date herewith (the "Collateral Disclosure Certificate").

SECTION 4.16. Force Majeure. None of Purchaser's or the Seller's respective businesses is suffering from effects of fire, accident, strike, drought, storm, earthquake, embargo, tornado, hurricane, act of God, acts of a public enemy, or other casualty that could reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.17. Subordinated Notes. Each of the Subordinated Notes is subordinate in payment and all other respects to the payment and performance of the Obligations.

SECTION 4.18. Program Documents. Each of the Program Documents, including without limitation, the Purchase Agreement and the Servicing Agreement, is in full force and effect and each party to the Program Documents (other than Lender) is in material compliance with the terms and conditions set forth in such Program Documents.

SECTION 4.19. No Outside Collection Agencies. Purchaser has not employed or used the services of any outside collection agencies or other third parties for the purposes of collection or enforcement of any of the Purchased Receivables other than as contemplated in the Servicing Agreement or as may otherwise be required by Underwriter, so long as Purchaser has notified Lender of such Underwriter requirements.

SECTION 4.20. No Bulk Sale. No transaction contemplated hereby or the other Program Documents requires compliance with any bulk sales act or similar law.

SECTION 4.21. Nature of Purchased Receivables. Each Purchased Receivable constitutes an “account,” “chattel paper,” or “general intangible,” as such terms are defined in the UCC.

SECTION 4.22. Purchaser’s Account. The information relating to the Purchaser’s Account on Schedule 4.22, attached hereto and made a part hereof, is true and correct in all respects.

SECTION 4.23. Full Disclosure. All information heretofore furnished by Purchaser, Seller, or Servicer to Lender for purposes of or in connection with this Agreement, the other Program Documents, the Program, or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by Purchaser, Seller, or Servicer to Lender will be, true, accurate, and complete in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein, taken as a whole in light of the circumstances in which they were made, not misleading. Purchaser, Seller, and Servicer have disclosed to Lender in writing any and all facts which could reasonably be expected to have or cause a Material Adverse Effect.

SECTION 4.24. Survival of Representations and Warranties. Purchaser covenants, warrants, and represents to Lender that all of Purchaser’s representations and warranties contained in this Agreement or any of the other Program Documents shall be true at the time of the execution of this Agreement and the other Program Documents and shall survive the execution, delivery, and acceptance thereof by Lender and the parties thereto and the closing of the transactions described therein or related thereto.

SECTION 4.25. Restating of Representations and Warranties. Each of the representations and warranties of Purchaser contained herein shall be made as of the Closing Date and shall be deemed restated and made by Purchaser on the date each Advance is made.

ARTICLE 5. COVENANTS

Purchaser agrees that, until the Program Termination Date:

SECTION 5.01. Information. Purchaser will deliver, or cause to be delivered, to Lender:

- (a) as soon as available and in any event within ninety days after the end of each Fiscal Year, audited consolidated financial statements (including the balance sheet and statements of income and cash flows) of Seller and its consolidated Subsidiaries as of the end of such Fiscal Year, setting forth in each case in comparative form the figures for the previous fiscal year (which information can be satisfactorily delivered for a given Fiscal Year by providing the United States Securities and Exchange Commission Form 10-K with respect to Seller for such Fiscal Year), all certified by the Public Accountants, with such certification to be free of exceptions and qualifications not acceptable to Lender;
- (b) as soon as available and in any event within forty-five days after the end of each Fiscal Quarter, consolidated financial statements (including the balance sheet and statements of income and cash flows) of Seller and its consolidated Subsidiaries as of the end of such Fiscal Quarter, and for the portion of the Fiscal Year ending on such date, setting forth in comparative form the figures for the corresponding Fiscal Quarter and the corresponding portion of the previous Fiscal Year (which information can be satisfactorily delivered for a given Fiscal Quarter by providing the United States Securities and Exchange Commission Form 10-Q with respect to Seller for such Fiscal Quarter), all certified (subject to normal year-end adjustments) as to fairness of presentation, GAAP, and consistency by a Senior Officer of Seller;
- (c) simultaneously with the delivery of each set of annual financial statements referred to in paragraph (a) above, (i) a statement of the Public Accountants to the effect that (A) such accountants acknowledge and agree that Lender may rely upon such financial statement in the administration of this Agreement, and (B) nothing has come to their attention to cause them to believe that any Default existed on the date of such financial statements, and (ii) a copy of any management letter furnished to Seller by the Public Accountants;
- (d) simultaneously with the delivery of each set of financial statements referred to in paragraphs (a) and (b) above, (i) internally prepared, unaudited financial statements for Purchaser for the same periods and with the same reporting requirements as required of Seller and its consolidated Subsidiaries in paragraphs (a) and (b), above, certified as to fairness of presentation, GAAP, and consistency by a Senior Officer of Purchaser or on behalf of Purchaser by a Senior Officer of Servicer and (ii) a certificate in form and substance reasonably satisfactory to Lender in which the calculation of Consolidated Tangible Net Worth is set out in reasonable detail as of the end of the fiscal period for which such financial statements were delivered.
- (e) (i) on each Preparation Date, or at such other times as may be requested by Lender, a fully executed Settlement Report and (ii) as requested by Lender, an IRPF Receivables Report;
- (f) promptly, but in any event within five Business Days after any Purchaser becomes aware of the occurrence of any Default or Event of Default, a certificate of a Senior Officer of Purchaser setting forth the details thereof and the action which Purchaser are taking or propose to take with respect thereto;
- (g) promptly upon the mailing thereof to the shareholders of Seller generally, copies of all financial statements, reports, and proxy statements so mailed;
- (h) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and annual, quarterly, or monthly reports which Seller shall have filed with the Securities and Exchange Commission;
- (i) if and when any member of the Controlled Group (i) gives or is required to give notice to the PBGC of any “reportable event” (as defined in ERISA § 4043) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA, a copy of such notice; or (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer any Plan, a copy of such notice;

(j) written notice of the following:

- (i) promptly after Purchaser's learning thereof, of (A) the commencement of any litigation affecting the Purchaser or any of its assets, whether or not the claim is considered by Purchaser to be covered by insurance, and (B) the institution of any administrative proceeding against Purchaser;
- (ii) at least thirty days prior thereto, of Purchaser's opening of any new office or place of business or the closing of any of their existing offices or places of business;
- (iii) promptly upon receipt, a copy of any correspondence or notices received from Underwriter regarding the Policy, to the extent such notice regards the actual or proposed reduction, increase, cancellation, or other modification of any buyer or Account Debtor, Policy, or other credit limit, the actual or proposed cancellation, suspension, termination, or other modification of the Policy, or the failure or suspected failure of Seller, Servicer, or Purchaser to comply with any of the Policy's requirements;
- (iv) promptly after the occurrence thereof, of any default by any obligor under any note or other evidence of indebtedness payable to Purchaser;
- (v) promptly after the rendition thereof, of any judgment rendered against Purchaser; and
- (vi) promptly after Purchaser's learning thereof, of any default by Purchaser under any note, indenture, loan agreement, mortgage, lease, deed, guaranty, or other similar agreement relating to any Debt of Purchaser;
- (vii) promptly after Purchaser's learning thereof, of any default by Purchaser, Servicer, Seller or any of their Subsidiaries (other than Purchaser) under any Program Documents to which any of them is a party; and
- (viii) promptly after Purchaser's learning thereof, of the occurrence of (A) any Indenture Default, regardless of whether such Indenture Default is cured or waived, and (B) any default by Seller or any of its Subsidiaries (other than Purchaser) under any note, indenture, loan agreement, mortgage, lease, deed, guaranty, or other similar agreement relating to any Debt of Seller or any of its Subsidiaries (other than Purchaser) in an aggregate amount greater than \$5,000,000 and (2) any judgment rendered against Seller or any of its Subsidiaries (other than Purchaser) in an aggregate amount greater than \$5,000,000 (in excess of any insurance coverage).

SECTION 5.02. Inspection of Property, Books and Records. Purchaser will, or will in accordance with the Program Documents, cause Servicer to (a) keep proper books of record and account in which full, true, and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities and (b) permit Lender and Underwriter or representatives of either of them, without hindrance or delay, to (i) visit and inspect any of its properties, (ii) call at any place of business of Purchaser, (iii) verify information with any Person, (iv) examine and make abstracts from any of its Books and Records, journals, orders, receipts and any correspondence and other data relating to the Collateral, to Purchaser's business, or to any other transactions between the parties hereto or under the Program, and (v) discuss its respective affairs, finances, and accounts with its officers, employees, and the Public Accountants, all for purposes of monitoring compliance with this Agreement and the other Program Documents, Purchaser agreeing to cooperate and assist in such visits and inspections at such reasonable times during regular business hours, with reasonable prior notice, as often as may reasonably be requested, and during the continuing of any Event of Default or Default, at any time and without prior notice. At Lender's or Underwriter's request, Purchaser agrees to exercise its rights of inspection against Seller, which rights are granted to Purchaser under the Purchase Agreement, and to include Lender and Underwriter, at their respective request, in the conduct of such inspections and to share the results of such inspections with Lender and Underwriter. Lender may select and engage the services of a third-party accounting firm of national reputation to perform field audits of Purchaser's books and records; provided that that the expense of one (1) such field audit per calendar year shall be paid by Purchaser and shall occur only upon reasonable prior notice and at reasonable times during Purchaser's regular business hours, except that, during the continuation of an Event of Default, the costs of as many field audits per year as may be required by Lender in the exercise of its commercially reasonable judgment shall be paid by Purchaser and may be performed at any time without notice. With respect to any such audit, Purchaser agrees to (i) provide reasonable cooperation to such accounting firm in the conduct of its audit and (ii) actively assist such accounting firm in gaining access to the Seller's books and records relating to the Program, to the extent such books and records are reasonably relevant to the audit.

