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

FORM 10-K

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

For the fiscal year ended September 30, 2005

Commission file number 1-5560

SKYWORKS SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-2302115**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
20 Sylvan Road, Woburn, Massachusetts	**01801**
(Address of principal executive offices)	*(Zip Code)*
Registrant's telephone number, including area code:	**(781) 376-3000**

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

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $0.25 par value
(Title of Class)

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 o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).☑ Yes o No

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant (based on the closing price of the registrant's common stock as reported on the NASDAQ National Market on the last business day of the registrant's most recently completed second fiscal quarter (April 1, 2005) was approximately $982,184,761. The number of outstanding shares of the registrant's common stock, par value $0.25 per share as of December 8, 2005 was 158,786,540.

The Exhibit Index is located on page 84.

SKYWORKS SOLUTIONS, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

- CDMA (Code Division Multiple Access): a method for transmitting simultaneous signals over a shared portion of the spectrum.
- DigRF: the digital interface standard that defines an efficient physical interconnection between baseband and RF integrated circuits for digital cellular terminals.
- EDGE (Enhanced Data rates for Global Evolution): an enhancement to the GSM and TDMA wireless communications systems that increases data throughput to 384Kpbs.
- GPRS (General Packet Radio Service): an enhancement to the GSM mobile communications system that supports data packets.
- GSM (Global System for Mobile Communications): a digital cellular phone technology based on TDMA that is the predominant system in Europe, but is also used around the world.
- PHS (Personal Handyphone System): a TDMA-based cellular phone system introduced in Japan in mid 1995.
- TD-SCDMA (Time Division Synchronous Code Division Multiple Access): a 3G mobile communications standard, being pursued in the People’s Republic of China by the CATT.
- WCDMA (Wideband CDMA): a 3G technology that increases data transmission rates in GSM systems by using the CDMA air interface instead of TDMA.
- WLAN (Wireless Local Area Network): a type of local-area network that uses high-frequency radio waves rather than wires to communicate between nodes.

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

CAUTIONARY STATEMENT

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, and are subject to the “safe harbor” created by those sections. Words such as “believes”, “expects”, “may”, “will”, “would”, “should”, “could”, “seek”, “intends”, “plans”, “potential”, “continue”, “estimates”, “anticipates”, “predicts” and similar expressions or variations or negatives of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Annual Report on Form 10-K. Additionally, forward-looking statements include, but are not limited to:

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

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements involve inherent risks and uncertainties and actual results and outcomes may differ materially and adversely from the results and outcomes discussed in or anticipated by the forward-looking statements. A number of important factors could cause actual results to differ materially and adversely from those in the forward-looking statements. We urge you to consider the risks and uncertainties discussed elsewhere in this report and in the other documents filed with the Securities and Exchange Commissions ("SEC") in evaluating our forward-looking statements. We have no plans, and undertake no obligation, to revise or update our forward-looking statements to reflect any event or circumstance that may arise after the date of this report. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made.

This Annual Report on Form 10-K also contains estimates made by independent parties and by us relating to market size and growth and other industry data. These estimates involve a number of assumptions and limitations and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Management's Discussion and Analysis of Financial Condition and Results of Operation". These and other factors could cause results to differ materially and adversely from those expressed in the estimates made by the independent parties and by us.

PART I

ITEM 1. BUSINESS.

INTRODUCTION

Skyworks Solutions, Inc. ("Skyworks" or the "Company") is an industry leader in radio solutions and precision analog semiconductors servicing a diversified se of mobile communications customers. Our front-end modules, radio solutions and multimode transceivers are at the heart of many of today's leading-edge multimedia handsets and wireless networking platforms. Skyworks also offers a portfolio of highly innovative linear products, supporting a wide range of applications including automotive, broadband, consumer, industrial, infrastructure, medical, military, Radio Frequency Identification ("RFID"), satellite and wireless data.

Skyworks was formed through the merger ("Merger") of the wireless business of Conexant Systems, Inc. ("Conexant") and Alpha Industries, Inc. ("Alpha") on June 25, 2002, pursuant to an Agreement and Plan of Reorganization, dated as of December 16, 2001, and amended as of April 12, 2002, by and among Alpha, Conexant and Washington Sub, Inc. ("Washington"), a wholly-owned subsidiary of Conexant to which Conexant spun off its wireless communications business. Pursuant to the Merger, Washington merged with and into Alpha, with Alpha as the surviving corporation. Immediately following the Merger, Alpha purchased Conexant's semiconductor assembly and test facility located in Mexicali, Mexico and certain related operations (the "Mexicali Operations"). For purposes of thi Annual Report on Form 10-K, the Washington business and the Mexicali Operations are collectively referred to as "Washington/Mexicali". Shortly thereafter, Alpha, which was incorporated in Delaware in 1962, changed its corporate name to Skyworks Solutions, Inc.

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

INDUSTRY BACKGROUND

We believe that the wireless industry is on the verge of another growth cycle. According to Deutsche Bank, handset sales will have increased approximately 100% between 2001 and 2005 with volumes expected to reach 772 million units in 2005, and are expected to grow to nearly 1 billion units by 2008. Today, the worldwide penetration rate of wireless devices is less than 30%, given the low subscriber adoption rates in some of the world's largest countries such as China and India. It is anticipated that approximately 993 million new subscribers will begin using wireless services over the next five years, bringing the worldwide subscriber base to nearly 2.9 billion people by 2008 – or roughly 37% of the world's population.

At that same time, handset growth is also being driven by replacement units purchased by existing subscribers, as carriers introduce updated models, smaller form factors, added features and new multimedia applications. More specifically, traditional voice services offered by wireless carriers are being rapidly supplemented or augmented by the emergence of next-generation features such as cameras, TVs, video gaming, Web browsing, and WiFi-based (802.11) wireless data applications. As more and more features emerge within the handset, higher levels of semiconductor integration and power efficient architectures are required. Furthermore, many services will be offered simultaneously and over different frequencies, requiring agile, multimode operability.

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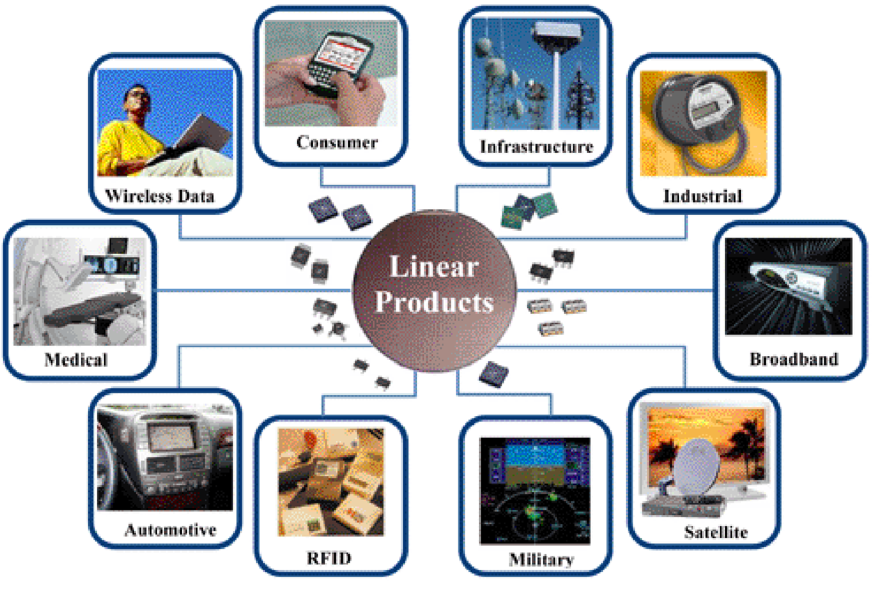
Convergence of Wireless & Multimedia Within the Mobile Handset

Meanwhile, outside of the handset market, wireless technologies are rapidly proliferating as they are the critical link between the analog and digital worlds. Core analog technology allows for the detection, measurement, amplification and conversion of temperature, pressure and audio information into the digital realm. According to the Semiconductor Industry Association, the total available market for the analog semiconductor segment was $32 billion in 2005 and is expected to approach $50 billion in 2008. Today, this adjacent analog semiconductor market, which is characterized by longer product lifecycles and higher gross margins, is highly fragmented and diversified among various end-markets, customer bases and applications.

We believe that these market trends create a potentially significant opportunity for a broad-based semiconductor supplier with a comprehensive product portfolio based on radio frequency and analog technologies.



Select Analog End Markets

SKYWORKS' STRATEGY

Skyworks' vision is to become the premier supplier of radio solutions and precision analog semiconductors for mobile communications applications. Key elements in our strategy include:

Leveraging Core Technologies

Skyworks deploys technology building blocks such as radio frequency integrated circuits, analog/mixed-signal processing cores and digital baseband interfaces across multiple product platforms. We believe that this approach creates economies of scale in research and development, and facilitates a reduction in the time to market for key products.

Increasing Integration Levels

High levels of integration enhance the benefits of our products by reducing production costs through the use of fewer external components, reduced board space and improved system assembly yields. By combining all of the integral functionality, Skyworks can deliver additional semiconductor content, thereby offering existing and potential customers more compelling and cost-effective solutions.

Capturing an Increasing Amount of Semiconductor Content

We enable our customers to start with individual components as necessary, and then migrate up the product integration ladder. We believe that our highly integrated solutions will enable these customers to improve their time-to-market while focusing their resources on product differentiation through a broader range of more sophisticated, next-generation features.

Focusing on a Leadership Customer Base

Skyworks supports every top-tier wireless handset Original Equipment Manufacturer ("OEM") including Nokia Corporation, Motorola, Inc., Samsung Electronics Co., Sony Ericsson Mobile Communications AB and LG Electronics, Inc. At the same time, we are diversifying our customer base as we introduce highly innovative linear products in support of medical, automotive, consumer and broadband applications. We believe that the efficiency learned from working with highly agile handset market leaders will prove to be a competitive advantage in these newly addressed market areas.

Delivering Operational Excellence

The Skyworks operations team leverages world-class manufacturing technologies and enables highly integrated modules, as well as system-level solutions. Skyworks strategy is to vertically integrate where it can differentiate or will otherwise enter alliances and partnerships for leading-edge capabilities. These partnerships and alliances are designed to ensure product leadership and competitive advantage in the marketplace. We are focused on achieving the industry's shortest cycle times, highest yields and ultimately the lowest cost structure.

BUSINESS FRAMEWORK

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

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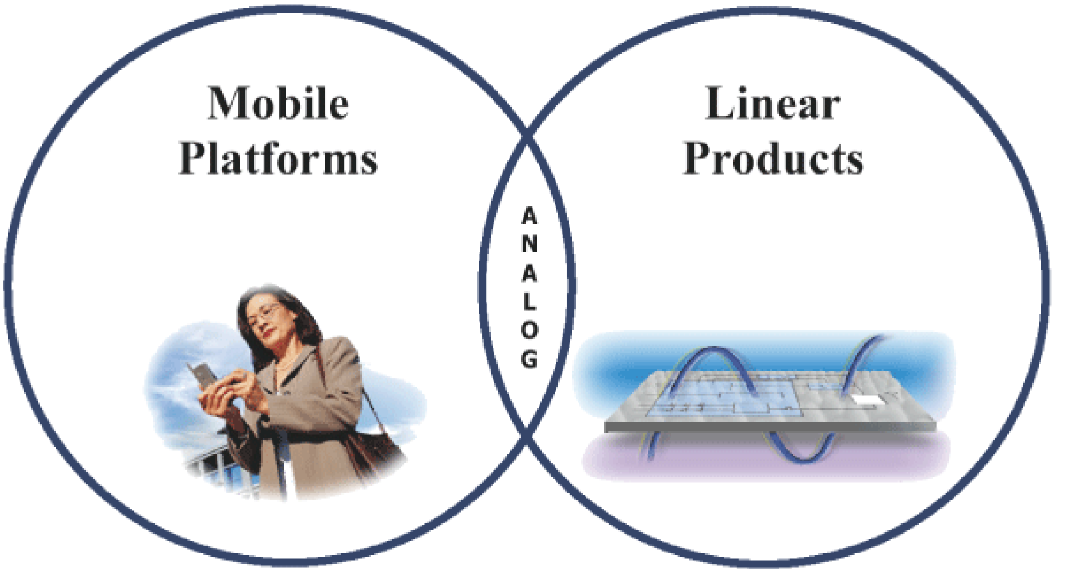

SKYWORKS PRODUCT PORTFOLIO

CDMA RF Subsystems
DCR™ Transceivers
GPRS RF Subsystems
GSM/GPRS/EDGE Power Amplifiers
Helios™ DigRF Subsystem
Helios™ EDGE RF Subsystems
Intera™ Front-End Modules
Lynx™ EDGE System Platforms
Pegasus™ GPRS System Platforms
PHS System Solutions
SPR™ Solutions
TD-SCDMA Power Amplifiers
WCDMA/CDMA Power Amplifiers
WCDMA FEMs
WCDMA Transceivers

Amplifiers
Attenuators
Chip Capacitors
Diodes
Directional Couplers/Detectors
Hybrids
Infrastructure RF Subsystems
Phase Shifters
Power Dividers/Combiners
Receivers
Switches
Synthesizers/PLLs
Technical Ceramics
Transmitters
WLAN Front-End Modules

Mobile Platforms:

- **DCR Transceiver (Tx/Rx):** encompasses the complete RF transmit and receive functions.
- **Front-End Modules (FEM)**: power amplifiers that are integrated with switches, diplexers, filters and other components to create a single package front-end solution.
- **Power Amplifiers (PA)**: the module that strengthens the signal so that it has sufficient energy to reach a base station.
- **RF Subsystems/Single Package Radio (SPR™) Solution:** combines the transceiver, the PA and associated controller, surface acoustic wave (SAW) filters, and a switchplexer into a single, multi chip module (MCM) package.
- **System Platforms:** incorporates all RF devices referenced above, as well as baseband processors that handle mixed-signal functions (converting analog signals to digital) and ARM/DSP digital devices that act as the central processor.

Linear Products:

- **Attenuators:** A circuit that allows a known source of power to be reduced by a predetermined factor (usually expressed as decibels).
- **Capacitors:** a passive electronic component that stores energy in the form of an electrostatic field.
- **Ceramic:** material used in semiconductors which contain transition metal oxides that are II-VI semiconductors, such as zinc-oxide.
- **Diodes:** semiconductor devices that pass current in one direction only.
- **Directional Coupler:** a transmission coupling device for separately sampling the forward or backward wave in a transmission line.
- **Directional Detector:** intended for use in power management applications.
- **Hybrid:** monolithic circuitry that is 100% passive and offers low loss, high isolation and phase/amplitude balance.
- **Phase Shifter:** achieves its distinct sound by creating one or more notches in the frequency domain that eliminate sounds at the notch frequencies.
- **PLL (Phase-Locked Loop):** is a closed-loop feedback control system that maintains a generated signal in a fixed phase relationship to a reference signal.
- **Power Combiner:** used for connecting more than one antenna to a single radio.
- **Power Divider:** passive devices designed to combine multiple antennas in a stacked antenna system, while providing a constant 50 ohm impedance over the bandwidth chosen.
- **Switch**: the component that performs the change between the transmit and receive function, as well as the band function for cellular handsets.
- **Synthesizer:** designed for tuning systems and is optimized for low phase noise with comparison frequencies.

THE SKYWORKS ADVANTAGE

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

- Broad multimode radio and precision analog product portfolio
- Market leadership in key product segments
- Solutions for all air interface standards, including GSM/GPRS/EDGE, WCDMA, CDMA2000 and WLAN
- Analog, Radio Frequency (“RF”), mixed signal and digital design capabilities
- Access to all key process technologies: GaAs HBT, PHEMT, BiCMOS, SiGE, CMOS and RF CMOS
- World-class manufacturing capabilities and scale
- Superior level of customer service and technical support
- Commitment to technology innovation

MARKETING AND DISTRIBUTION

Our products are primarily sold through a direct Skyworks sales force. This team is globally deployed across all major market regions. In some markets we supplement our direct sales effort with independent manufacturers’ representatives, assuring broader coverage of territories and customers. We also utilize distribution partners, some of which are franchised globally with others focused in specific regional markets (e.g., Europe, North America, China and Taiwan).

We maintain an internal marketing organization that is responsible for developing sales and advertising literature, print media, such as product announcements and catalogs, as well as a variety of Web-based content. Skyworks’ sales engagement begins at the earliest stages in a customer design. We strive to provide close technical collaboration with our customers at the inception of a new program. This partnership allows our team to facilitate customer-driven solutions, which leverage the unique strength of our portfolio while providing high value and greatly reducing time-to-market.

We believe that the technical and complex nature of our products and markets demand an extraordinary commitment to close ongoing relationships with our customers. As such, we strive to expand the scope of our customer relationship to include design, engineering, manufacturing, purchasing and project management. We also employ a collaborative approach in developing these partnerships by combining the support of our design teams, applications engineers, manufacturing personnel, sales and marketing staff and senior management.

We believe that maintaining frequent and interactive contact with our customers is paramount to our continuous efforts to provide world-class sales and service support. By listening and responding to feedback, we are able to mobilize actions to raise the level of customer satisfaction, improve our ability to anticipate future product needs, and enhance our understanding of key market dynamics. We are confident that diligence in following this path will position Skyworks to participate in numerous opportunities for growth in the future.

REVENUES FROM AND DEPENDENCE ON CUSTOMERS; CUSTOMER CONCENTRATION

For information regarding customer concentration and revenues from external customers for our reportable segment for each of the last three fiscal years, see Note 15 of Item 8 of this Annual Report on Form 10-K.

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

We own or are licensed under numerous United States and foreign patents and patent applications related to our products, our manufacturing operations and processes and other activities. In addition, we own a number of trademarks and service marks applicable to certain of our products and services. We believe that intellectual property, including patents, patent applications, trade secrets and trademarks are of material importance to our business. 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 confidential and proprietary technologies, devices, algorithms and processes. We cannot guarantee that these efforts will meaningfully protect our intellectual property, and others may independently develop substantially equivalent proprietary technologies, devices, algorithms or processes. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the United States, and effective copyright, patent, trademark and trade secret protection may not be available in those jurisdictions. In addition to protecting our proprietary technologies and processes, we strive to strengthen our intellectua property portfolio to enhance our ability to obtain cross-licenses of intellectual property from others, to obtain access to intellectual property we do not possess and to more favorably resolve potential intellectual property claims against us. Due to rapid technological changes in the industry, we believe that establishing and maintaining a technological leadership position depends primarily on our ability to develop new innovative products through the technical competence of our engineering personnel.

COMPETITIVE CONDITIONS

We compete on the basis of time-to-market, new product innovation, overall product quality and performance, price, compliance with industry standards, strategic relationships with customers, and protection of our intellectual property. 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 also have established or may establish financial or strategic relationships among themselves or with our customers, resellers, suppliers or other third parties. These relationships may affect our customers' purchasing decisions. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share. We cannot provide assurances that we will be able to compete successfully against current and potential competitors.

RESEARCH AND DEVELOPMENT

Our products and markets are subject to continued technological advances. Recognizing the importance of such technological advances, we maintain a high leve of research and development activities. We maintain close collaborative relationships with many of our customers to help identify market demands and target ou development efforts to meet those demands. Our design centers are strategically located around the world to be in close proximity to our customers and to take advantage of key technical and engineering talent worldwide. We are focusing our development efforts on new products, design tools and manufacturing processes using our core technologies. Our research and development expenditures for fiscal 2005, 2004, and 2003 were $152.2, $152.6 and $156.1 million, respectively.

RAW MATERIALS

Raw materials for our products and manufacturing processes are generally available from several sources. We do not carry significant inventories and it is our policy not to depend on a sole source of supply unless market or other conditions dictate otherwise. Consequently, there are limited situations where we procure certain components and services for our products from single or limited sources. We purchase materials and services primarily pursuant to individual purchase orders. However, we have a limited number of long-term supply contracts with our suppliers. We believe we have adequate sources for the supply of raw materials and components for our manufacturing needs with suppliers located around the world.

BACKLOG

Our sales are made primarily pursuant to standard purchase orders for delivery of products, with such purchase orders officially acknowledged by us according to our own terms and conditions. Due to industry practice, which allows customers to cancel orders with limited advance notice to us prior to shipment, and with little or no penalty, we believe that backlog as of any particular date is not a reliable indicator of our future revenue levels. We also deliver product to certain external customer “hubs” (consignment) where our significant customers will pull inventory from their existing consignment inventories when required. These consignment pulls trigger revenue recognition and we periodically replenish these inventory levels.

ENVIRONMENTAL REGULATIONS

Federal, state and local requirements relating to the discharge of substances into the environment, the disposal of hazardous wastes, and other activities affecting the environment have had, and will continue to have, an impact on our manufacturing operations. Thus far, compliance with environmental requirements and resolution of environmental claims has been accomplished without material effect on our liquidity and capital resources, competitive position or financial condition.

Most of our European customers have mandated that our products comply with local and regional lead free and other “green” initiatives. We believe that our current expenditures for environmental capital investment and remediation necessary to comply with present regulations governing environmental protection, and other expenditures for the resolution of environmental claims, will not have a material adverse effect on our liquidity and capital resources, competitive position or financial condition. We cannot assess the possible effect of compliance with future requirements.

CYCLICALITY/ SEASONALITY

The semiconductor industry is highly cyclical and is characterized by rapid technological change. Product obsolescence, price erosion, evolving technical standards and shortened product life cycles may contribute to wide fluctuations in product supply and demand. These and other factors, together with changes in general economic conditions, may cause significant upturns and downturns in the industry, and in our business. We have experienced periods of industry downturns characterized by diminished product demand, production overcapacity, excess inventory levels and accelerated erosion of average selling prices. These factors may cause substantial fluctuations in our revenues and our operational performance. We have experienced these cyclical fluctuations in our business in the past and may experience cyclical fluctuations in the future.

Sales of our products are also subject to seasonal fluctuation and periods of increased demand in end-user consumer applications, such as mobile handsets. This generally occurs in the last calendar quarter ending in December. Sales of semiconductor products and system solutions used in these products generally increase just prior to this quarter and continue at a higher level through the end of the calendar year.

GEOGRAPHIC INFORMATION

For information regarding net revenues by geographic region for each of the last three fiscal years, see Note 15 of Item 8 of this Annual Report on Form 10-K.

EMPLOYEES

As of September 30, 2005, we employed approximately 4,000 persons. Approximately 800 employees in Mexico are covered by collective bargaining agreements. We believe our future success will depend in large part upon our continued ability to attract, motivate, develop and retain highly skilled and dedicated employees.

ITEM 2. PROPERTIES.

We own and lease manufacturing facilities and other real estate properties in the United States and a number of foreign countries. For information regarding property, plant and equipment by geographic region for each of the last two fiscal years, see Note 15 of Item 8 of this Annual Report on Form 10-K. We own and lease approximately 885,000 square feet and 59,000 square feet, respectively, of office and manufacturing space. In addition, we lease approximately 405,000 square feet of sales office and design center space with approximately 23% of this space located in foreign countries. We are headquartered in Woburn, Massachusetts and have executive offices in Irvine, California. The following table sets forth our principal facilities measuring 50,000 square feet or more:

Location	Owned/Leased	Primary Function
Woburn, Massachusetts	Owned	Corporate headquarters and manufacturing
Irvine, California	Leased	Office space and design center
Newbury Park, California	Owned	Manufacturing and office space
Newbury Park, California	Leased	Design center
Adamstown, Maryland	Owned	Manufacturing and office space
Mexicali, Mexico	Owned	Assembly and test facility
Haverhill, Massachusetts	Owned	Vacant – building and land (under contract)

We believe our properties have been well maintained, are in sound operating condition and contain all the equipment and facilities necessary to operate at present levels.

Certain of our facilities, including our California and Mexico facilities, are located near major earthquake fault lines. We maintain no earthquake insurance with respect to these facilities.

In fiscal 2003, we relocated our operations from our Haverhill, Massachusetts facility to our Woburn, Massachusetts, and Mexicali, Mexico facilities. In March 2004, we entered into a contractual arrangement for the sale of the property, contingent upon obtaining specific regulatory approvals. As of September 30, 2005, the prospective buyer had received a portion of these regulatory approvals and anticipates receiving the remaining regulatory approval in 2006. If the prospective buyer does not receive all regulatory approvals by June 30, 2006, the prospective buyer has the option of terminating the original contract. Alternatively, the prospective buyer can renegotiate or extend the original contract with our approval.

ITEM 3. LEGAL PROCEEDINGS.

From time to time various lawsuits, claims and proceedings have been, and may in the future be, instituted or asserted against Skyworks, including those pertaining to patent infringement, intellectual property, environmental, product liability, safety and health, employment and contractual matters. The outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to Skyworks. Intellectual property disputes often have a risk of injunctive relief, which, if imposed against Skyworks, could materially and adversely affect the financial condition, or results of operations of Skyworks.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no matters submitted to a vote of security holders during the quarter ended September 30, 2005.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is traded on the NASDAQ National Market under the symbol "SWKS". The following table sets forth the range of high and low sale prices for our common stock for the periods indicated, as reported by the NASDAQ National Market. The number of stockholders of record of Skyworks' common stock as of December 8, 2005, was approximately 34,860.