SECTION 5.03. Maintenance of Existence and Management. Purchaser shall maintain (i) its corporate existence and carry on its business in substantially the same manner as such business is now carried on and maintained and will not reincorporate in the State of Delaware or any other state; (ii) its charter documents and by-laws and not permit any amendment or other modification thereto with the prior written consent of Lender; and (iii) duly appointed or elected officers with the requisite authority to effect Purchaser's compliance with the Program Documents.

SECTION 5.04. Compliance with Laws; Payment of Taxes. Purchaser will comply with applicable laws (including but not limited to ERISA and the Fair Labor Standards Act of 1938, as amended), regulations, and similar requirements of any Governmental Body (including but not limited to PBGC), except where the necessity of such compliance is being contested in good faith through appropriate proceedings diligently pursued and except where failure to comply would not have and could not reasonably be expected to cause a Material Adverse Effect. Purchaser will pay promptly when due all taxes, assessments, governmental charges, claims for labor, supplies, rent, and other obligations which, if unpaid, might become a Lien against Purchaser's property, except liabilities being contested in good faith and against which, if requested by Lender, Purchaser will set up reserves in accordance with GAAP. If Purchaser fails to pay any such tax, assessment, governmental charge, claim for labor, supplies, rent, or other obligation, Lender may, but shall have no obligation to do so, pay such item and the amount of such payment shall accrue to the Obligations.

SECTION 5.05. Required Cash Price. Purchaser agrees that it shall not purchase any Account Receivable from Seller unless such Account Receivable is an Eligible Receivable at the time of such purchase, such Account Receivable is purchased strictly in accordance with the terms of the Program Documents, and the Cash Price paid for such Account Receivable on the Settlement Date is at least equal to 85% of the Face Value of such Account Receivable.

SECTION 5.06. Maintenance of the Policy. Purchaser shall maintain the Policy in full force and effect at all times, cooperate with Lender, Servicer, and Underwriter in the administration of the Policy and the submitting of claims thereunder, and make all premium payments required to be made thereunder. Purchaser shall deliver the originals or copies (which copies shall be certified if requested by Lender) of the Policy to Lender with satisfactory lender's loss payable endorsements naming Lender, as sole loss payee, assignee, and additional insured, as its interests may appear. Upon the date of this Agreement, and from time to time thereafter upon Lender's request, Purchaser shall provide Lender with a statement from Underwriter providing the foregoing coverage,

acknowledging in favor of Lender the continued effectiveness of the foregoing insurance clauses. If Purchaser fails to provide and pay for the Policy, Lender may, at its option, but shall not be required to, procure the same and charge Purchaser therefor as a part of the Obligations.

SECTION 5.07. Maintenance of Property. Purchaser shall maintain all of its properties and assets in reasonably good condition, repair, and working order, ordinary wear and tear excepted.

SECTION 5.08. Physical Inventories. From time to time upon Lender's reasonable request, Purchaser shall conduct a physical inventory of any returned, replevined, repossessed, or reclaimed goods which are or were represented by a Purchased Receivable and to which Purchaser has title and deliver a report of such inventory to Lender in form reasonably satisfactory to Lender.

SECTION 5.09. Reports Respecting Collateral. Purchaser shall, promptly upon Lender's request, furnish or cause to be furnished to Lender a status report, certified by a Senior Officer of Purchaser, showing the aggregate dollar value and location of any Related Rights and Property which constitutes goods. Additionally, Lender may, at any time in its sole discretion and upon reasonable prior notice to Purchaser, require Purchaser to permit Lender in its own name or any designee of Lender in its own name to verify the individual account balances of or any other matter relating to the individual Account Debtors of the Purchased Receivables immediately upon its request therefor by mail, telephone, telegraph or otherwise. Purchaser shall cooperate fully with Lender in an effort to facilitate and promptly conclude any such verification process.

SECTION 5.10. Separate Legal Entity. Purchaser hereby acknowledges that Lender is entering into the transactions contemplated by this Agreement and the other Program Documents in reliance upon Purchaser's identity as a legal entity separate from any other Person. Therefore, from and after the date hereof, Purchaser shall take all reasonable steps to continue Purchaser's identity as a separate legal entity and to make it apparent to third Persons that Purchaser is an entity with assets and liabilities distinct from those of any other Person, and is not a division of any other Person. Without limiting the generality of the foregoing and in addition to and consistent with the other covenants set forth herein, Purchaser shall take such actions as shall be required so that:

(a) Purchaser will be a limited purpose corporation whose primary activities are restricted in its certificate of incorporation to owning financial assets and financing the acquisition thereof and conducting such other activities as it deems necessary or appropriate to carry out its primary activities;

(b) Not less than one member of Purchaser's Board of Directors (each, an "Independent Director") shall be an individual who is not, and during the past five years has not been, a director, officer, employee or five percent beneficial owner of the outstanding common stock of any Person or entity beneficially owning any outstanding shares of common stock of Seller or any Affiliate thereof. The certificate of incorporation of Purchaser shall provide that (i) the Board of Directors shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to Purchaser unless the Independent Directors shall approve the taking of such action in writing prior to the taking of such action, and (ii) such provision cannot be amended without the prior written consent of the Independent Directors;

(c) Any employee, consultant, or agent of Purchaser will be compensated from funds of Purchaser, as appropriate, for services provided to Purchaser;

(d) Purchaser will allocate and charge fairly and reasonably overhead expenses shared with any other Person. To the extent, if any, that Purchaser and any other Person share items of expenses such as legal, auditing, and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered; Purchaser's operating expenses will not be paid by any other Person except as permitted under the terms of this Agreement or otherwise consented to by Lender;

(e) Purchaser's Books and Records will be maintained separately from those of any other Person and clearly marked as pledged to Lender hereunder;

(f) All audited financial statements of any Person that are consolidated to include Purchaser will contain detailed notes clearly stating that (i) all of Purchaser's assets are owned by Purchaser, and (ii) Purchaser is a separate corporate entity;

(g) Purchaser's assets will be maintained in a manner that facilitates their identification and segregation from those of any other Person;

(h) Purchaser will strictly observe corporate formalities in its dealings with all other Persons, and funds or other assets of Purchaser will not be commingled with those of any other Person;

(i) Purchaser shall not, directly or indirectly, be named or enter into an agreement to be named, as a direct or contingent beneficiary or loss payee, under any insurance policy with respect to any amounts payable due to occurrences or events related to any other Person;

(j) Any Person that renders or otherwise furnishes services to Purchaser will be compensated thereby at market rates for such services it renders or otherwise furnishes thereto; and

(k) Purchaser will not hold itself out to be responsible for the debts of any other Person or the decisions or actions respecting the daily business and affairs of any other Person.

SECTION 5.11. Payment of Taxes On and Use of Collateral. Purchaser shall timely pay all taxes and other charges against the Collateral, and Purchaser will not use the Collateral illegally.

SECTION 5.12. Payment of Fees. Purchaser will timely pay all fees, premiums, charges, costs, and expenses which it is required to pay under any of the Program Documents, including, without limitation, Policy premiums and all fees associated with the establishment and maintenance of the Lockbox and the Purchaser's Account.

SECTION 5.13. Additional Negative Covenants. Without Lender's prior written consent, Purchaser shall not:

(a) enter into any contracts or agreements with any Person other than the Program Documents or amend, terminate, supplement, or otherwise modify any contract or agreement to which it is a party;

(b) change the Fiscal Year;

(c) other than as contemplated in the Program Documents, enter into, or be a party to, any transaction with any Affiliate of Purchaser, Servicer, or Seller;

(d) create or acquire any Subsidiary or engage in any business other than those businesses directly related to the Program;

(e) declare or make any Restricted Payment; provided that Purchaser may from time to time make a dividend to Seller so long as, at the time of such dividend is made, (i) no Event of Default or Default shall have occurred and be continuing; (ii) after giving effect to such dividend, the aggregate amount of the Purchaser's Account, plus any of Purchaser's Investments permitted by subclauses (i), (ii), and (iii) of Section 5.13(f), hereof, will equal or exceed the Minimum

Balance; (iii) the principal and interest payable on the Subordinated Notes is, in the aggregate, zero; (iv) the dividend is made on a Settlement Date; and (v) the Aggregate Advances at such time are less than or equal to the Borrowing Base;

(f) make Investments in any Person except Investments in (i) direct obligations of the United States Government maturing within ninety days; (ii) certificates of deposit issued by a commercial bank whose credit is satisfactory to Lender and for a term satisfactory to Lender; (iii) other Investments which have been specifically approved in writing from time to time by Lender; and (iv) loans evidenced by the Subordinated Notes; provided, however, that, with respect to Investments made pursuant to clauses (i), (ii), and (iii), hereof, (A) all actions necessary to preserve Lender's first priority security interest in the Collateral have been taken, as required by Lender in its discretion; (B) the aggregate amount of all such Investments, including any interest accrued thereon, shall not exceed the Minimum Balance (excluding from the calculation thereof (x) the amount of any interest accrued on such Investments, to the extent such interest has been paid over to the Purchaser's Account, and (y) the principal amount of any Investments otherwise approved as set forth herein and made on an overnight or Business-Day-to-Business-Day basis, to the extent such Investments are, in fact, made and returned to the Purchaser's Account on such basis); (C) Purchaser hereby agrees that it shall take whatever action is necessary to liquidate such Investment to the extent the principal or interest (or both) of such Investment is necessary for Purchaser to pay any amounts due and payable under this Agreement or any other Program Document (including, without limitation, the incurrence of any breakage, early withdrawal, early termination, or other fees or penalties arising on account of such liquidation); (D) all interest and other income generated by such Investment shall be reinvested (subject to the limitations set forth herein) or paid over to the Purchaser's Account; and (E) immediately after giving effect to the making of any Investment permitted hereunder, no Default or Event of Default shall have occurred and be continuing;

(g) create, assume, or suffer to exist any Lien, directly or indirectly, on any asset now owned or hereafter acquired by it, except Permitted Encumbrances;

(h) create, assume, or incur any Debt, except (i) Debt to Lender under this Agreement; (ii) Debt evidenced solely by the Subordinated Notes; (iii) Debt consisting of deferred taxes; and (iv) Debt resulting from endorsements of negotiable instruments received in the ordinary course of business;

(i) issue any equity securities other than to Seller or permit any Person other than Seller to own any of its equity securities;

(j) relocate its principal place of business or chief executive office, locate its Books and Records relating to the Purchased Receivables at any location other than at Servicer's chief executive office, or open or otherwise acquire actual or beneficial ownership of any deposit, savings, commodities, or securities account other than the Purchaser's Account or as specifically permitted in connection with the making of Investments in accordance with this Agreement;

(k) change its federal taxpayer identification number;

(l) allow or consent to the making or taking of any Deductions respecting any Purchased Receivable, unless Lender is promptly notified of such Deductions (which notice requirement may be met by ensuring that such Deduction is clearly indicated on an IRPF Receivables Report delivered after such Deduction was made or taken);

(m) contract or enter into any agreement for any trade receivables or credit insurance or other agreement or transaction to mitigate the risk of nonpayment of any of Purchaser's Accounts Receivables (including, without limitation, any agreement, policy, or transaction prohibited by the terms of the Policy) other than the Policy or purchase any Accounts Receivables other than under the Program in accordance with the Program Documents;

(n) use the proceeds of the Advances for any purpose other than payment on the Subordinated Notes and payment of fees, expenses, and costs directly associated with the maintenance and administration of the Program or except as permitted under Section 5.13(e);

(o) (i) suffer or permit dissolution or liquidation either in whole or in part, (ii) redeem or retire any shares of its own stock, (iii) merge or consolidate with any Person, or (iv) sell, lease, or otherwise transfer all or any part of its assets (but excluding sales of returned, reclaimed, replevined, or repossessed goods represented by a Purchased Receivable, the granting of a security interest to Lender hereunder, and the resale or transfer of Recourse Receivables in accordance with the Purchase Agreement) to any other Person.

ARTICLE 6. DEFAULTS

SECTION 6.01. Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) Purchaser shall fail to pay when due (i) any portion or all of the principal of the Aggregate Advances, (ii) any interest on the Aggregate Advances, or (iii) any fee or other Obligations owing to Lender hereunder, and, in any of the foregoing cases, such failure shall continue for more than two Business Days following the date such payment was due; or

(b) Purchaser shall fail to observe or perform any covenant contained in Sections 5.01(f), 5.01(j), 5.02(b), 5.03, 5.06, 5.09, 5.10, 5.12, or 5.13; or

(c) Purchaser shall fail to observe or perform any covenant or agreement herein (other than those covered by paragraph (a) or (b) above) or any Program Document and such failure shall not have been cured within thirty days after the earlier to occur of (i) written notice thereof has been given to Purchaser by Lender or (ii) Purchaser otherwise becomes aware of any such failure; or

(d) any representation, warranty, certification or statement made by Purchaser in this Agreement or in any certificate, financial statement, or other document delivered pursuant to this Agreement or any other Program Document shall prove to have been incorrect or misleading in any material respect when made (or deemed made); or

(e) any event of default or default occurs under any other Program Document (however such terms are defined in such other Program Documents) or any Servicing Agreement Event of Default shall occur, unless, in the case of a Servicing Agreement Event of Default, a successor Servicer acceptable to Lender is engaged to provide the Services within ten days of the date Lender receives written notice of such Servicing Agreement Event of Default; or

(f) the aggregate balance of (i) the Purchaser's Account, plus (ii) the balance of any and all Investments permitted by subclauses (i), (ii), and (iii) of Section 5.13(f) shall be less than the Minimum Balance for a period in excess of thirty consecutive days or shall at any time be less than an amount equal to ninety percent of the Minimum Balance, in each case without including in the calculation of such aggregate balance any collections received with respect to Unsold Receivables;

(g) the Policy shall at any time be cancelled, terminated, suspended, declared unenforceable or unlawful, or otherwise ineffective, other than by the natural expiration of the Policy on (i) the date it was initially scheduled to expire or (ii) if the Policy is replaced, substituted, extended, or amended, with Lender's consent and approval, to provide a later scheduled expiration date, such later scheduled expiration date;

(h) Underwriter is rated less than (i) Baa2 by Moody's or (ii) BBB by S&P, in either case, for more than thirty consecutive days;

(i) either Purchaser or Seller shall commence a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or shall admit in writing its inability, to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; or

(j) an involuntary case or other proceeding shall be commenced against either Purchaser or Seller seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and, only in the case of Seller, such involuntary case or other proceeding shall remain undismissed and unstayed for a period of ninety days; or an order for relief shall be entered against either Purchaser or Seller under the federal bankruptcy laws as now or hereafter in effect; or

(k) Purchaser, or Seller, or any member of the Controlled Group shall fail to pay when due any material amount which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans shall be filed under Title IV of ERISA by Purchaser, Seller, any member of the Controlled Group, any plan administrator, or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or

(l) (i) one or more judgments or orders of any Governmental Body for the payment of money shall be rendered after the Closing Date against Purchaser in any amount and such judgment or order shall either continue unsatisfied and unstayed for a period of thirty days or give rise to a Lien on any Collateral at any time; or (ii) a warrant or writ of attachment or execution or similar process shall be issued against any property of Purchaser in any amount (in each case in excess of amounts covered by insurance) and such warrant, writ or process shall not be discharged, vacated, stayed or bonded for a period of thirty days; provided, however, that in the event a bond has been issued in favor of the claimant or other Person obtaining such attachment or writ, the issuer of such bond shall execute a waiver or subordination agreement in form and substance satisfactory to Lender pursuant to which the issuer of such bond subordinates its right of reimbursement, contribution or subrogation to the Obligations and waives or subordinates any Lien it may have on Purchaser's assets; or

(m) any Person other than Seller shall own or acquire any of Purchaser's equity securities; or

(n) if, on any day, Purchaser could not truthfully make the representations and warranties contained in Section 4.12; or

(o) the occurrence of any event, act, occurrence, or condition which Lender determines either does or has a reasonable probability of causing a Material Adverse Effect; or

(p) any default (after the expiration of any applicable cure or grace periods) by Seller under any note, indenture, loan agreement, mortgage, lease, deed, guaranty, or other similar agreement relating to any Debt of Seller in an aggregate amount greater than \$5,000,000 or any judgment rendered against Seller in an aggregate amount greater than \$5,000,000 (in excess of any insurance coverage), unless such judgment is within thirty days discharged or stayed pending appeal and, if stayed, is discharged within thirty days after the expiration of such stay; or

(q) there occurs any change in control in the ownership of Seller's capital stock such that a "Change in Control" (as defined in the Indenture Agreements) would be deemed to have occurred under either of the Indenture Agreements; or

(r) there occurs any Indenture Default, unless such Indenture Default has been waived or cured in accordance with the terms of the Indenture Agreements and Lender, as a party to the Indenture Agreements, concurred in the granting of such waiver or, if applicable, such cure;

then, and in every such event, Lender may (i) by notice to Purchaser terminate the Commitment; (ii) by notice to Purchaser declare the Note (together with accrued interest thereon), and all other amounts payable hereunder and under the other Program Documents, to be, and the same shall thereupon become, immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by Purchaser together with interest at the Default Rate accruing on the principal amount thereof from and after the date of such Event of Default; provided that if any Event of Default specified in paragraph (i) and (j) above occurs with respect to Purchaser, Servicer, or Seller, without any notice to Purchaser or any other act by Lender, the Commitment shall thereupon terminate and the Note (together with accrued interest thereon) and all other amounts payable hereunder and under the other Program Documents shall automatically and without notice become immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are hereby waived by Purchaser together with interest thereon at the Default Rate accruing on the principal amount thereof from and after the date of such Event of Default; or (iii) exercise any rights, powers or remedies under this Agreement and the other Program Documents. Notwithstanding the foregoing, Lender shall have available to it all other remedies at law or equity.