	High	Low
Fiscal year ended September 30, 2005:		
First quarter	$ 10.91	$ 8.74
Second quarter	8.99	6.07
Third quarter	7.94	5.07
Fourth quarter	8.38	6.67
Fiscal year ended October 1, 2004:		
First quarter	$ 11.25	$ 7.40
Second quarter	12.45	9.13
Third quarter	12.68	7.98
Fourth quarter	10.04	6.98

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

For information regarding securities authorized for issuance under equity compensation plans, see Item 12 of this Annual Report on Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA.

You should read the data set forth below in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation," and our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Our fiscal year ends on the Friday closest to September 30. Fiscal 2003 consisted of 53 weeks and ended on October 3, 2003, and fiscal years 2005 and 2004 each consisted of 52 weeks and ended on September 30, 2005, and October 1, 2004, respectively. For convenience, the consolidated financial statements have been shown as ending on the last day of the calendar month. The following balance sheet data and statements of operations data for the five years ended September 30, 2005, were derived from our audited consolidated financial statements. Consolidated balance sheets at September 30, 2005, and 2004, and the related consolidated statements of operations and of cash flows for each of the three years in the period ended September 30, 2005, and notes thereto appear elsewhere in this Annual Report on Form 10-K.

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

	Fiscal Year				
(In thousands)	2005	2004	2003	2002 (1)	2001 (1)
Statement of Operations Data:					
Net revenues	$ 792,371	$ 784,023	$ 617,789	$ 457,769	$ 260,451
Cost of goods sold (2)	484,599	470,807	370,940	329,701	311,503
Gross profit (loss)	307,772	313,216	246,849	128,068	(51,052)
Operating expenses:					
Research and development	152,215	152,633	156,077	133,614	111,053
Selling, general and administrative	103,070	97,522	85,432	51,074	51,267
Amortization of intangible assets (3)	2,354	3,043	4,386	12,929	15,267
Purchased in-process research and development (4)	—	—	—	65,500	—
Special charges (5)	—	17,366	34,493	116,321	88,876
Total operating expenses	257,639	270,564	280,388	379,438	266,463
Operating income (loss)	50,133	42,652	(33,539)	(251,370)	(317,515)
Interest expense	(14,597)	(17,947)	(21,403)	(4,227)	—
Other income (expense), net	5,453	1,691	1,317	(56)	210
Income (loss) before income taxes and cumulative effect of change in accounting principle	40,989	26,396	(53,625)	(255,653)	(317,305)
Provision (benefit) for income taxes	15,378	3,984	652	(19,589)	1,619
Income (loss) before cumulative effect of change in accounting principle	25,611	22,412	(54,277)	(236,064)	(318,924)
Cumulative effect of change in accounting principle, net of tax (6)	—	—	(397,139)	—	—
Net income (loss)	$ 25,611	$ 22,412	$ (451,416)	$ (236,064)	$(318,924)
Per share information (7):					
Income (loss) before cumulative effect of change in accounting principle, basic and diluted	$ 0.16	$ 0.15	$ (0.39)	$ (1.72)	
Cumulative effect of change in accounting principle, net of tax, basic and diluted (6)	—	—	(2.85)	—	
Net income (loss), basic and diluted	$ 0.16	$ 0.15	$ (3.24)	$ (1.72)	
Balance Sheet Data:					
Working capital	$ 337,747	$ 282,613	$ 249,279	$ 79,769	$ 60,540
Total assets	1,187,843	1,168,806	1,090,668	1,346,912	314,287
Long-term liabilities	237,044	235,932	280,677	184,309	3,806
Stockholders' equity	792,564	751,623	673,175	1,014,976	287,661

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

(2) In fiscal 2001, we recorded $58.7 million of inventory write-downs.

(3) Amounts in fiscal 2005, 2004, and 2003 primarily reflect amortization of current technology and customer relationships acquired in the Merger. Amounts in fiscal 2002 and 2001 primarily reflect amortization of goodwill and other intangible assets related to the acquisition of Philsar Semiconductor, Inc. in fiscal 2000.

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

(5) In fiscal 2004, we recorded special charges of $17.4 million, principally related to the impairment of legacy technology licenses related to our cellular systems business and certain restructuring charges. In fiscal 2003, we recorded special charges of $34.5 million, principally related to the impairment of assets related to our infrastructure products and certain restructuring charges. In fiscal 2002, we recorded special charges of $116.3 million, principally related to the impairment of the assembly and test machinery and equipment and the related facility in Mexicali, Mexico, and the write-off of goodwill and other intangible assets related to Philsar Semiconductor, Inc. In fiscal 2001, we recorded special charges of $88.9 million, principally related to the impairment of certain wafer fabrication assets and restructuring activities.

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

(7) Prior to the Merger with Alpha Industries, Inc., Washington/Mexicali had no separate capitalization. Therefore, a calculation cannot be performed for weighted average shares outstanding to then calculate earnings per share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K. In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially and adversely from those referred to herein due to a number of factors, including but not limited to those described below and elsewhere in this Annual Report on Form 10-K.

OVERVIEW

Skyworks Solutions, Inc. ("Skyworks" or the "Company") is an industry leader in radio solutions and precision analog semiconductors servicing a diversified se of mobile communications customers. Our front-end modules, radio solutions and multimode transceivers are at the heart of many of today's leading-edge multimedia handsets and wireless networking platforms. Skyworks also offers a portfolio of highly innovative linear products, supporting a wide range of applications including automotive, broadband, consumer, industrial, infrastructure, medical, military, Radio Frequency Identification ("RFID"), satellite and wireless data.

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

BUSINESS FRAMEWORK

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

BASIS OF PRESENTATION

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"). Immediately following the Merger, we purchased Conexant's semiconductor assembly and test facility located in Mexicali, Mexico and certain related operations (the "Mexicali Operations"). The Washington business and the Mexicali Operations are collectively referred to herein as "Washington/Mexicali". Following the Merger, Alpha changed its corporate name to Skyworks Solutions, Inc.

Our fiscal year ends on the Friday closest to September 30. Fiscal 2003 consisted of 53 weeks and ended on October 3, 2003, and fiscal years 2005 and 2004 each consisted of 52 weeks and ended on September 30, 2005 and October 1, 2004, respectively. For convenience, the consolidated financial statements have been shown as ending on the last day of the calendar month.

GENERAL

During fiscal 2005, certain key factors contributed to our overall results of operations and cash flows from operations. More specifically, we:

- experienced an increase in revenues from our Radio Frequency ("RF") products of 16.2% in aggregate dollars and 21.0% in units shipped from fiscal 2004 to fiscal 2005, tempered somewhat by a decrease in revenues for our cellular systems products of 13.9% in aggregate dollars and 7.8% in units shipped;
- experienced a 1.1% increase in aggregate revenue in fiscal 2005 as compared to fiscal 2004, despite an approximate 20% decline in average selling prices of our more mature single functionality products and an approximate 5% average selling price decline in our more highly integrated, complex next generation products. We achieved an 8.3% increase in overall units sold;
- experienced a 62.6% decrease in revenues from our assembly and test services area in fiscal 2005 as compared to fiscal 2004, as we fulfilled our agreement with Conexant and have exited this product area;
- experienced a 1.7% decrease in gross profits in fiscal 2005 as compared to fiscal 2004 principally due to product mix shifts, a one-time payment to a customer and continued additional costs associated with our highly integrated products;
- reduced overall operating expenses by 4.8% (primarily due to lower incentive compensation expenses) from fiscal year 2004 and increased operating income by 17.5% from fiscal year 2004 to 2005;
- increased revenues from our family of iPAC™ power amplifiers and Intera™ transmit front-end modules in fiscal 2005 as compared to 2004. We also introduced Helios™, our patented and highly innovative EDGE radio solution in fiscal 2005; and
- Increased cash and short-term investments by $21.3 million while still investing an additional $38.1 million in capital equipment.

RESULTS OF OPERATIONS

YEARS ENDED SEPTEMBER 30, 2005, 2004 AND 2003

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

	2005	2004	2003
Net revenues	100.0%	100.0%	100.0%
Cost of goods sold	61.2	60.1	60.0
Gross margin	38.8	39.9	40.0
Operating expenses:			
Research and development	19.2	19.5	25.3
Selling, general and administrative	13.0	12.4	13.8
Amortization of intangible assets	0.3	0.4	0.7
Special charges	—	2.2	5.6
Total operating expenses	32.5	34.5	45.4
Operating income (loss)	6.3	5.4	(5.4)
Interest expense	(1.8)	(2.3)	(3.5)
Other income, net	0.7	0.2	0.2
Income (loss) before income taxes and cumulative effect of change in accounting principle	5.2	3.3	(8.7)
Provision for income taxes before cumulative effect of change in accounting principle	2.0	0.5	0.1
Income (loss) before cumulative effect of change in accounting principle	3.2	2.8	(8.8)
Cumulative effect of change in accounting principle, net of tax.	—	—	(64.2)
Net income (loss)	3.2%	2.8%	(73.0)%

NET REVENUES

	Years Ended September 30,				
(in thousands)	2005	Change	2004	Change	2003
Net revenues	$ 792,371	1.1%	$ 784,023	26.9%	$ 617,789

We market and sell our semiconductor products and system solutions to leading Original Equipment Manufacturers (“OEMs”) of communication electronics products, third-party original design manufacturers (“ODMs”) and contract manufacturers, and indirectly through electronic components distributors.

Net revenues increased slightly overall in fiscal 2005 when compared to fiscal 2004 primarily as a result of increased demand in our RF product area. Revenues in aggregate dollars from our highly integrated complex RF products more than doubled between fiscal 2004 and fiscal 2005. This increase in revenues was partially offset by an overall decrease in average selling prices in nearly all of our product areas. Additionally, cellular systems revenue in aggregate dollars declined 13.9% and revenues from test and assembly declined by 63% due to the termination of the test and assembly services arrangement with Conexant. Our revenues from the test and assembly business averaged $10.0 million per quarter in fiscal 2004 and were $5.0 million in the second fiscal quarter of 2005. We fulfilled our manufacturing support obligation to Conexant on June 30, 2005.

Net revenues increased for fiscal 2004 when compared to the previous fiscal year primarily as the result of increased demand for our wireless product portfolio. More specifically, we had launched a number of more highly integrated product offerings, added to our customer base and expanded our geographical market presence. Additionally, power amplifiers, front-end modules, RF subsystems and complete cellular systems exhibited strong year-over-year growth. These increases in net revenues were tempered by a decrease in average selling prices primarily within our single function products and a decrease of approximately $15 million in net revenues for our assembly and test services as demand for these services declined in fiscal 2004. During fiscal 2004, the number of units we sold increased by approximately 53% when compared to fiscal 2003, however our average selling price across all products decreased in the aggregate by approximately 17% when compared to the previous fiscal year.

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For information regarding net revenues by geographic region and customer concentration for each of the last three fiscal years, see Note 15 of Item 8 of this Annual Report on Form 10-K.

GROSS PROFIT

	Years Ended September 30,				
(in thousands)	2005	Change	2004	Change	2003
Gross profit	$ 307,772	(1.7)%	$ 313,216	26.9%	$ 246,849
% of net revenues	38.8%		39.9%		40.0%

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

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

Gross profit for fiscal 2004 benefited from increased operational efficiency through capacity utilization when compared to the previous fiscal year. This benefit was partially offset by the aforementioned decline in average selling prices and additional costs we incurred as we launched and ramped a number of more highly integrated RF product offerings including our front-end modules and single package radios.

RESEARCH AND DEVELOPMENT

	Years Ended September 30,				
(in thousands)	2005	Change	2004	Change	2003
Research and development	$ 152,215	(0.3)%	$ 152,633	(2.2)%	$ 156,077
% of net revenues	19.2%		19.5%		25.3%

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 in fiscal 2005 declined slightly when compared to fiscal 2004. The decline is principally due to decreased incentive compensation costs. We remain committed to streamlining and focusing product development efforts on next-generation, highly integrated products to meet the needs of our customers.

We also reduced research and development expenditures in our cellular systems product area. More specifically, we focused our product development on core front-end modules, RF subsystems, infrastructure and next-generation solutions. Research and development expenses were lower in fiscal 2004 when compared to the previous year as we realized benefits from cost saving initiatives implemented in the previous two fiscal years.