SECTION 6.02. Remedies with Respect to Collateral.

(a) Upon the occurrence and during the continuance of an Event of Default, Lender or any representative of Lender shall have the rights and remedies of a secured party under the UCC in effect on the date thereof (regardless of whether the same has been enacted in the jurisdiction where the rights or remedies are asserted), including, without limitation, the right to require Purchaser to assemble the Collateral, at Purchaser's expense, and make it available to Lender at a place designated by Lender which is reasonably convenient to both parties, and, subject to the rights of third parties, peaceably to enter any premises where any of the Collateral shall be located and to keep and store the Collateral on said premises until sold (and if said premises be the property of any Purchaser, such Purchaser agrees not to charge Lender for storage thereof), to take possession of any of the Collateral or the proceeds thereof, to sell or otherwise dispose of the same, and Lender shall have the right to conduct such sales on the premises of Purchaser, without charge therefor, and such sales may be adjourned from time to time in accordance with applicable law. Lender may sell, lease or dispose of Collateral for cash, credit, or any combination thereof, and shall have the right to appoint a receiver of the Purchased Receivables and their Related Rights and Goods or any part thereof, and the right to apply the proceeds therefrom as set forth in Section 6.02(b), below. Lender shall give Purchaser written notice of the time and place of any public sale of the Collateral or the time after which any other intended disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is given to Purchaser at least ten days before such disposition. Expenses of retaking, verifying, restoring, holding, insuring, collecting, preserving, liquidating, protecting, preparing for sale or selling, or otherwise disposing of or the like with respect to the Collateral shall include, in any event, reasonable attorneys' fees and other legally recoverable collection expenses, all of which shall constitute a part of the Obligations.

(b) Proceeds of any of the Collateral and payments by Purchaser during the existence of an Event of Default received by Lender or any Lender shall be applied by Lender in accordance with the provisions of Section 2.08(e). In the event that the proceeds of the Collateral are not sufficient to pay the Obligations in full, Purchaser shall remain liable for any deficiency.

(c) To the extent permitted therein, Purchaser hereby waives all rights which Purchaser has or may have under and by virtue of any applicable law relating to Purchaser's right to redeem any Collateral or Purchaser's right to require notice or a judicial hearing before seizure of any Collateral by Lender.

(d) Unless and except to the extent expressly provided for to the contrary herein, the rights of Lender specified herein shall be in addition to, and not in limitation of, Lender's or Lender's rights under the UCC, or any other statute or rule of law or equity, or under any other provision of any of the Program Documents, or under the provisions of any other document, instrument or other writing executed by Purchaser or any third party in favor of Lender, all of which may be exercised successively or concurrently.

(e) Lender is hereby granted a license or other right to use, without charge, Purchaser's labels, patents, copyrights, rights of use of any name, trade secrets, tradenames, trademarks and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in advertising for sale and selling any Collateral, and Purchaser's rights under all licenses and all franchise agreements shall inure to Lender's benefit.

(f) Lender shall not be liable or responsible in any way for the safekeeping of any of the Collateral or for any loss or damage thereto, except for reasonable care in the custody thereof while any Collateral is in Lender's actual possession, or for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency, or other Person whomsoever, but the same shall be at Purchaser's sole risk.

(g) Lender shall not be under any obligation to marshal any assets in favor of Purchaser or any other Person or against or in payment of any or all of the Obligations.

SECTION 6.03. Power of Attorney. Purchaser irrevocably designates and appoints Lender its true and lawful attorney, during the existence of an Event of Default, either in the name of Lender or in the name of Purchaser to ask for, demand, sue for, collect, compromise, compound, receive, receipt for, and give acquittances for any and all sums owing or which may become due upon any items of the Purchased Receivables, their Related Rights and Goods, and the other Collateral and, in connection therewith, to take any and all actions as Lender may deem necessary or desirable in order to realize upon the same, including, without limitation, power to endorse in the name of Purchaser, any checks, drafts, notes, or other instruments received in payment of or on account of the Purchased Receivables, their Related Rights and Goods, and the other Collateral, but Lender shall not be under any duty to exercise any such authority or power or in any way be responsible for the collection thereof.

ARTICLE 7. CHANGE IN CIRCUMSTANCES; COMPENSATION

SECTION 7.01. Basis for Determining Interest Rate Inadequate or Unfair. If on or prior to the first day of any Settlement Period, LIBOR is not being offered for such Settlement Period, then Lender shall forthwith give notice thereof to Purchaser, whereupon until the Aggregate Advances (including any additional Advances accruing thereto) shall bear interest at the Base Rate until the Settlement Date next occurring after the circumstances giving rise to such change in the Interest Rate no longer exist, as evidenced by written notice from Lender to Purchaser to such effect.

SECTION 7.02. Illegality. If, after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein or any existing or future law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof (any such agency being referred to as an "Authority" and any such event being referred to as a "Change of Law"), or compliance by Lender (or its lending office) with any request or directive (whether or not having the force of law) of any Authority shall make it unlawful or impossible for Lender (or its lending office) to make, maintain or fund the Aggregate Advances or any Advance and Lender shall so notify Purchaser, whereupon the Aggregate Advances (including any additional Advances accruing thereto) shall bear interest at the Base Rate until the Settlement Date next occurring after the circumstances giving rise to such change in the Interest Rate no longer exist, as evidenced by written notice from Lender to Purchaser to such effect. Before giving any notice to Purchaser pursuant to this Section, Lender shall designate a different lending office if such designation will avoid the need for giving such notice and will not, in the judgment of Lender, be otherwise disadvantageous to Lender.

SECTION 7.03. Increased Cost and Reduced Return.

(a) If after the date hereof, a Change of Law or compliance by Lender (or its lending office) with any directive of any Authority:

- (i) shall impose, modify, or deem applicable any reserve, special deposit, or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding any such requirement included in an applicable LIBOR Reserve Percentage) against assets of, deposits with or for the account of, or credit or letter of credit extended by, Lender; or
- (ii) shall impose on Lender or on the United States market for certificates of deposit or the London Interbank market any other condition affecting the Aggregate Advances, the Note, or its obligation to make Advances;

and the result of any of the foregoing is to increase the cost to Lender of making or maintaining any Advance or the Aggregate Advances, or to reduce the amount of any sum received or receivable by Lender under this Agreement or under the Note with respect thereto, by an amount reasonably deemed by Lender to be material, then, within thirty days after demand by Lender, Purchaser shall pay to Lender such additional amount or amounts as will compensate Lender for such increased cost or reduction.

(b) If Lender shall have determined in good faith that after the date hereof the adoption of any applicable law, rule, or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof, or compliance by any Lender with any directive regarding capital adequacy of any Authority, has or would have the effect of reducing the rate of return on Lender's capital as a consequence of its obligations hereunder to a level below that which Lender could have achieved but for such adoption, change, or compliance (taking into consideration Lender's policies with respect to capital adequacy) by an amount reasonably deemed by Lender to be material, then from time to time, within thirty days after demand by Lender, Purchaser shall pay to Lender such additional amount or amounts as will compensate Lender for such reduction.

(c) Lender will promptly notify Purchaser of any event of which it has knowledge, occurring after the date hereof, which will entitle Lender to compensation pursuant to this Section and will designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of Lender, be otherwise disadvantageous to Lender. A certificate of Lender claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, Lender may use any reasonable averaging and attribution methods.

(d) The provisions of this Section shall be applicable with respect to any participant, assignee or other transferee, and any calculations required by such provisions shall be made based upon the circumstances of such participant, assignee or other transferee.

SECTION 7.04. Compensation. Upon Lender's request, Purchaser shall pay Lender such amount or amounts as shall compensate Lender for any loss, cost, or expense incurred by Lender as a result of:

(a) any payment or prepayment (pursuant to Article 2 or otherwise) of any Advance or the Aggregate Advances on a date other than on a Settlement Date; or

(b) any failure by Purchaser to borrow an Advance on the date for such Advance specified in the applicable Advance Request delivered pursuant to Section 2.02;

such compensation to include, without limitation, an amount equal to the excess, if any, of (x) the amount of interest which would have accrued on the amount so paid or prepaid or not prepaid or borrowed for the period from the date of such payment, prepayment or failure to prepay or borrow to the last day of the then current Settlement Period for such Advance or the Aggregate Advances (or, in the case of a failure to prepay or borrow, the Settlement Period which would have commenced on the date of such failure to prepay or borrow) at the Interest Rate over (y) the amount of interest (as reasonably determined by Lender) Lender would have paid on deposits in Dollars of comparable amounts having terms comparable to such Settlement Period placed with it by leading banks in the London Interbank market.

ARTICLE 8. CONDITIONS TO MAKING ADVANCES

SECTION 8.01. Conditions to Making Initial Advance. Lender's obligation to make the initial Advance is subject to the satisfaction of the conditions set forth in Section 8.02 and receipt by Lender of the following:

(a) duly executed original counterparts of this Agreement and each other Program Document, all signed by all parties thereto other than Lender;

(b) an opinion letter or letters, each in form and substance reasonably satisfactory to Lender, of Testa, Hurwitz & Thibault, LLP, counsel for the Seller, Servicer, and Purchaser, dated as of the Closing Date, which address each of the following matters and such other matters as Lender may reasonably request: (i) the due authorization, execution, delivery, enforceability, and other corporate matters of the Seller, Servicer, and Purchaser as to the Program Documents; (ii) the perfection of the Purchaser's ownership interest in and to the Purchased Receivables and their Related Rights and Property; (iii) the creation of a perfected security interest in favor of Lender in all of the Collateral; (iv) the existence of a "true sale" of the Purchased Receivables from Seller to Purchaser under the Purchase Agreement; and (v) the inapplicability of the doctrine of substantive consolidation to Seller, on the one hand, and Purchaser, on the other, in connection with any bankruptcy proceeding involving either of them;

(c) certificates (each, a "Closing Certificate") substantially in the form of Exhibit G, attached hereto and made a part hereof, dated as of the Closing Date, signed by a Senior Officer of each of Purchaser and Seller (including Seller in its capacity as Servicer);

(d) all documents which Lender may reasonably request relating to the existence of Purchaser, the Servicer, and the Seller, the corporate authority for and the validity of this Agreement, the Note, and the other Program Documents, and any other matters relevant hereto, all in form and substance satisfactory to Lender, including, without limitation, certificates of such Persons substantially in the form of Exhibit H (each, an "Officer's Certificate"), signed by the Secretary or an Assistant Secretary of such Person, certifying as to the names, true signatures, and incumbency of the officer or officers of such Persons authorized to execute and deliver the Program Documents, and certified copies of the following items: (i) such Person's Certificate of Incorporation or other registered, constitutional document, (ii) such Person's Bylaws or related agreement, (iii) a certificate of good standing or valid existence of the Secretary of State of the state of the jurisdiction of its incorporation and of each state in which it is qualified to do business as a foreign corporation, and (iv) the action taken by the Board of Directors or other Persons with management control of such Persons authorizing the execution, delivery, and performance of this Agreement, the Note, and the other Program Documents to which such Person is a party;

(e) recorded UCC Financing Statements (satisfactory in form and content to Lender in all respects) (i) pertaining to (A) Purchaser's ownership and/or security interest in the Purchased Receivables and their Related Rights and Property and (B) Lender's first priority security interest in the Collateral and (ii) evidencing recordation thereof in all filing offices deemed necessary by Lender;

(f) lien searches reasonably acceptable to Lender, showing no Liens on any of the Seller's, Servicer's, or Purchaser's Accounts Receivables or Related Rights and Property other than Permitted Encumbrances;

(g) evidence of the Policy and other insurance as required by this Agreement;

(h) agreements regarding, and other evidence respecting, the establishment of the Lockbox and the Purchaser's Account, all in form and substance reasonably satisfactory to Lender, including, without limitation, the Lockbox Agreement and Blocked Account Agreement, to the extent applicable;

(i) payment of all fees owed to Lender hereunder;

(j) receipt of an agreement among Underwriter, Purchaser, and Lender in form satisfactory to all such Persons concerning, inter alia, designation of Lender as the sole loss payee under the Policy, Underwriter's agreement to notify Lender of certain events, Underwriter's acknowledgment that the Policy is effective even though Purchaser is not the originator of the insured Accounts Receivables, and that certain requirements under the Policy may be met by Servicer or Seller rather than strictly by Purchaser; and

(k) a duly executed Settlement Report.

SECTION 8.02. Conditions to the Making of All Advances. Lender's obligation to make any Advance is subject to the satisfaction of the following conditions:

(a) Lender shall have received originals or copies of all reports, documents, and certifications which are, in accordance with the terms of the Program Documents, to be delivered to Lender, including, without limitation, Bills of Sale evidencing Purchaser's ownership of the Purchased Receivables, IRPF Receivables Reports, Settlement Reports, reports from the Servicer and Lockbox administrator, Purchase Notices, and a fully executed Advance Request pertaining to such Advance;

(b) the Policy must be in full force and effect, with all premiums due and payable thereon having been paid, and the Lender must be satisfied that the Borrowing Base has been calculated in the manner agreed upon by Lender and Purchaser;

(c) the Purchaser's Account and Lockbox shall continue to exist in full force and effect and Lender shall continue to have a first priority perfected security interest in each of them;

(d) immediately before and after the making of any Advance, there shall exist no Default or Event of Default; and

(e) each of the representations and warranties of Purchaser contained in Article 4 shall be true in all material respects on and as of the date of such Advance.

The making of any Advance shall be deemed to be a representation and warranty by Purchaser on the date of such Advance as to the complete satisfaction of the conditions specified in paragraphs (a) through (d) of this Section.

ARTICLE 9. MISCELLANEOUS

SECTION 9.01. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including telecopier or similar writing) and shall be given to such party at its address or telecopier number set forth on the signature pages hereof or such other address or telecopier number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request, or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section and the confirmation is received; (ii) if given by mail, seventy-two hours after such communication is deposited in the mail with first class postage prepaid, addressed as aforesaid; or (iii) if given by any other means, when delivered at the address specified in this Section; provided that notices to Lender under Article 2 shall not be effective until received.

SECTION 9.02. No Waivers. The failure of Purchaser to satisfy, or the waiver by Lender of, any condition set forth in Article 8 shall not constitute a waiver of any such condition with respect to any subsequent Advance, unless such waiver is expressly agreed to in writing as required by Section 9.06. No failure or delay by Lender in exercising any right, power, or privilege hereunder or under any other Program Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 9.03. Expenses; Documentary Taxes. Purchaser shall pay (a) all out-of-pocket expenses (including, without limitation, all documented attorney and paralegal fees and expenses of Lender, recording costs, recording or intangible taxes, and title insurance, if any) of Lender reasonably incurred in connection with this Agreement and the other Program Documents, including, without limitation, (i) all costs, fees, and taxes pertaining to the obtaining, preparation, or filing of all Lien searches and Financing Statements (including, without limitation, any release thereof), (ii) all costs and fees incurred in connection with the preparation, negotiation, administration, and execution and delivery of this Agreement and the other Program Documents, and any waiver or consent hereunder or thereunder or any amendment hereof or thereof or any Default or alleged Default hereunder or thereunder, (iii) sums paid or incurred to pay for any amount or to take any action required of Purchaser hereunder or under this Agreement that Purchaser fails to pay or take; (iv) costs and expenses of preserving and protecting the Collateral; and (b) during the existence of an Event of Default, costs and expenses (including reasonable attorney and paralegal fees and expenses) paid or incurred to obtain payment of the Obligations, enforce the Lien in the Collateral, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions hereof or of any Program Document or to defend any claim made or threatened against Lender arising out of the transactions contemplated hereby (including, without limitation, preparations for and consultations concerning any such matters). The foregoing shall not be construed to limit any other provisions hereof, or of any Program Document regarding costs and expenses to be paid by Purchaser or any other Person. In the event Purchaser becomes a debtor under the Bankruptcy Code, Lender's secured claim in such case shall include interest on the Obligations and all fees, costs, and charges provided for herein (including, without limitation, reasonable attorneys' fees actually incurred), all to the extent allowed by the Bankruptcy Code. Purchaser shall indemnify Lender against any transfer taxes, documentary taxes, assessments, or charges made by any Governmental Body or Authority by reason of the execution and delivery of this Agreement or the other Program Documents.

SECTION 9.04. Indemnification. Purchaser shall indemnify Lender and its directors, officers, employees, and agents from, and hold each of them harmless against, any and all Losses to which any of them may become subject, insofar as such Losses arise out of or result from any actual or proposed use by Purchaser of the proceeds of any Advance or breach by Purchaser of this Agreement or any other Program Document or from any investigation, litigation (including, without limitation, any actions taken by Lender to enforce this Agreement or any of the other Program Documents), or other proceeding (including, without limitation, any threatened investigation or proceeding) relating to the foregoing, and Purchaser shall reimburse such Persons upon demand for any expenses (including, without limitation, legal fees) incurred in connection with any such investigation or proceeding; but excluding any such Losses incurred by reason of the gross negligence or willful misconduct of the Person (or agent thereof) to be indemnified.