SELLING, GENERAL AND ADMINISTRATIVE

	Years Ended September 30,				
(in thousands)	2005	Change	2004	Change	2003
Selling, general and administrative......	$ 103,070	5.7%	97,522	14.2%	$ 85,432
% of net revenues	13.0%		12.4%		13.8%

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

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

The increase in selling, general and administrative expenses in fiscal 2004 when compared to the previous year is primarily attributable to an increase of approximately $5 million in legal expenses related to protecting our intellectual property portfolio. In addition, we incurred incentive related compensation expenses in fiscal 2004, which were not incurred in fiscal 2003. We tie incentive compensation to the accomplishment of specific financial objectives each fiscal year and met these objectives in fiscal 2004, whereas these objectives were not met in fiscal 2003. During fiscal 2004, we also incurred information systems conversion costs, whereas these expenses were not incurred in fiscal 2003. We transitioned our information systems services from Conexant Systems, Inc. to a third-party service provider during the third quarter of fiscal 2004. These increases in selling, general and administrative expenses for fiscal 2004 when compared to the previous year were partially offset by realization of the benefit of cost saving initiatives implemented in the previous two fiscal years.

AMORTIZATION OF INTANGIBLE ASSETS AND WARRANTS

	Years Ended September 30,				
(in thousands)	2005	Change	2004	Change	2003
Amortization of intangible assets	$ 2,354	(22.6)%	$ 3,043	(30.6)%	$ 4,386
% of net revenues	0.3%		0.4%		0.7%

In 2002, we recorded $36.4 million of intangible assets related to the Merger consisting of developed technology, customer relationships and a trademark. These assets are principally being amortized on a straight-line basis over a 10-year period. Amortization expense in fiscal 2005, 2004, and 2003 primarily represents the amortization of these intangible assets.

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

During the fourth quarter of fiscal 2003, we wrote down certain intangible assets related to our infrastructure business based on a recoverability analysis prepared by management in response to a decline in demand for, and a decision to discontinue, certain infrastructure products. This write-down established a new cost basis for these assets and resulted in a decrease in amortization expense for fiscal 2004 when compared to fiscal 2003.

For additional information regarding goodwill and intangible assets, see Note 6 to the Consolidated Financial Statements.

SPECIAL CHARGES

	Years Ended September 30,				
(in thousands)	2005	Change	2004	Change	2003
Special charges	$ —	(100.0)%	$ 17,366	(49.7)%	$ 34,493
% of net revenues	0.0%		2.2%		5.6%

No special charges were recorded in fiscal 2005.

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

ASSET IMPAIRMENTS

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

During the fourth quarter of fiscal 2003, we recorded a $26.0 million charge for the impairment of assets related to certain infrastructure products manufactured in our Woburn, Massachusetts and Adamstown, Maryland facilities. The Woburn facility primarily manufactures semiconductor products based on both silicon wafer technology and gallium arsenide technology. Our Adamstown, Maryland facility primarily manufactures ceramics components. We experienced a significant decline in factory utilization resulting from a downturn in the market for products manufactured at these two facilities and a decision to discontinue certain products. The impairment charge was based on a recoverability analysis prepared by management based on these factors and the related impact on our current and projected outlook. We projected lower revenues and new order volume for these products and management believed these factors indicated that the carrying value of the related assets (machinery, equipment and intangible assets) 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 these products over a five-year period. Since the estimated undiscounted cash flows were less than the carrying value of the related assets, it was concluded that an impairment loss should be recognized. In accordance with SFAS No. 144, 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 16%, 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. The anticipated pre-tax cost savings related to these impairment charges is expected to be $5.3 million from fiscal 2006 through fiscal 2008 and $8.6 million from fiscal 2009 through fiscal 2023. We realized actual savings from this asset impairment of $12.1 million in fiscal 2004 and 2005. This amount related to depreciation expense that was not recorded due to the impairment of the assets.

In addition, during the fourth quarter of fiscal 2003 we recorded a $2.3 million charge for the impairment of our Haverhill, Massachusetts property based on a third party estimate of its fair value. In fiscal 2003, we relocated our operations from this facility to our Woburn, Massachusetts facility. In March 2004, we entered into a contractual arrangement for the sale of the property, contingent upon obtaining specific regulatory approvals. As of September 30, 2005, the prospective buyer (with our approval) had received a portion of these regulatory approvals and anticipates receiving the remaining regulatory approval in 2006. If the prospective buyer does not receive all regulatory approvals by June 30, 2006, the prospective buyer has the option of terminating the original contract. Alternatively, the prospective buyer can renegotiate or extend the original contract with our approval.

RESTRUCTURING CHARGES

During fiscal 2004, we consolidated cellular systems software design centers in an effort to improve our overall time-to market for next-generation multimedia systems development. These actions aligned our structure with our current business environment. We implemented reductions in force at three remote facilities and recorded restructuring charges of approximately $4.2 million for costs related to severance benefits for affected employees and lease obligations. Substantially all amounts accrued for these actions have been paid as of September 30, 2005.

During fiscal 2003, we recorded $6.2 million in restructuring charges to provide for workforce reductions and the consolidation of 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. All amounts accrued for these actions have been paid as of September 30, 2005.

For additional information regarding restructuring charges and liability balances, see Note 14 to the Consolidated Financial Statements.

INTEREST EXPENSE

(in thousands)	2005	Change	2004	Change	2003
	Years Ended September 30,				
Interest expense	$ 14,597	(18.7)%	$ 17,947	(16.1)%	$ 21,403
% of net revenues	1.8%		2.3%		3.5%

Interest expense is comprised principally of payments on our $50.0 million credit facility (“Facility Agreement”) and Junior notes payable.

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

The decrease in interest expense for fiscal 2004 when compared to the previous fiscal year is primarily related to the conversion of our $45 million of senior subordinated notes into shares of our common stock during the third quarter of fiscal 2004. On April 22, 2004, we notified the holder of the senior notes that we would redeem such notes in full on May 12, 2004. On May 6, 2004, the holder of the senior notes converted such notes in full for approximately 5.7 million shares of our common stock. We paid interest in cash on the senior notes on the last business day of each March, June, September and December of each year. Interest paid on the senior notes is not deductible for tax purposes because of the conversion feature.

For additional information regarding our borrowing arrangements, see Note 7 to the Consolidated Financial Statements.

OTHER INCOME, NET

(in thousands)	2005	Change	2004	Change	2003
	Years Ended September 30,				
Other income, net	$ 5,453	222.5%	$ 1,691	28.4%	$ 1,317
% of net revenues	0.7%		0.2%		0.2%

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

The increase in other income, net between fiscal 2004 and fiscal 2005 is primarily due to higher levels of interest bearing short-term investments in fiscal 2005 as compared to fiscal 2004 and higher average interest rates in fiscal 2005 as compared to fiscal 2004.

The increase in other income, net between fiscal 2004 and fiscal 2003 is primarily due to higher levels of interest bearing short-term investments in fiscal 2004 and slightly higher short-term interest rates.

PROVISION FOR INCOME TAXES

(in thousands)	2005	Change	2004	Change	2003
	Years Ended September 30,				
Provision for income taxes	$ 15,378	286.0%	$ 3,984	511.0%	$ 652
% of net revenues	2.0%		0.5%		0.1%

Based upon a history of significant operating losses, management has determined that it is more likely than not that historic and current year income tax benefits will not be realized except for certain future deductions associated with the Mexicali Operations in the post-Merger period. Consequently, no U. S. income tax benefit has been recognized relating to the U.S. operating losses. As of September 30, 2005, we established a valuation allowance against all of our net U.S. deferred tax assets.

During fiscal 2005 we reduced the carrying value of our deferred tax assets by $3.7 million relating to the tax benefit recorded in fiscal 2002 for the impairment of our assembly and test machinery and equipment in Mexicali, Mexico. In the first quarter of fiscal 2005, a charge of $2.2 million resulted from a reduction of the statutory income tax rate in Mexico. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A charge of $2.3 million related to normal amortization of the tax benefit for tax over book depreciation. A favorable foreign translation adjustment of $0.8 million increased the deferred tax asset's carrying value.

In addition, the provision for income taxes for fiscal 2005, 2004 and 2003 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.

The provision for income taxes for fiscal 2005 and fiscal 2004 consists of approximately $11.1 million and $1.0 million, respectively, of U.S. income taxes recorded as a charge reducing the carrying value of goodwill. No benefit has been recognized for utilizing certain pre-Merger deferred tax assets. The utilization of these deferred items reduces the carrying value of goodwill, i.e., charge in lieu of tax expense, instead of reducing income tax expense. We will evaluate the realization of the pre-Merger deferred tax assets periodically and adjust the provision for income taxes accordingly. As a result, the effective tax rate may vary in subsequent periods.

No provision has been made for United States federal, state, or additional foreign income taxes related to approximately $11.6 million of undistributed earnings of foreign subsidiaries, which have been or are intended to be permanently reinvested. It is not practicable to determine the U.S. federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested.

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

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

	Years Ended September 30,				
(in thousands)	2005	Change	2004	Change	2003
Cumulative effect of change in accounting principle	$ —	—	$ —	100.0%	$(397,139)

We adopted SFAS No. 142, “Goodwill and Other Intangible Assets”, October 1, 2002 and performed a transitional impairment test for goodwill. As a result, we determined that the carrying amount of our goodwill was $397.1 million greater than its implied fair value. This transitional impairment charge was recorded as a cumulative effect of a change in accounting principle and is reflected in our results of operations as of the beginning of fiscal 2003. We test our goodwill for impairment annually as of the first day of our fourth fiscal quarter and in interim periods if certain events occur indicating that the carrying value of goodwill may be impaired. We completed our annual goodwill impairment test for fiscal 2005 and determined that as of July 5, 2005, our goodwill was not impaired.

LIQUIDITY AND CAPITAL RESOURCES

	Years Ended September 30		
(in thousands)	2005	2004	2003
Cash and cash equivalents at beginning of period	$ 123,505	$ 161,506	$ 53,358
Net cash provided by (used in) operating activities	54,197	91,913	(72,052)
Net cash used in investing activities	(66,424)	(141,044)	(44,282)
Net cash provided by financing activities	5,244	11,130	224,482
Cash and cash equivalents at end of period	$ 116,522	$ 123,505	$ 161,506

FISCAL 2005

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

In October 2005, we were notified by Vitelcom Mobile (one of our tier three customers) that it had sustained significant weather related damage to one of its manufacturing facilities in Mexico. Due to the business interruption caused by this event, the customer notified us that it would defer making cash payments on a previously arranged payment plan. While we currently anticipate that this receivable will ultimately be collectible, the customer nevertheless is not making timely payments on the amounts owed to us and thus our near term cash payments from this customer remain uncertain.

Cash used in investing activities for the year ended September 30, 2005 consisted of $28.3 million of net investments in auction rate securities and capital expenditures of $38.1 million. We anticipate our capital expenditures will approximate $40 million in fiscal 2006. We believe a focused program of capital expenditures will be required to sustain our current manufacturing capabilities. Future capital expenditures will be funded by the generation of positive cash flows from operations. We may also consider acquisition opportunities to extend our technology portfolio and design expertise and to expand our product offerings.

Cash provided by financing activities for the year ended September 30, 2005, consisted of $5.2 million of proceeds received from the exercise of stock options. We have short-term debt which consists of a $50 million credit facility and long-term debt which consists of a $230 million 4.75% convertible subordinated note payable which will become due in November 2007. There were no changes to the long-term and short-term debt balances in fiscal 2005. We expect to maintain these balances through fiscal 2006. For additional information regarding our borrowing arrangements, see Note 7 to the Consolidated Financial Statements.

FISCAL 2004

During fiscal 2004, we made progress in several key areas as we focused our efforts on both cash and inventory management. We significantly reduced the number of days sales outstanding in the fourth quarter of fiscal 2004 to 66 from 88 for the same period in the previous fiscal year. Annualized inventory turns for the fourth quarter of fiscal 2004 were 6.6. During fiscal 2004, we also converted our 15 percent convertible senior subordinated notes into shares of our common stock, ultimately reducing our future cash outflows and expenses related to the interest incurred on these senior subordinated notes.

In fiscal 2004, we generated $91.9 million in cash from operating activities as we experienced a significant improvement in our operating results when compared to the previous fiscal year. This improvement was primarily attributable to increased net revenues in fiscal 2004, when compared to the previous fiscal year, primarily resulting from increased demand for our wireless product portfolio. More specifically, we had launched a number of more highly integrated product offerings, added to our customer base and expanded our geographical market presence. In addition, we reduced research and development expenses and selling, general and administrative expense as a percentage of net revenues to 31.9% in fiscal 2004, from 39.1% for the previous fiscal year. During fiscal 2004, we invested $60.0 million in capital equipment primarily related to the design of new highly integrated products and processes, enabling us to address new opportunities and to meet our customers' demands. In fiscal 2004 we made net investments of approximately $81 million in short-term auction rate securities.