SECTION 9.05. Setoff; Sharing of Setoffs. Purchaser hereby grants to Lender a lien to secure the payment and performance of the Obligations upon all deposits or deposit accounts, of any kind, or any interest in any deposits or deposit accounts thereof, now or hereafter pledged, mortgaged, transferred, or assigned to Lender or otherwise in the possession or control of Lender for any purpose for the account or benefit of Purchaser and including any balance of any deposit account or of any credit of Purchaser with Lender, whether now existing or hereafter established, hereby authorizing Lender at any time or times with or without prior notice to apply such balances or any part thereof to such of the Obligations owing by Purchaser to Lender then past due and in such amounts as they may elect, and whether or not the Collateral or other collateral, if any, or the responsibility of other Persons primarily, secondarily, or otherwise liable may be deemed adequate. For the purposes of this paragraph, all remittances and property shall be deemed to be in the possession of Lender as soon as the same may be put in transit to it by mail or carrier or by other bailee. Any other provision of this Agreement or any other Program Document to the contrary notwithstanding, Lender agrees that it shall have no security interest in any items of payment or other collections (or the funds thereof) received on account of any Unsold Receivables which may be, from time to time, received into the Lockbox or on deposit in the Purchaser's Account.

SECTION 9.06. Amendments and Waivers. No provision of this Agreement, the Note, or any other Program Documents to which Lender is a party, may be amended, restated, supplemented, or otherwise modified except by a writing signed by Lender and all other parties thereto. Purchaser agrees that it will not amend, restate, supplement, or otherwise modify any Program Document to which it is, but Lender is not, a party, without Lender's prior written consent and that it will not permit, allow, or consent to any amendment, restatement, supplement or modification of the Standard Terms, the Policies and Procedures, any Underlying Contract, or the Policy without the Prior written consent of Lender.

SECTION 9.07. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that Purchaser may not assign or otherwise transfer any of its rights under this Agreement.

SECTION 9.08. New York Law. This Agreement and the Note shall be construed in accordance with and governed by the law of the State of New York, without regard for its conflicts of law principles (other than Section 5-1401 of the New York General Obligations Laws).

SECTION 9.09. Severability. In case any one or more of the provisions contained in this Agreement, the Note, or any of the other Program Documents to which Purchaser and Lender are the only parties should be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby and shall be enforced to the greatest extent permitted by law.

SECTION 9.10. Interpretation. No provision of this Agreement or any of the other Program Documents to which Purchaser and Lender are the only parties shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or dictated such provision.

SECTION 9.11. WAIVER OF JURY TRIAL; CONSENT TO JURISDICTION. PURCHASER AND LENDER EACH IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THIS

AGREEMENT OR ANY OTHER PROGRAM DOCUMENT; (B) SUBMITS TO THE NONEXCLUSIVE PERSONAL JURISDICTION IN THE STATE COURTS OF THE STATES OF NEW YORK AND NORTH CAROLINA AND THE UNITED STATES DISTRICT COURTS OF NORTH CAROLINA AND THE SOUTHERN DISTRICT OF NEW YORK FOR THE ENFORCEMENT OF THIS AGREEMENT, THE NOTE, AND THE OTHER PROGRAM DOCUMENTS; (C) WAIVES ANY AND ALL PERSONAL RIGHTS UNDER THE LAW OF ANY JURISDICTION TO OBJECT ON ANY BASIS (INCLUDING, WITHOUT LIMITATION, INCONVENIENCE OF FORUM) TO JURISDICTION OR VENUE WITHIN THE STATES AND DISTRICTS DESCRIBED ABOVE FOR THE PURPOSE OF LITIGATION TO ENFORCE THIS AGREEMENT, THE NOTE, OR THE OTHER PROGRAM DOCUMENTS; AND (D) AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT IN THE MANNER PRESCRIBED IN SECTION 9.01 FOR THE GIVING OF NOTICE TO PURCHASER. NOTHING HEREIN CONTAINED, HOWEVER, SHALL PREVENT LENDER FROM BRINGING ANY ACTION OR EXERCISING ANY RIGHTS AGAINST ANY SECURITY AND AGAINST PURCHASER PERSONALLY, AND AGAINST ANY ASSETS OF PURCHASER, WITHIN ANY OTHER STATE OR JURISDICTION.

SECTION 9.12. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 9.13. Consequential Damages. NEITHER PARTY SHALL BE RESPONSIBLE OR LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON FOR ANY PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF THIS AGREEMENT, THE OTHER PROGRAM DOCUMENTS, OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 9.14. Entire Agreement. This Agreement, together with the other Program Documents, constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes and replaces any agreement, written or oral, existing between or among the parties hereto in respect of such subject matter.

[Signatures are contained on the following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, under seal, by their respective authorized officers as of the day and year first above written.

PURCHASER:

SKYWORKS USA, INC. (SEAL)

By: /s/ Robert A. Sagedy, Jr.
Name: Robert A. Sagedy, Jr.
Title: Vice President

Skyworks USA, Inc.
103 Foulk Road, Suite 202
Wilmington, Delaware 19803
Attn: Robert A. Sagedy, Jr., Vice
President-Administrative Manager
Telecopier No.: 302-652-8667
Confirmation No.: 302-656-1950

with copy to:

Skyworks Solutions, Inc.
5221 California Avenue
Irvine, California 92612
Attn: Daniel N. Yannuzzi
Telecopier No.: 949-231-3206
Confirmation No.: 949-231-3200

LENDER:

**WACHOVIA BANK, NATIONAL
ASSOCIATION (SEAL)**

By: /s/ Brian J. Fulk
Name: Brian J. Fulk
Title:

Lending Office:
Wachovia Bank, National Association
One South Broad Street
Philadelphia, Pennsylvania 19107
Attention: Alison Price, Structured Trade Finance

SCHEDULE 4.03—LITIGATION

1. SimmTech Co., Ltd vs. Skyworks Solutions, Inc.; Seoul District Court, Seoul Korea; 20th Civil Department; 2003 Gahap 16813.

The information provided herein is provided for the purpose of disclosure under the Agreement and should not be construed as indicating that such matter is material or is necessarily required to be disclosed by the Company.

SCHEDULE 4.22—PURCHASER'S ACCOUNT INFORMATION

[TO BE PROVIDED BY WACHOVIA]

EXHIBIT A	ADVANCE REQUEST
EXHIBIT B	BLOCKED ACCOUNT AGREEMENT
EXHIBIT C	FORM OF SETTLEMENT REPORT
EXHIBIT D	FORM OF PROMISSORY NOTE
EXHIBIT E	FORM OF SUBORDINATED NOTE
EXHIBIT F	FORM OF COUNSEL OPINION
EXHIBIT G	FORM OF CLOSING CERTIFICATE
EXHIBIT H	FORM OF OFFICER'S CERTIFICATE

EXHIBIT A

FORM OF ADVANCE REQUEST

Settlement Date: _____

Wachovia Bank, National Association, One
South Broad Street Philadelphia,
Pennsylvania 19107 Attention:
Alison Price

Re: Credit and Security Agreement (as amended, restated, supplement, or otherwise modified from time to time, the "Credit Agreement") dated as of July 15, 2003, by and between Skyworks USA, Inc. ("Purchaser"), and Wachovia Bank, National Association ("Lender").

Gentlemen:

Unless otherwise defined herein, capitalized terms used herein shall have the meanings attributable thereto in the Credit Agreement. This Advance Request is delivered to you pursuant to SECTION 2.02 of the Credit Agreement.

Purchaser hereby requests an Advance in the aggregate principal amount of \$[_____] to be made on [_____] [20__], which date is the next-occurring Settlement Date, at the Interest Rate as determined by the Credit Agreement.

Purchaser hereby represents and warrants that each of the conditions set forth in Section 8.02 of the Credit Agreement is satisfied as of this date and will continue to be satisfied as of the date of the Advance described above. In addition, Purchaser represents and warrants that each of the representations and warranties made in the Credit Agreement is true and correct in all material respects as if made on this date.

Purchaser has caused this Advance Request to be executed and delivered by its duly authorized Senior Officer as of [_____] [20__].

SKYWORKS USA, INC.

By: _____
Title: _____

BLOCKED ACCOUNT AGREEMENT

CONTROL AGREEMENT FOR
NOTIFICATION AND ACKNOWLEDGMENT
OF PLEDGE OR SECURITY INTEREST IN ACCOUNTS

This CONTROL AGREEMENT is made and entered into as of July 15, 2003, by and among WACHOVIA BANK, NATIONAL ASSOCIATION ("Depository Bank"), SKYWORKS USA, INC., a Delaware corporation ("Borrower"), and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association ("Lender").

Statement of Facts

Depository Bank acknowledges that as of this date it maintains a remittance Lockbox (as such term is defined below) and demand deposit account number 2000015149640 in the name of Borrower (the "Account"), both being governed by the terms and conditions of the [Deposit Agreement and Disclosures for Non-Personal Accounts] published by the Depository Bank from time to time ("Deposit Agreement"). Borrower has assigned and granted to Lender a pledge and security interest in the contents of the lockbox and the Account and all funds on deposit therein from time to time (other than funds representing collections on Unsold Receivables (as such term is defined in the Credit Agreement described below)) to secure Borrower's obligations to Lender under that certain Credit and Security Agreement dated as of July 15, 2003 (the "Credit Agreement"), by and between Lender and Borrower, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

The parties desire to enter into this Agreement in order to set forth their relative rights and duties with respect to the Lockbox, the Account and all contents and amounts on deposit therein from time to time. To the extent that any conflict may exist between the provisions of the Deposit Agreement and this Agreement, then this Agreement shall control.

NOW, THEREFORE, in consideration of the mutual covenants herein, as well as other good and valuable consideration, the parties agree as follows:

Statement of Terms

1. Lender has agreed to extend certain financing arrangements to Borrower, and, in consideration for credit extended to it by Lender, Borrower hereby notifies the Depository Bank, and the Depository Bank acknowledges, that Borrower has pledged to Lender its accounts receivable due from its customers and has granted Lender a security interest in the lockbox contents and items deposited in the Account; provided, however, that the security interest granted herein and in any Program Document (as such term is defined in the Credit Agreement) shall not attach to, nor shall Lender have any claim on, any items of payment or other collections received into the Lockbox or by Lender on account of any Unsold Receivable.

2. The Borrower has established the lockbox with Depository Bank (the "Lockbox") for the collection of checks, evidences of payment and accompanying documents from Borrower's customers. The Borrower also maintains the Account and has instructed the Depository Bank to deposit all items from the Lockbox directly into the Account. By their execution of this Agreement, Borrower and Lender hereby authorize and direct the Depository Bank, and the Depository Bank hereby agrees, (i) that only the Lender shall have the ability to withdraw, or direct the withdrawals of, funds from the Account, (ii) the Borrower shall have no right to exercise any authority of any kind with respect to the Account and the funds deposited therein, (iii) so long as this Agreement shall remain in effect the Account will be maintained in the name of the Borrower, or such other name as directed from time to time by the Lender, and (iv) by their signature to this Agreement and upon receipt of the Depository Bank's Wire Transfer Schedule properly completed by Lender, Borrower and Lender hereby authorize and direct the Depository Bank to forward funds from the Account by wire transfer at such times and to the account of such payees as directed by Lender in writing from time to time. Such transfers will be performed on the same banking day the Depository Bank receives such written directions, if such directions are received by the Depository Bank before 12:00 P.M. (on the Depository Bank's local time) on such banking day. Otherwise, such transfers shall be performed on the banking day following the Depository Bank's receipt of such directions. Any other provision of this Agreement to the contrary notwithstanding, Lender shall have no security interest in any items of payment or other collections (or the funds thereof) received into the Lockbox or by Lender on account of any Unsold Receivables.

3. At Lender's request, Depository Bank agrees to deliver copies of all information, other than canceled checks which the Depository Bank is otherwise obligated to send to the Borrower (by law, agreement or otherwise) to the Lender by regular U.S. mail at the address specified below.

4. The Depository Bank hereby agrees that, so long as this Agreement is in effect, it will not exercise or claim any right of set-off or bankers lien against the Account or any funds on deposit therein, and the Depository Bank hereby further waives during the term of this Agreement any such right or lien which it may have against any of the funds deposited in the Account, except to the extent expressly set forth in paragraph 5 below.

5. Depository Bank may offset and charge Borrower's other accounts for any items deposited in the Account which are returned for any reason or otherwise not collected (including, without limitation, with respect to any Unsold Receivables), and may offset and charge such other accounts for all service charges, fees, expenses and other items normally chargeable to the Account. If there are not sufficient funds in the other accounts to pay such amounts, then the Depository Bank may offset and charge the Account for all such amounts. If there are insufficient funds in the other accounts and the Account to pay such amounts, or if applicable law prohibits such charges or offsets against the other accounts and the Account, then Lender agrees to pay Depository Bank within five (5) business days of written notice of demand (i) all service charges, fees, expenses (including reasonable attorney fees actually incurred in connection with enforcement of the obligations of the Lender hereunder) and other items normally chargeable to the Account, and (ii) the amount of items deposited in the Account which are returned for any reason, or otherwise not collected (including, without limitation, with respect to any Unsold Receivables). Borrower and Lender acknowledge that Borrower is obligated to pay all customary and reasonable Depository Bank charges resulting from operation of the Account, including a monthly maintenance fee during the existence of this Agreement. Borrower agrees to reimburse the Lender for any monies that the Lender forwards to

Depository Bank in settlement and satisfaction of any charges as detailed above. In the absence of gross negligence or willful misconduct on the part of the Depository Bank, Borrower agrees to bear all risk of loss associated with the Account.

6. This Agreement may not be terminated by the Borrower. This Agreement may be terminated by the Lender at any time upon its delivery of written notice of such termination to the Depository Bank. This Agreement may be terminated by the Depository Bank at any time on not less than thirty (30) days' prior written notice of such intention delivered by it to each of the Borrower and the Lender. The Depository Bank's reimbursement and indemnity rights against the Borrower under paragraph 5 above and paragraph 8 below shall survive the expiration or any termination of this Agreement. In addition, the Depository Bank's reimbursement rights against the Lender under paragraph 5 above, and Lender's indemnification and reimbursement rights against Borrower under paragraph 5 above, shall survive any termination of this Agreement. Upon any termination of this Agreement, all net funds remaining in the Account, after charge-backs and set-offs by the Depository Bank, shall be forwarded by the Depository Bank directly to the Lender in accordance with paragraph 3 above.

7. Both Lender and Borrower agree the Depository Bank shall be entitled to rely conclusively upon and shall have no liability for acting upon any notice or instruction it receives from the Lender and shall have no obligation to investigate or verify the authenticity or correctness of any such notice or instruction.

8. Borrower agrees to indemnify and hold harmless the Depository Bank from and against any and all claims, actions and suits (whether groundless or otherwise), losses, damages, costs, expenses and liabilities of every nature and character arising out of or related to this Agreement or the transactions contemplated hereby or the Depository Bank's actions taken hereunder, except to the extent that any of same shall be directly caused by the Depository Bank's willful misconduct or gross negligence. All such amounts shall be payable on demand. In no event shall the Depository Bank be liable for special, indirect, exemplary, consequential or punitive damages.

9. All notices or other communications required or provided under this Agreement shall be in writing and shall be sent to each party at its respective address and be issued by and directed to the designated officer (the "Designated Officer") set forth beneath its signature below (or at such other address and to or by such other Designated Officer as such party may designate in writing to the other parties). Such notices or communications shall be effective on the date actually received by the Designated Officer if received prior to 12:00 noon ET on any business day of the Depository Bank. If received by the Designated Officer after 12:00 noon ET or if received by the Designated Officer on a non-banking day, such notice or communication shall be effective on the immediately succeeding banking day of the Depository Bank.

10. The Lender hereby appoints the Depository Bank as the Lender's bailee and pledgee-in-possession for the Account and all receipts, and the Depository Bank, by its execution and delivery of this Agreement hereby accepts such appointment and agrees to be bound by the terms of this Agreement.

11. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

12. This Agreement shall be governed by the laws of the State where the Account is maintained (without giving effect to its conflicts of law rules).

13. This Agreement may be executed in any number of several counterparts.

14. This Agreement shall only be modified or amended by written agreement of the parties evidencing such modification or amendment.

[Signatures on following page.]

IN WITNESS WHEREOF, each of the parties has executed and delivered this Agreement as of the day and year first above set forth.

DEPOSITORY BANK:

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

Address: One South Broad Street
Philadelphia, Pennsylvania 19107
Attn: Alison Price, Designated Officer
Phone: 267-321-6550

BORROWER

SKYWORKS USA, INC.

By: _____

Name: _____

Title: _____

Address: 103 Foulk Road, Suite 202
Wilmington, Delaware 19803
Attn: Robert A. Sagedy, Jr., Designated Officer
Phone: 302-656-1950

LENDER

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____

Name: _____

Title: _____

Address: One South Broad Street
Philadelphia, Pennsylvania 19107
Attn: Alison Price, Designated Officer
Phone: 267-321-6550

EXHIBIT C

FORM OF SETTLEMENT REPORT

[TO BE PROVIDED BY WACHOVIA]

EXHIBIT D

PROMISSORY NOTE

July 15, 2003
Philadelphia, Pennsylvania

\$50,000,000.00

For value received, SKYWORKS USA, INC., a Delaware corporation (the "Purchaser"), promises to pay to the order of WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association (the "Lender"), the principal sum of FIFTY MILLION DOLLARS AND NO/100 DOLLARS (\$50,000,000.00) or such lesser amount as shall equal the unpaid principal amount of all Advances made by Lender to Purchaser pursuant to the Credit Agreement referred to below, on the dates and in the amounts provided in the Credit Agreement. Purchaser promises to pay interest on the unpaid principal amount of this Promissory Note on the dates and at the rate or rates provided for in the Credit Agreement. Interest on any overdue principal of and, to the extent permitted by law, overdue interest on the principal amount hereof shall bear interest at the Default Rate, as provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of Wachovia Bank, National Association, 123 South Broad Street, Philadelphia, Pennsylvania 19107, or such other address as may be specified from time to time pursuant to the Credit Agreement.

All Advances made by Lender, the interest rates from time to time applicable thereto, and all repayments of the principal thereof shall be recorded by Lender and, prior to any transfer hereof, endorsed by Lender on the schedule attached hereto, or on a continuation of such schedule attached to and made a part hereof; provided that the failure of Lender to make any such recordation or endorsement shall not affect the obligations of Purchaser hereunder or under the Credit Agreement.