Cash provided by financing activities in fiscal 2004 primarily represents an increase in borrowings under our $50 million credit facility secured by the purchased accounts receivable with Wachovia Bank, N.A.

FISCAL 2003

Cash used in operating activities was $72.1 million for fiscal 2003, reflecting a net loss of $451.4 million, offset by non-cash charges (primarily asset impairments, depreciation and amortization) of $489.2 million and a net decrease in working capital items of approximately $109.9 million, including $40.0 million of merger-related expense payments. As of September 30, 2003, substantially all amounts accrued for merger-related expenses had been paid. We adopted SFAS No. 142 on October 1, 2002, and recorded a $397.1 million charge for the cumulative effect of a change in accounting principle, representing the difference between the implied fair value and carrying value of our goodwill.

Cash used in investing activities for fiscal 2003 primarily consisted of capital expenditures of $40.3 million. The capital expenditures for fiscal 2003 represented 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. Cash used in investing activities for fiscal 2003 also included $4.0 million of purchases of short-term investments. Our short-term investments were classified as held-to-maturity and consisted primarily of commercial paper with original maturities of more than 90 days and less than twelve months.

On August 11, 2003, we filed a shelf registration statement on Form S-3 with the SEC with respect to the issuance of up to $250 million aggregate principal amount of securities, including debt securities, common or preferred shares, warrants or any combination thereof. This registration statement, which the SEC declared effective on August 28, 2003, provides us with greater flexibility and access to capital. On September 9, 2003, we issued 9.2 million shares of common stock under our shelf registration statement. Cash provided by financing activities for fiscal 2003 included approximately $102.2 million of net proceeds from this offering. We may from time to time issue securities under the remaining balance of the shelf registration statement for general corporate purposes.

Cash provided by financing activities for fiscal 2003 also included the net impact of our private placement of $230 million of 4.75 percent convertible subordinated notes due November 2007 and related debt refinancing with Conexant on November 13, 2002. These subordinated notes could 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 and to 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% convertible senior subordinated notes with a maturity date of June 30, 2005. On April 22, 2004, we notified the holder of the senior notes that we would redeem such notes in full on May 12, 2004. On May 6, 2004, the holder of the senior notes converted such notes in full for approximately 5.7 million shares of our common stock. 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. In addition, as of September 30, 2003, we had borrowings outstanding of $41.7 million under our $50 million credit facility secured by the purchased accounts receivable with Wachovia Bank, N.A.

CONTRACTUAL CASH FLOWS

Following is a summary of our contractual payment obligations for consolidated debt, purchase agreements and operating leases at September 30, 2005 (see Notes 7 and 11 of the Consolidated Financial Statements), in thousands:

	Payments Due By Period				
Obligation	**Total**	**Less Than 1 Year**	**1-3 years**	**3-5 Years**	**Thereafter**
Debt	$ 280,000	$ 50,000	$ 230,000	$ —	$ —
Operating leases	30,838	6,980	11,385	10,167	2,306
Other commitments	9,372	4,298	5,074	—	—
	$ 320,210	$ 61,278	$ 246,459	$ 10,167	$ 2,306

Based on our results of operations for fiscal 2005 and current trends, we expect our existing sources of liquidity, together with cash expected to be generated from operations and short term investments, will be sufficient to fund our research and development, capital expenditures, debt obligations, purchase obligations working capital and other cash requirements for at least the next 12 months. However, we cannot assure you that the capital required to fund these expenses will be available in the future. In addition, any strategic investments and acquisitions that we may make to help us grow our business may require additional capital resources. If we are unable to obtain enough capital to meet our capital needs on a timely basis or at all, our business and operations could be materially adversely affected.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

INVENTORIES

We assess the recoverability of inventories through an on-going review of inventory levels relative to sales backlog and forecasts, product marketing plans and product life cycles. When the inventory on hand exceeds the foreseeable demand (generally in excess of six months), we write down the value of those excess inventories. In determining the net realizable value of our inventories, we review the valuations of inventory considered excessively old, and therefore subject to obsolescence. We also adjust the valuation of inventory when estimated actual cost is significantly different than standard cost and to value inventory at the lower of cost or market. Once established, write-downs of inventory are considered permanent adjustments to the cost basis of inventory. We sell our products to communications equipment original equipment manufacturers (“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. 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.

VALUATION OF LONG-LIVED ASSETS, GOODWILL AND INTANGIBLE ASSETS

Carrying values for long-lived assets and definite-lived intangible assets, excluding goodwill, are reviewed for possible impairment as circumstances warrant in connection with SFAS No. 144, which was adopted on October 1, 2002. Impairment reviews are conducted at the judgment of management 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.

Carrying values of goodwill and other intangible assets with indefinite lives are reviewed annually for possible impairment in accordance with SFAS No. 142, which was adopted on October 1, 2002. 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. Step two of the analysis compares the implied fair value of goodwill to its carrying amount in a manner similar to purchase price allocation. If the carrying amount of goodwill exceeds its implied fair value, an impairment loss is recognized equal to that excess. We test our goodwill for impairment annually as of the first day of our fourth fiscal quarter (July 1) and in interim periods if certain events occur indicating that the carrying value of goodwill may be impaired.

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. The future realization of certain deferred tax assets will be applied to reduce the carrying value of goodwill. The portion of the valuation allowance for these 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 $32 million. We evaluate the realizability of the deferred tax assets and assess the need for a valuation allowance quarterly. In fiscal 2002, we recorded a tax benefit of approximately $23 million related to the impairment of our Mexicali assets. A valuation allowance has not been established because we believe that the related deferred tax asset will be recovered during the carryforward period.

REVENUE RECOGNITION

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In November 2004, the FASB issued SFAS No. 151 “Inventory Costs, an amendment of ARB No. 43, Chapter 4”. The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company does not expect the adoption of SFAS No. 151 will have a material impact on its financial statements.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), “Share-Based Payment”. SFAS No. 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SFAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) replaces SFAS No. 123, “Accounting for Stock-Based Compensation”, and supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees”. SFAS No. 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in APB Opinion No. 25, as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair-value-based method been used. Public entities (other than those filing as small business issuers) were initially required to apply SFAS No. 123(R) as of the first interim or annual reporting period that begins after June 15, 2005. In April 2005, the SEC issued a rule amending the compliance date, which allows companies to implement SFAS No. 123(R) at the beginning of their next fiscal year, instead of the next reporting period, that begins after June 15, 2005. As a result, we will implement SFAS No. 123(R) using the modified prospective method starting October 1, 2005. Under this method, the Company will begin recognizing compensation cost for equity-based compensation for all new and existing unvested share-based awards after the date of adoption. The Company will also be required to recognize compensation expense for the fair value of the discount and option features provided to employees on all shares issued through its Employee Stock Purchase Plan under the provisions of SFAS No. 123(R). Under the provisions of SFAS No. 123(R), the Company anticipates it will recognize $25.5 million as compensation expense in fiscal years 2006 thru 2011. This assumes the current Black-Scholes valuation assumptions at September 30, 2005 remain constant in future periods. It also does not take into account future adjustments to compensation expense due to actual cancellations or new awards granted.

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

In December 2004, the FASB issued FSP No. 109-1, “Application of FASB Statement No. 109, Accounting for Income Taxes, to the Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004”. The American Jobs Creation Act of 2004 (“AJCA”) introduces a special 9% tax deduction on qualified production activities. FSP No. 109-1 clarifies that this tax deduction should be accounted for as a special tax deduction in accordance with SFAS No. 109. The Company does not expect the adoption of FSP No. 109-1 to have a material impact on our consolidated financial position, results of operations or cash flows because of its historical net operating loss carryforwards.

In December 2004, the FASB issued FSP No. 109-2, “Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004”. The AJCA introduces for a limited time an 85% dividend deduction on the repatriation of certain foreign earnings to a U.S. taxpayer (repatriation provision), provided certain criteria are met. FSP 109-2 provides accounting and disclosure guidance for the repatriation provision. The Company does not expect the adoption of FSP No. 109-2 to have a material impact on our consolidated financial position, results of operations or cash flows because of its historical net operating loss carryforwards.

In March 2005, the FASB issued FASB Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143”. This interpretation provides additional guidance as to when companies should record the fair value of a liability for a conditional asset retirement obligation when there is uncertainty about the timing and/or method of settlement of the obligation. The Company is currently evaluating the potential impact of this issue on its financial statements, but does not believe the impact of any change, if necessary, will be material. FASB Interpretation No. 47 is effective for fiscal years ending after December 15, 2005.

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections—a replacement of APB Opinion No. 20 and FASB Statement No. 3”. This Statement replaces APB Opinion No. 20, “Accounting Changes” and FASB Statement No. 3, “Reporting Accounting Changes in Interim Financial Statements—an amendment of APB Opinion No. 28”, and changes the requirements for the accounting for and reporting of a change in accounting principle. SFAS No. 154 applies to all voluntary changes in an accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. SFAS No. 154 is effective for accounting changes and error corrections occurring in fiscal years beginning after December 15, 2005.

OTHER MATTERS

Inflation did not have a material impact upon our results of operations during the three-year period ended September 30, 2005.

CERTAIN BUSINESS RISKS

We operate in a rapidly changing environment that involves a number of risks, many of which are beyond our control. This discussion highlights some of the risks, which may affect our future operating results. These are the risks and uncertainties we believe are most important for you to consider. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. If any of the following risks or uncertainties actually occurs, our business, financial condition and operating results would likely suffer.

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

We operate primarily in the semiconductor industry, which is cyclical and subject to rapid change and evolving industry standards. From time to time, changes in general economic conditions, together with other factors, cause significant upturns and downturns in the industry. Periods of industry downturn are characterized by diminished product demand, production overcapacity, excess inventory levels and accelerated erosion of average selling prices. These characteristics, and in particular their impact on the level of demand for digital cellular handsets, may cause substantial fluctuations in our revenues and results of operations. Furthermore, downturns in the semiconductor industry may be severe and prolonged, and any prolonged delay or failure of the industry or the wireless communications market to recover from downturns would materially and adversely affect our business, financial condition and results of operations. The semiconductor industry also periodically experiences increased demand and production capacity constraints, which may affect our ability to meet customer demand for our products. We have experienced these cyclical fluctuations in our business and may experience cyclical fluctuations in the future.

We have incurred substantial operating losses in the past and may experience future losses.

Our operating results for fiscal years 2002 and 2003 were adversely affected by a global economic slowdown, decreased consumer confidence, reduced capital spending, and adverse business conditions and liquidity concerns in the telecommunications and related industries. These factors led to a slowdown in customer orders, an increase in the number of cancellations and reschedulings of backlog, higher overhead costs as a percentage of our reduced net revenue, and an abrupt decline in demand for many of the end-user products that incorporate our wireless communications semiconductor products and system solutions. Although we emerged from this period of economic weakness in fiscal 2004, should economic conditions deteriorate for any reason, it could result in underutilization of our manufacturing capacity, reduced revenues or changes in our revenue mix, and other impacts that would materially and adversely affect our operating results. Due to this economic uncertainty, although we were profitable in fiscal 2004 and fiscal 2005, we cannot assure you that we will be able to sustain such profitability or that we will not experience future operating losses.

Additionally, the conflict in Iraq, as well as other contemporary international conflicts, natural disasters, acts of terrorism, and civil and military unrest contributes to the economic uncertainty. These continuing and potentially escalating conflicts can also be expected to place continued pressure on economic conditions in the United States and worldwide. These conditions make it extremely difficult for our customers, our vendors and for us to accurately forecast and plan future business activities. If such uncertainty continues or economic conditions worsen (or both), our business, financial condition and results of operations will likely be materially and adversely affected.

The wireless semiconductor markets are characterized by 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 of all sizes 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 in, and is expected to continue to result in, declining average selling prices for our products and increased challenges in maintaining or increasing market share. Furthermore, additional competitors may 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 markets include, among others:

- time-to-market,
- timely new product innovation,
- product quality, reliability and performance,
- product price,
- features available in products,
- compliance with industry standards,
- strategic relationships with customers, and
- access to and protection of intellectual property.

We cannot assure you that we will be able to successfully address these factors. Many of our competitors enjoy the benefit of:

- long presence in key markets,
- name recognition,
- high levels of customer satisfaction,
- ownership or control of key technology or intellectual property, and
- strong 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 in the future establish, financial or strategic relationships among themselves or with 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. Furthermore, some of our customers have divisions that internally develop or manufacture products similar to ours, and may compete with us. We cannot assure you that we will be able to compete successfully against current and potential competitors. Increased competition could result in pricing pressures, decreased gross margins and loss of market share and may materially and adversely affect our business, financial condition and results of operations.

Changes in the accounting treatment of stock-based compensation will adversely affect our results of operations.

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123(R), "Share-Based Payment" to require companies to expense employee stock options for financial reporting purposes, effective for interim or annual periods beginning after June 15, 2005. Such stock option expensing will require us to value our employee stock option grants pursuant to an option valuation formula and amortize that value against our earnings over the vesting period in effect for those options. We currently account for stock-based awards to employees in accordance with Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees,” and have adopted the disclosure-only alternative of SFAS No. 123(R), “Accounting for Stock-Based Compensation.” In April 2005, the SEC issued a rule amending the compliance date which allows companies to implement SFAS 123(R) at the beginning of their next fiscal year, instead of the next reporting period, that begins after June 15, 2005. As a result, we implemented SFAS 123(R) in the reporting period starting October 1, 2005. When we are required to expense employee stock options in the first quarter of fiscal 2006, this change in accounting treatment will materially affect our reported results of operations as the stock-based compensation expense will be charged directly against our reported earnings but will have no impact on cash flows from operations. We anticipate that our stock-based compensation expense will approximate $25.5 million in fiscal 2006 through 2011. This expense projection is calculated as of September 30, 2005 and does not taken into account any future equity awards that we might issue nor does it account for future actual stock-based award forfeitures. We will be required to adjust future stock-based compensation expense for actual future stock option forfeitures.

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, contamination of the clean room environment, errors in any step of the fabrication process, defects in the masks used to print circuits on a wafer, defects in equipment or materials, human error, or a number of other factors can cause a substantial percentage of wafers to be rejected or numerous die on each wafer to malfunction. Because our operating results are highly dependent upon our ability to produce integrated circuits at acceptable manufacturing yields, these factors could have a material adverse affect on our business. In addition, we may discover from time to time defects in our products after they have been shipped, which may require us to pay warranty claims, replace products, or pay costs associated with the recall of a customer’s products containing our parts.

Additionally, 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, war, acts of terrorism, health advisories or risks, or other natural or man-made 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 such 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 or assembly and test capacity is available, we may not be able to obtain it on favorable terms, which could result in higher costs and/or a loss of customers. We may be unable to obtain sufficient manufacturing capacity to meet demand, either at our own facilities or through external manufacturing 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 maintain and improve 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 accurately forecasting manufacturing yields 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. We also utilize subcontractors to package, assemble and test our products. There are significant risks associated with reliance on third-party foundries, including:

- the lack of ensured wafer supply, potential wafer shortages and higher wafer prices,
- limited control over delivery schedules, manufacturing yields, production costs and quality assurance, and
- 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 are dependent upon third parties for the supply of raw materials and components.

Our manufacturing operations depend on obtaining adequate supplies of raw materials and the components used in our manufacturing processes. We believe we have adequate sources for the supply of raw materials and components for our manufacturing needs with suppliers located around the world. We cannot assure you that we will not lose a significant or sole supplier or that a supplier will be able to meet performance and quality specifications or delivery schedules. If we lost a supplier or a supplier were unable to meet performance or quality specifications or delivery schedules, our ability to satisfy customer obligations could be materially and adversely affected. In addition, we review our relationships with suppliers of raw materials and components for our manufacturing needs on an ongoing basis. In connection with our ongoing review, we may modify or terminate our relationship with one or more suppliers. We may also enter into other sole supplier arrangements to meet certain of our raw material or component needs. While we do not typically rely on a single source of supply for our raw materials, we are currently dependent on a sole-source supplier for epitaxial wafers used in the gallium arsenide semiconductor manufacturing processes at our manufacturing facilities. To the extent we enter into additional sole supplier arrangements for any of our raw materials or components, the risks associated with our supply arrangements would be exacerbated.

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

The wireless communications semiconductor industry generally and, in particular, the markets into which we sell our products are highly cyclical and characterized by constant and rapid technological change, rapid product evolution, price erosion, evolving technical standards, short product life cycles, increasing demand for higher levels of integration, increased miniaturization, and wide fluctuations in product supply and demand. Our operating results depend largely on our ability to continue to cost-effectively introduce new and enhanced products on a timely basis. The successful development and commercialization of semiconductor devices and modules is highly complex and depends on numerous factors, including:

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

Our ability to manufacture current products, and to develop new products, depends, among other factors, on the viability and flexibility of our own internal information technology systems ("IT Systems"). We upgrade and change our IT Systems from time to time, and recently completed a system upgrade, and there can be no assurance that such upgrade will be successful.

We cannot assure you that we will have sufficient resources to make the substantial investment in research and development needed to develop and bring to market new and enhanced products in a timely manner. We will be required to continually 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 or to changes in the design or specifications of complementary products of third parties with which our products interface. If we fail to rapidly and cost-effectively introduce new and enhanced products in sufficient quantities and that meet our customers requirements, our business and results of operations would be materially and adversely harmed.

In addition, prices of many of our products 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.

The markets into which we sell our products are characterized by rapid technological change.

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

- rapid technological developments and product evolution,
- rapid changes in customer requirements,
- frequent new product introductions and enhancements,
- demand for higher levels of integration, decreased size and decreased power consumption,
- short product life cycles with declining prices over the life cycle of the product, and
- evolving industry standards.

These changes in our markets may contribute to the obsolescence of our products. Our products could become obsolete or less competitive sooner than anticipated because of a faster than anticipated change in one or more of the above-noted factors.

The ability to attract and retain qualified personnel to contribute to the design, development, manufacture and sale of our products is critical to our success.

As the source of our technological and product innovations, our key technical personnel represent a significant asset. 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. The competition for management and technical personnel is intense in the semiconductor industry, and therefore 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 and ODMs of communications electronics products do not design our products into their equipment, we will have difficulty selling those products. Moreover, a "design win" from a customer does not guarantee future sales to that customer.

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

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

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

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

Our sales are typically made pursuant to individual purchase orders and not under long-term supply arrangements with our customers. Our customers may cancel orders before shipment. Additionally, we sell a portion of our products through distributors, some of whom have 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 a change in anticipated order volumes could result in us holding excess or obsolete inventory, which could result in inventory write-downs and, in turn, could have a material adverse effect on our financial condition.

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 our three largest customers, including sales to their manufacturing subcontractors, represented approximately 38.4% of our net revenue for fiscal 2005. We expect that our largest customers will continue to account for a substantial portion of our net revenue in fiscal 2006 and for the foreseeable future.

Average product life cycles in the semiconductor industry tend to be very short.

In the semiconductor industry, product life cycles tend to be short relative to the sales and development cycles. Therefore, the resources devoted to product sales and marketing may not result in material revenue, and from time to time we may need to write off excess or obsolete inventory. If we were to incur significant marketing expenses and investments in inventory that we are not able to recover, and we are not able to compensate for those expenses, our operating results would be materially and adversely affected. In addition, if we sell our products at reduced prices in anticipation of cost reductions but still hold higher cost products in inventory, our operating results would be harmed.

Our leverage and our debt service obligations may adversely affect our cash flow.

On September 30, 2005, we had total indebtedness of approximately $280 million, which represented approximately 27% of our total capitalization.

As long as our 4.75 percent convertible subordinated notes due November 2007 remain outstanding, we will have debt service obligations on such notes of approximately $10,925,000 per year in interest payments. 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 expected to be generated by our operations, 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:

- increasing our vulnerability to general adverse economic and industry conditions,
- limiting our ability to obtain additional financing,
- 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,
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete, and
- placing us at a possible competitive disadvantage to less leveraged competitors and competitors that have better access to capital resources.

Despite our current debt levels, we are able to incur substantially more debt, which would increase the risks described above.

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. 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 expenditures, debt obligations, purchase obligations, working capital and other cash 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. To the extent that existing cash and securities and cash from operations are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. Conditions existing in the U.S. capital markets, if and when we seek additional financing as well as the then current condition of the Company, will affect our ability to raise capital, as well as the terms of any such financing. We may not be able to raise enough capital to meet our capital needs on a timely basis or at all. Failure to obtain capital when required would have a material adverse effect on us.

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

Remaining competitive in the semiconductor industry requires transitioning to smaller geometry process technologies and achieving higher levels of design integration.

In order to remain competitive, we expect to continue to transition our semiconductor products to increasingly smaller line width geometries. This transition requires us to modify the manufacturing processes for our products, design new products to more stringent standards, and to redesign some existing products. In the past, we have experienced some difficulties migrating to smaller geometry process technologies or new manufacturing processes, which resulted in sub-optimal manufacturing yields, delays in product deliveries and increased expenses. We may face similar difficulties, delays and expenses as we continue to transition our products to smaller geometry processes in the future. In some instances, we depend on our relationships with our foundries to transition to smaller geometry processes successfully. We cannot assure you that our foundries will be able to effectively manage the transition or that we will be able to maintain our foundry relationships. If our foundries or we experience significant delays in this transition or fail to efficiently implement this transition, our business, financial condition and results of operations could be materially and adversely affected. As smaller geometry processes become more prevalent, we expect to continue to integrate greater levels of functionality, as well as customer and third party intellectual property, into our products. However, we may not be able to achieve higher levels of design integration or deliver new integrated products on a timely basis, or at all.

We are subject to the risks of doing business internationally.

A substantial majority of our net revenues are derived from customers located outside the United States, primarily countries located in the Asia-Pacific region and Europe. In addition, we have design centers and suppliers located outside the United States, and third-party packaging, assembly and test facilities and foundries located in the Asia-Pacific region. Finally, we have our own packaging, assembly and test facility in Mexicali, Mexico. 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:

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

Additionally, we are subject to risks in certain global markets in which wireless operators provide subsidies on handset sales to their customers. Increases in handset prices that negatively impact handset sales can result from changes in regulatory policies or other factors, which could impact the demand for our products. Limitations or changes in policy on phone subsidies in South Korea, Japan, China and other countries may have additional negative impacts on our revenues.

Our operating results may be adversely 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:

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

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially and 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.

Global economic conditions that impact the wireless communications industry could negatively affect our revenues and operating results.

Global economic weakness can have wide-ranging effects on markets that we serve, particularly wireless communications equipment manufacturers and network operators. Although the wireless communications industry has recovered somewhat from an industry-wide recession, such recovery may not continue. In addition, we cannot predict what effects negative events, such as war or other international conflicts, may have on the economy or the wireless communications industry. The continued threat of terrorism and heightened security and military action in response to this threat, or any future acts of terrorism, may cause further disruptions to the global economy and to the wireless communications industry and create further uncertainties. Further, a continued economic recovery may not benefit us in the near term. If it does not, our ability to increase or maintain our revenues and operating results may be impaired.

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

Among our product portfolio, we manufacture and sell gallium arsenide semiconductor devices and components, principally power amplifiers and switches. The production of gallium arsenide integrated circuits is more costly than the production of silicon circuits. The cost differential is due to higher costs of raw materials for gallium arsenide and higher unit costs associated with smaller sized wafers and lower production volumes. Therefore, to remain competitive, we must offer gallium arsenide products that provide superior performance over their silicon-based counterparts. If we do not continue to offer products that provide sufficiently superior performance to justify the cost differential, our operating results may be materially and adversely affected. We expect the costs of producing gallium arsenide devices will continue to exceed the costs of producing their silicon counterparts. 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 attributes of gallium arsenide 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 or refrain from using it.

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:

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

We cannot assure you that our operating results or financial condition will not be materially adversely affected if we were required to do any one or more of the foregoing items.

Many of our products incorporate technology licensed or acquired from third parties.

We sell products in markets that are characterized by rapid technological changes; evolving industry standards, frequent new product introductions, short product life cycles and increasing levels of integration. Our ability to keep pace with this market depends on our ability to obtain technology from third parties on commercially reasonable terms to allow our products to remain in a competitive posture. If licenses to such technology are not available on commercially reasonable terms and conditions, and we cannot otherwise integrate such technology, our products or our customers' products could become unmarketable or obsolete, and we could lose market share. In such instances, we could also incur substantial unanticipated costs or scheduling delays to develop substitute technology to deliver competitive products.

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, information, data, 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:

- 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,
- any existing or future patents, copyrights, trademarks, trade secrets or other intellectual property rights or ours will not be challenged, invalidated or circumvented, or
- 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 intellectual property protection mechanisms 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. Even if we receive a patent, the patent claims may not be broad enough to adequately protect our technology. Furthermore, even if we receive patent protection in the United States, we may not seek, or may not be granted, patent protection in foreign countries. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited for certain technologies and in certain foreign countries.