This Promissory Note is the "Note" referred to in the Credit and Security Agreement of even date herewith by and between Purchaser and Lender (as the same may be amended and modified from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the optional and mandatory prepayment and the repayment hereof and the acceleration of the maturity hereof, as well as the obligation of Purchaser to pay all costs of collection, including reasonable attorneys' fees, in the event this Promissory Note is collected by law or through an attorney at law.

Purchaser hereby waives presentment, demand, protest, notice of demand and nonpayment, and any other notice required by law relative hereto, except to the extent as otherwise may be expressly provided for in the Credit Agreement.

IN WITNESS WHEREOF, Purchaser has caused this Promissory Note to be duly executed, under seal, by its duly authorized officer as of the day and year first above written.

By: _____
 Name: _____
 Title: _____

EXHIBIT E

FORM OF SUBORDINATED NOTE

Philadelphia, Pennsylvania
 July 15, 2003

\$_[_____]

This SUBORDINATED PROMISSORY NOTE is the "Subordinated Note" described in that certain Credit and Security Agreement dated as of the date hereof (the "Credit Agreement") by and between Wachovia Bank, National Association (the "Lender"), and Skyworks USA, Inc., a Delaware corporation ("Purchaser"). Unless otherwise defined herein, all terms used in this Subordinated Note shall have the meanings given such terms in the Credit Agreement or the other Program Documents.

For value received, Purchaser promises to pay to the order of Skyworks Solutions, Inc., a Delaware corporation (the "Holder"), the principal sum of [_____] AND NO/100 DOLLARS (\$[_____] or such lesser amount as shall equal the unpaid principal amount accrued and outstanding from time to time hereunder, such amount representing the outstanding Deferred Price component of the Purchase Price for those of Holder's Accounts Receivable purchased by Purchaser from time to time under the Purchase Agreement. The Purchaser agrees to pay interest on the aggregate principal amount outstanding from time to time at an annual rate of interest of 6%. Such interest shall be calculated on the basis of an assumed year of 360 days for the actual number of days elapsed. All payments received on payment of this Subordinated Note shall first be applied to the payment of accrued but unpaid interest and then to principal. Purchaser agrees to make all payments of principal and interest as provided in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds c/o Seller, 20 Sylvan Lane, Woburn, Massachusetts 01801 for the account of the Holder, or at such other address as the Holder my designate in writing.

Purchaser hereby waives presentment, demand, protest, notice of demand and nonpayment, and any other notice required by law relative hereto.

Holder hereby subordinates and postpones the payment and the time of payment of all principal, interest and all other sums payable hereunder (the "Subordinated Indebtedness") to and in favor of the payment and the time of payment of all of the Senior Indebtedness. The term "Senior Indebtedness" shall mean all principal, interest, fees, other costs and expenses, and the "Obligations" (as defined in the Credit Agreement) owing by Purchaser to Lender (as such Senior Indebtedness is evidenced by that certain Promissory Note dated on or about even date herewith payable to the order of Lender). So long as all or any part of the Senior Indebtedness remains unpaid, Holder shall not, without the prior written consent of Lender, ask, demand, accelerate, declare a default under, sue for, set off, accept or receive any payment of all or any part of the Subordinated Indebtedness; provided, however, that the Holder may receive payment of that portion of the Subordinated Indebtedness consisting of timely payments of accrued and unpaid interest in accordance with the Credit Agreement; provided further that such payments do not cause or result in a default under the Senior Indebtedness. Holder and the undersigned agree in favor of Lender that the Subordinated Indebtedness is not secured and shall not be secured by collateral security in any way directly or indirectly, other than any lien Holder may have in any Recourse Receivables and their Related Rights and Property for which Holder has paid the Repurchase Price thereof; provided, however, Holder hereby subordinates any lien and the priority of any security interest, lien or encumbrance and other interests of Holder in and to any collateral security to the lien and security interest of Lender therein notwithstanding the time of attachment of that interest.

Should any payment or distribution with respect to the Subordinated Indebtedness not permitted by the provisions hereof be received by Holder prior to the full payment and satisfaction of the Senior Indebtedness, Holder will deliver the same to Lender in precisely the form received (except for the endorsement or assignment of Holder where necessary), for application to the Senior Indebtedness (whether due or not due and in such order and manner as Lender may elect), and, until so delivered, the same shall be held in trust by Holder as property of Lender. In the event of the failure of Holder to make any such endorsement or assignment, Lender, or any of its officers or employees on behalf of Lender, is hereby irrevocably authorized in its own name or in the name of Holder to make the same, and is hereby appointed Holder's attorney-in-fact for those purposes, that appointment being coupled with an interest and irrevocable. Lender is a third party beneficiary of the terms of this instrument.

Holder hereby consents that at any time and from time to time and with or without consideration, Lender may, without further consent of or notice to Holder and without in any manner affecting, impairing, lessening or releasing any of the provisions hereof, renew, extend, amend, supplement, modify, change the manner, time, place and terms of payment of, sell, exchange, release, substitute, surrender, realize upon, modify, waive, grant indulgences with respect to and otherwise deal with in any manner (a) all or any part of the Senior Indebtedness, the Credit Agreement, and the other Program Documents; (b) all or any part of any property at any time securing all or any part of the Senior Indebtedness; and (c) any Person at any time primarily or secondarily liable for all or any part of the Senior Indebtedness and/or any collateral security therefor.

IN WITNESS WHEREOF, Purchaser has caused this Subordinated Promissory Note to be duly executed, under seal, by its duly authorized officer as of the day and year first above written.

**SKYWORKS USA, INC., a
 Delaware corporation**

By: _____
 Title: _____

**OPINION OF
COUNSEL FOR PURCHASER, SERVICER, AND SELLER**

1. True Sale and Non-Consolidation Opinion
2. General Corporate Opinions for each of (together or in separate documents) Purchaser, Seller, and Servicer

CLOSING CERTIFICATE

Reference is made to the Credit and Security Agreement (the "Credit Agreement") dated as of July 15, 2003, by and between Skyworks USA, Inc. ("Purchaser"), and Wachovia Bank, National Association, as "Lender." Capitalized terms used herein have the meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 8.01(c) of the Credit Agreement, [_____] the duly authorized [_____] of Purchaser, hereby certifies to Lender that (i) no Default has occurred and is continuing as of the date hereof, and (ii) the representations and warranties contained in Article 4 of the Credit Agreement are true in all material respects on and as of the date hereof.

Certified as of this 15th day of July, 2003.

[_____]

By: _____
Title: _____

[ONE EACH FOR SELLER, SERVICER, AND PURCHASER]

FORM OF OFFICER'S CERTIFICATE

The undersigned, [_____] [_____] of [_____] a [_____] (the "Certifying Entity"), hereby certifies that s/he has been duly elected, qualified and is acting in such capacity and that, as such, s/he is familiar with the facts herein certified and is duly authorized to certify the same, and hereby further certifies, in connection with the Credit and Security Agreement dated as of July [____], 2003 (the "Credit Agreement") among _____ and Wachovia Bank, National Association ("Lender"), that:

1. Attached hereto as Exhibit A is a complete and correct copy of the Certificate of Incorporation of the Certifying Entity as in full force and effect on the date hereof as certified by the Secretary of State of the State of [____], the Certifying Entity's state of organization.
2. Attached hereto as Exhibit B is a complete and correct copy of the By-Laws of the Certifying Person as in full force and effect on the date hereof.
3. Attached hereto as Exhibit C is a complete and correct copy of the resolutions duly adopted by the Board of Directors of the Certifying Entity on July [____], 2003, approving, and authorizing the execution and delivery of, the [Credit Agreement, the Note, the Purchase Agreement, the Servicing Agreement, the Policy, and the other Program Documents (as such terms are defined in the Credit Agreement) to which Purchaser is a party]. Such resolutions have not been repealed or amended and are in full force and effect, and no other resolutions or consents have been adopted by such Board of Directors in connection therewith.

4. [[_____]], who is [_____] of the Certifying Entity signed the [Credit Agreement, the Note, the Purchase Agreement, the Servicing Agreement, the Policy, and the other Program Documents to which Purchaser is a party], was duly elected, qualified and acting as such at the time s/he signed the [Credit Agreement, the Notes and other Program Documents to which Purchaser is a party], and his/her signature appearing on such Program Documents is his/her genuine signature.]

Terms with their initial letters capitalized but not otherwise defined herein shall have the meanings given such terms in the Credit Agreement and other Program Documents.

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand as of July [____], 2003.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Skyworks Solutions, Inc. (the "Company") on Form 10-Q for the three months ending June 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Aldrich, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David J. Aldrich

David J. Aldrich
Chief Executive Officer
August 11, 2003

In connection with the Quarterly Report of Skyworks Solutions, Inc. (the "Company") on Form 10-Q for the three months ending June 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul E. Vincent, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Paul E. Vincent

Paul E. Vincent
Chief Financial Officer
August 11, 2003

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