There is a growing industry trend to include or adapt "open source" software that is generally made available to the public by its developers, authors or third parties. Often such software includes license provisions, requiring public disclosure of any derivative works containing open source code. There is little legal precedent in the area of open source software or its effects on copyright law or the protection of proprietary works. We take steps to avoid the use of open source works in our proprietary software, and are taking steps to limit our suppliers from doing so. However, in the event a copyright holder were to demonstrate in court that we have not complied with a software license, we may be required to cease production or distribution of that work or to publicly disclose the source code for our proprietary software, which may negatively affect our operations or stock price.

We attempt to control access to and distribution of our proprietary information through operational, technological and legal safeguards. Despite our efforts, parties, including former or current employees, may attempt to copy, disclose or obtain access to our information without our authorization. Furthermore, attempts by computer hackers to gain unauthorized access to our systems or information could result in our proprietary information being compromised or interrupt our operations. While we attempt to prevent such unauthorized access we may be unable to anticipate the methods used, or be unable to prevent the release of our proprietary information.

Our success depends, in part, on our ability to effect suitable investments, alliances and acquisitions, and to integrate companies we acquire.

Although we have in the past and intend to continue to invest significant resources in internal research and development activities, the complexity and rapidity of technological changes and the significant expense of internal research and development make it impractical for us to pursue development of all technological solutions on our own. On an ongoing basis, we 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:

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

Moreover, 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. 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. For instance, we recorded a cumulative effect of a change in accounting principle in fiscal 2003 in the amount of $397.1 million as a result of the goodwill obtained in connection with the Merger.

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:

- the division of our Board of Directors into three classes to be elected on a staggered basis, one class each year,
- the ability of our Board of Directors to issue shares of preferred stock in one or more series without further authorization of stockholders,
- a prohibition on stockholder action by written consent,
- elimination of the right of stockholders to call a special meeting of stockholders,
- 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,
- 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,
- a requirement that the affirmative vote of at least 80% 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,
- a requirement that the affirmative vote of at least 80% 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% 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% or more of our shares,

- a fair price provision, and
- a requirement that the affirmative vote of at least 90% 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.

Increasingly stringent environmental laws, rules and regulations may require us to redesign our existing products and processes, and could adversely affect our ability to cost-effectively produce our products.

The semiconductor and electronics industries have been subject to increasing environmental regulations. A number of domestic and foreign jurisdictions seek to restrict the use of various substances, a number of which have been used in our products or processes. For example, the European Union Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) Directive requires that certain substances be removed from all electronics components by July 1, 2006. Removing such substances requires the expenditure of additional research and development funds to seek alternative substances, as well as increased testing by third-parties to ensure the quality of our products and compliance with the RoHS Directive. Alternative substances may not be readily available or commercially feasible, may only be available from a single source, or may be significantly more expensive than their restricted counterparts. While we have implemented a compliance program to ensure our product offering meets these regulations, if we are unable to complete the transition in a timely manner, or ensure consistent quality and product yields with redesigned processes, our operations may be adversely affected.

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 and in foreign countries. We cannot assure you that current or future regulation of the materials necessary for our products 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 for violations of such regulations regardless of fault. Consequently, it is often difficult to estimate the future impact of environmental matters, including potential liabilities. Furthermore, our customers increasingly require warranties or indemnity relating to compliance with environmental regulations. 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.

Our stock price has been volatile and may fluctuate in the future. Accordingly, you might not be able to sell your shares of common stock at or above the price you paid for them.

The trading price of our common stock has and may continue to fluctuate significantly. Such fluctuations may be influenced by many factors, including:

- our performance and prospects,
- the performance and prospects of our major customers,
- the depth and liquidity of the market for our common stock,
- investor perception of us and the industry in which we operate,
- changes in earnings estimates or buy/sell recommendations by analysts,
- general financial and other market conditions, and
- domestic and international economic conditions.

Public stock markets have recently experienced 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 materially and adversely affect the market price of our common stock.

In addition, fluctuations in our stock price, volume of shares traded, 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 company has been, and in the future may be, the subject of commentary by financial news media. Such commentary may contribute to volatility in our stock price. If our operating results do not meet the expectations of securities analysts or investors, our stock price may decline, possibly substantially over a short period of time. Accordingly, you may not be able to resell your shares of common stock at or above the price you paid.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

Our cash and cash equivalents are not subject to significant interest rate risk due to the short maturities of these instruments. As of September 30, 2005, the carrying value of our cash and cash equivalents approximates fair value.

Our short-term debt primarily consists of borrowings under our credit facility with Wachovia Bank, N.A. As of September 30, 2005, we had borrowings of $50.0 million outstanding under this credit facility. Interest related to our short-term debt is at LIBOR plus 0.4% and was approximately 4.2% at September 30, 2005. Consequently, we do not have significant cash flow exposure on our short-term debt.

We issued fixed-rate debt, which is convertible into our common stock at a predetermined conversion price. Convertible debt has characteristics that give rise to both interest-rate risk and market risk because the fair value of the convertible security is affected by both the current interest-rate environment and the price of the underlying common stock. For the year ended September 30, 2005, our convertible debt, on an if-converted basis, was not dilutive and, as a result, had no impact on our 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% unsecured convertible subordinated notes due November 2007. We do not believe that we have significant cash flow exposure on our long-term debt.

Based on our overall evaluation of our market risk exposures from all of our financial instruments at September 30, 2005, a near-term change in interest rates would not materially affect our consolidated financial position, results of operations or cash flows.

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

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following consolidated financial statements of the Company for the fiscal year ended September 30, 2005 are included herewith:

(1)	Report of Independent Registered Public Accounting Firm	Page 38
(2)	Consolidated Balance Sheets at September 30, 2005 and 2004	Page 39
(3)	Consolidated Statements of Operations for the Years Ended September 30, 2005, 2004 and 2003	Page 40
(4)	Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) for the Years Ended September 30, 2005, 2004 and 2003	Page 41
(5)	Consolidated Statements of Cash Flows for the Years Ended September 30, 2005, 2004 and 2003	Page 42
(6)	Notes to Consolidated Financial Statements	Pages 43 through 65

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Skyworks Solutions, Inc. and subsidiaries as of September 30, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 30, 2005. Our audits also included the financial statement schedule listed in the Index at Item 15 for the years ended September 30, 2005, 2004 and 2003. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Skyworks Solutions, Inc. and subsidiaries as of September 30, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for the years ended September 30, 2005, 2004, and 2003, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Skyworks Solutions, Inc.'s internal control over financial reporting as of September 30, 2005, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated December 14, 2005, expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

Boston, Massachusetts
December 14, 2005

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CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	September 30, 2005	September 30, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 116,522	$ 123,505
Short-term investments	113,325	85,034
Restricted cash	6,013	6,013
Receivables, net of allowance for doubtful accounts of $5,815 and $1,987, respectively	171,454	157,772
Inventories	77,400	79,572
Other current assets	11,268	11,968
Total current assets	495,982	463,864
Property, plant and equipment, less accumulated depreciation and amortization of $260,731 and $261,260, respectively	144,208	143,534
Property held for sale	6,630	6,475
Goodwill	493,389	504,493
Intangible assets, less accumulated amortization of $8,911 and $6,746, respectively	17,730	19,895
Deferred tax assets	16,052	19,372
Other assets	13,852	11,173
Total assets	$ 1,187,843	$ 1,168,806
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 50,000	$ 50,000
Accounts payable	72,276	73,405
Accrued compensation and benefits	19,679	36,630
Other current liabilities	16,280	21,216
Total current liabilities	158,235	181,251
Long-term debt, less current maturities	230,000	230,000
Other long-term liabilities	7,044	5,932
Total liabilities	395,279	417,183
Commitments and contingencies (Note 11 and Note 12)		
Stockholders' equity:		
Preferred stock, no par value: 25,000 shares authorized, no shares issued	—	—
Common stock, $0.25 par value: 525,000 shares authorized; 158,625 and 156,012 shares issued and outstanding, respectively	39,656	39,003
Additional paid-in capital	1,327,631	1,312,603
Accumulated deficit	(573,586)	(599,197)
Accumulated other comprehensive loss	(1,137)	(786)
Total stockholders' equity	792,564	751,623
Total liabilities and stockholders' equity	$ 1,187,843	$ 1,168,806

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

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Years Ended September 30, 2005	2004	2003
Net revenues	$ 792,371	$ 784,023	$ 617,789
Cost of goods sold	484,599	470,807	370,940
Gross profit	307,772	313,216	246,849
Operating expenses:			
Research and development	152,215	152,633	156,077
Selling, general and administrative	103,070	97,522	85,432
Amortization of intangible assets	2,354	3,043	4,386
Special charges	—	17,366	34,493
Total operating expenses	257,639	270,564	280,388
Operating income (loss)	50,133	42,652	(33,539)
Interest expense	(14,597)	(17,947)	(21,403)
Other income, net	5,453	1,691	1,317
Income (loss) before income taxes and cumulative effect of change in accounting principle	40,989	26,396	(53,625)
Provision for income taxes	15,378	3,984	652
Income (loss) before cumulative effect of change in accounting principle	25,611	22,412	(54,277)
Cumulative effect of change in accounting principle, net of tax	—	—	(397,139)
Net income (loss)	$ 25,611	$ 22,412	$ (451,416)
Per share information:			
Income (loss) before cumulative effect of change in accounting principle, basic and diluted	$ 0.16	$ 0.15	$ (0.39)
Cumulative effect of change in accounting principle, net of tax, basic and diluted	—	—	(2.85)
Net income (loss), basic and diluted	$ 0.16	$ 0.15	$ (3.24)
Number of weighted-average shares used in per share computations, basic	157,453	152,090	139,376
Number of weighted-average shares used in per share computations, diluted	158,857	154,242	139,376

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

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

	Shares of Common Stock	Par value of Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Unearned Compensation	Total Stockholders' Equity
Balance at September 30, 2002	137,589	$ 34,397	$ 1,150,856	$ (170,193)	$ —	$ (84)	$ 1,014,976
Net loss	—	—	—	(451,416)	—	—	(451,416)
Pension adjustment	—	—	—	—	(632)	—	(632)
Other comprehensive loss	—	—	—	—	(632)	—	(632)
Comprehensive loss	—	—	—	—	—	—	(452,048)
Issuance of common shares in offering, net of expenses	9,200	2,300	99,888	—	—	—	102,188
Issuance of common shares for stock purchase plans, 401(k) and stock option plans	1,769	442	8,607	—	—	—	9,049
Amortization of unearned compensation	—	—	—	—	—	84	84
Adjustment to recapitalization as a result of purchase accounting under a reverse acquisition (1)	—	—	(1,543)	—	—	—	(1,543)
Issuance of common shares in trademark settlement	46	12	457	—	—	—	469
Balance at September 30, 2003	148,604	37,151	1,258,265	(621,609)	(632)	—	673,175
Net income	—	—	—	22,412	—	—	22,412
Pension adjustment	—	—	—	—	(154)	—	(154)
Other comprehensive loss	—	—	—	—	(154)	—	(154)
Comprehensive income	—	—	—	—	—	—	22,258
Issuance of common shares for stock purchase plans, 401(k) and stock option plans	1,690	423	11,251	—	—	—	11,674
Issuance of common shares in conversion of senior notes, net of expenses	5,718	1,429	42,908	—	—	—	44,337
Adjustment to issuance of common shares in offering, net of expenses	—	—	179	—	—	—	179
Balance at September 30, 2004	156,012	39,003	1,312,603	(599,197)	(786)	—	751,623
Net income	—	—	—	25,611	—	—	25,611
Pension adjustment	—	—	—	—	(351)	—	(351)

Other comprehensive loss	—	—	—	—	(351)	—	(351)
Comprehensive income	—	—	—	—	—	—	25,260
Issuance of common shares for stock purchase plans, 401(k) and stock option plans	2,452	613	14,932	—	—	—	15,545
Issuance and expense of restricted stock and acceleration of options	161	40	96	—	—	—	136
Balance at September 30, 2005	158,625	$ 39,656	$ 1,327,631	$ (573,586)	$ (1,137)	$ —	$ 792,564

(1) Represents an adjustment to recapitalization as a result of purchase accounting under a reverse acquisition, as reported in fiscal 2002, based on final valuations derived in fiscal 2003.

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended September 30, 2005	2004	2003
Cash flows from operating activities:			
Net income (loss)	$ 25,611	$ 22,412	$ (451,416)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	37,277	35,829	36,941
Charge in lieu of income tax expense	11,104	1,022	—
Amortization	2,354	3,043	4,386
Amortization of deferred financing costs	1,596	2,176	2,123
Contribution of common shares to Savings and Retirement Plan	10,437	8,162	7,482
Gain on sales of assets	28	34	1,802
Deferred income taxes	3,253	3,055	351
Asset impairments	—	10,853	425,407
Provision for losses on accounts receivable	5,127	377	1,156
Changes in assets and liabilities, net of acquisition:			
Receivables	(18,809)	(13,882)	(50,998)
Inventories	2,172	(21,404)	(2,525)
Other assets	(3,706)	3,794	6,369
Accounts payable	(1,129)	23,036	5,019
Other liabilities	(21,118)	13,406	(58,149)
Net cash provided by (used in) operating activities	54,197	91,913	(72,052)
Cash flows from investing activities:			
Capital expenditures	(38,135)	(59,998)	(40,294)
Sale of short-term investments	1,223,181	1,049,082	—
Purchase of short-term investments	(1,251,470)	(1,130,128)	(3,988)
Net cash used in investing activities	(66,424)	(141,044)	(44,282)
Cash flows from financing activities:			
Proceeds from unsecured notes offering	—	—	230,000
Net proceeds from common stock public offering	—	—	102,188
Deferred financing costs	—	—	(10,474)
Restricted cash	—	(701)	(5,312)
Proceeds from short-term debt	—	8,290	41,652
Payments on long-term debt	—	29	(135,139)
Exercise of stock options	5,244	3,512	1,567
Net cash provided by financing activities	5,244	11,130	224,482
Net (decrease) increase in cash and cash equivalents	(6,983)	(38,001)	108,148
Cash and cash equivalents at beginning of period	123,505	161,506	53,358
Cash and cash equivalents at end of period	$ 116,522	$ 123,505	$ 161,506
Supplemental cash flow disclosures:			
Taxes paid	$ 1,221	$ 2,206	$ 517
Interest paid	$ 13,030	$ 15,845	$ 21,061
Supplemental disclosure of non-cash activities:			
Senior Notes conversion	$ —	$ 45,000	$ —
Conexant debt refinancing	$ —	$ —	$ 45,000
Stock issued for trademark settlement	$ —	$ —	$ 469

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Skyworks Solutions, Inc. ("Skyworks" or the "Company") is an industry leader in radio solutions and precision analog semiconductors servicing a diversified set of mobile communications customers. The Company's front-end modules, radio solutions and multimode transceivers are at the heart of many of today's leading-edge multimedia handsets and wireless networking platforms. Skyworks also offers a portfolio of highly innovative linear products, supporting a wide range of applications including automotive, broadband, consumer, industrial, infrastructure, medical, military, Radio Frequency Identification ("RFID"), satellite and wireless data.

Skyworks was formed through the merger ("Merger") of the wireless business of Conexant Systems, Inc. ("Conexant") and Alpha Industries, Inc. ("Alpha") on June 25, 2002, pursuant to an Agreement and Plan of Reorganization, dated as of December 16, 2001, and amended as of April 12, 2002, by and among Alpha, Conexant and Washington Sub, Inc. ("Washington"), a wholly-owned subsidiary of Conexant to which Conexant spun off its wireless communications business. Pursuant to the Merger, Washington merged with and into Alpha, with Alpha as the surviving corporation. Immediately following the Merger, Alpha purchased Conexant's semiconductor assembly and test facility located in Mexicali, Mexico and certain related operations (the "Mexicali Operations"). For purposes of this Annual Report on Form 10-K, the Washington business and the Mexicali Operations are collectively referred to as "Washington/Mexicali". Shortly thereafter, Alpha changed its corporate name to Skyworks Solutions, Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The application of the Company's accounting policies involves the exercise of judgment and assumptions that pertain to future uncertainties and, as a result, actual results could differ from these estimates. All majority owned subsidiaries are included in the Company's Consolidated Financial Statements and all intercompany balances are eliminated in consolidation.

REVENUE RECOGNITION

Revenues from product sales are recognized upon shipment and transfer of title, in accordance with the shipping terms specified in the arrangement with the customer. Revenue from license fees is recognized when these fees are due and payable, and all other criteria of SAB 104 have been met. Revenue recognition is deferred in all instances where the earnings process is incomplete. Certain product sales are made to electronic component distributors under agreements allowing for price protection and/or a right of return on unsold products. A reserve for sales returns and allowances for customers is recorded based on historical experience or specific identification of an event necessitating a reserve.

FISCAL YEAR

The Company's fiscal year ends on the Friday closest to September 30. Fiscal 2003 consisted of 53 weeks and fiscal years 2005 and 2004 each consisted of 52 weeks. Fiscal years 2005, 2004 and 2003 ended on September 30, 2005, October 1, 2004, and October 3, 2003, respectively. For convenience, the consolidated financial statements have been shown as ending on the last day of the calendar month.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

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

SHORT-TERM INVESMENTS

The Company's short-term investments are classified as available for sale. These investments consist of auction rate securities which have long-term underlying maturities (ranging from 14 to 44 years), however the market is highly liquid and the interest rates reset every 7, 28 or 35 days. The company's intent is not to hold these securities to maturity, but rather to use the interest rate reset feature to sell securities to provide liquidity as needed. The company's practice is to invest in these securities for higher yields compared to cash equivalents. In prior years, auction rate securities have been classified as cash equivalents due to their highly liquid nature. They have now been reclassified as short-term investments for all periods presented in the accompanying consolidated financial statements. Such short-term investments are carried at amortized cost, which approximates fair value, due to the short period of time to maturity. Gains and losses are included in investment income in the period they are realized.

RECLASSIFICATION

In the second quarter of fiscal 2005, the Company concluded that it was appropriate to classify its auction rate securities as short-term investments. Previously, such investments had been classified as cash and cash equivalents. The Company made adjustments amounting to $81.0 million to its Consolidated Balance Sheet as of September 30, 2004, to reflect this reclassification and made adjustments to its Consolidated Statement of Cash Flows for the year ended September 30, 2004 amounting to $81.0 million to reflect the gross purchases and sales of these securities as investing activities rather than as a component of cash and cash equivalents. The Company did not have any auction rate security investments in fiscal 2003. This change in classification did not affect cash flows from operations or cash flows from financing activities in the previously reported Consolidated Statements of Cash Flows, and had no impact on the previously reported Consolidated Statements of Operations.

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

RESTRICTED CASH

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

LEASES AND AMORTIZATION OF LEASEHOLD IMPROVEMENTS

In fiscal 2005, the Company recognized a $0.9 million charge for the correction of an error in the manner in which it accounted for scheduled rent increases and amortization of leasehold improvements. The cumulative effect of this error is being reported in the cost of goods sold, research and development and selling, general and administrative lines of the statement of operations amounting to $0.2 million, $0.1 million and $0.6 million, respectively.

ACCOUNTS RECEIVABLE

Accounts receivable consist of amounts due from normal business activities. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make future payments, additional allowances may be required.

INVENTORIES

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

Once established, these write-downs are considered permanent adjustments to the cost basis of the excess inventory. If actual demand and market conditions are less favorable than those projected by management, additional inventory write-downs may be required. Some or all of the inventories that have been written-down may be retained and made available for sale. In the event that actual demand is higher than originally projected, a portion of these inventories may be able to be sold in the future. Inventories that have been written-down and are identified as obsolete are generally scrapped.

PROPERTY, PLANT AND EQUIPMENT

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

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

PROPERTY HELD FOR SALE

Property held for sale at September 30, 2005, relates to land and buildings no longer in use and is recorded at estimated fair value less estimated selling costs. In March 2004, we entered into a contractual arrangement for the sale of the property, contingent upon obtaining specific regulatory approvals. As of September 30, 2005, the prospective buyer had received a portion of these regulatory approvals and anticipates receiving the remaining regulatory approval in 2006. If the prospective buyer does not receive all regulatory approvals by June 30, 2006, the prospective buyer has the option of terminating the original contract. Alternatively, the prospective buyer can renegotiate or extend the original contract with the Company’s approval.

VALUATION OF LONG-LIVED ASSETS

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

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite lives are tested at least annually for impairment in accordance with the provisions of SFAS No. 142, “Goodwill and Other Intangible Assets.” The goodwill and other intangible asset impairment test is a two-step process. The first step of the impairment analysis compares the Company’s fair value to its net book value to determine if there is an indicator of impairment. In determining fair value, SFAS No. 142 allows for the use of several valuation methodologies, although it states quoted market prices are the best evidence of fair value. The Company calculates fair value using the average market price of its common stock over a seven-day period surrounding the annual impairment testing date of July 1 and the number of shares of common stock outstanding on the date of the annual impairment test (July 1). Step two of the analysis compares the implied fair value of goodwill and other intangible assets to its carrying amount in a manner similar to a purchase price allocation for a business combination. If the carrying amount of goodwill and other intangible assets exceeds its implied fair value, an impairment loss is recognized equal to that excess. We test our goodwill and other intangible assets for impairment annually as of the first day of our fourth fiscal quarter and in interim periods if certain events occur indicating that the carrying value of goodwill or other intangible assets may be impaired. Indicators such as unexpected adverse business conditions, economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts, may signal that an asset has become impaired.

DEFERRED FINANCING COSTS

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

INCOME TAXES

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

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

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

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred.

FINANCIAL INSTRUMENTS

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

FOREIGN CURRENCY ACCOUNTING

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

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 and restricted stock 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 at the grant date and the Company recognizes compensation expense, if any, 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.

The Company granted 160,500 shares of restricted common stock during fiscal 2005. These shares were accounted for under the intrinsic value method as prescribed in APB Opinion No. 25. Stock-based compensation cost is determined as of the grant date based on the market price of the underlying common stock and is recognized as expense over vesting periods of four years. The restricted stock grants were valued at approximately $843,000 of which approximately $79,000 was recognized as compensation expense in fiscal 2005. The remaining unrecognized balance will be recognized as compensation expense ratably over the life the vesting period of the restricted stock, which is four (4) years.

On September 2, 2005, the Company accelerated certain unvested and "out-of-the-money" stock options previously awarded to employees and officers that have exercise prices per share over $9.00 and were granted prior to November 10, 2004. As a result, options to purchase approximately 3.8 million shares of Skyworks stock became exercisable immediately upon the announcement. The decision to accelerate vesting of these options was made to avoid recognizing compensation cost associated with certain "out-of-the-money" options in the statement of operations in future financial statements upon the effectiveness of SFAS 123(R). The Company chose the price of $9.00 so as to balance the Company's desire to manage compensation expense with its need to motivate and retain employees. Based upon the Company's closing stock price of $7.52 on September 2, 2005, none of these options had economic value on the date of acceleration, and no compensation expense resulted from the acceleration.

No stock-based employee compensation cost is reflected in net income for stock options, as all options granted under the Company's stock-based employee compensation plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

If the compensation cost for the Company's stock-based compensation and stock purchase plans had been determined based upon the fair value at the grant date for awards under these plans consistent with the methodology prescribed under SFAS No. 123, the Company's net income (loss) would have been as follows:

	Years Ended September 30,		
(In thousands, except per share amounts)	**2005**	**2004**	**2003**
Reported net income (loss)	$ 25,611	$ 22,412	$ (451,416)
Total stock-based employee compensation expense determined under fair value based method for all stock options, net of related tax effects(1)	(47,183)	(17,992)	(4,923)
Restricted stock expense as calculated under APB 25	79	—	—
Restricted stock expense as calculated under FAS 123	(70)	—	—
Adjusted net income (loss)	$ (21,563)	$ 4,420	$ (456,339)
Per share information, basic and diluted:			
Reported net income (loss)	$ 0.16	$ 0.15	$ (3.24)
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(0.30)	(0.12)	(0.03)
Adjusted net income (loss)	$ (0.14)	$ 0.03	$ (3.27)

(1) Reflected in the 2005 pro forma stock-based compensation expense is the effect of the acceleration of the vesting of certain employee stock options in September 2005 in the amount of $21.0 million.

For purposes of pro forma disclosures under SFAS No. 123, the estimated fair value of the options is assumed to be amortized to expense over the options' vesting period. The fair value of the options granted has been estimated at the date of the grant using the Black-Scholes option-pricing model with the following assumptions:

	2005	2004	2003
Expected volatility	71%	91%	95%
Risk free interest rate	3.9%	1.9%	2.5%
Dividend yield	—	—	—
Expected option life (years)	3.5	5.0	4.5
Weighted average fair value of options granted	$4.86	$3.80	$2.57

EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted earnings per share includes the dilutive effect of stock options and a stock warrant through its expiration in January 2005, using the treasury stock method, and debt securities on an if-converted basis, if their effect is dilutive. For the year ended September 30, 2005, debt securities convertible into 25.4 million shares and stock options exercisable into 25.5 million shares were outstanding but were not included in the computation of diluted earnings per share as their effect would have been anti-dilutive. For the year ended September 30, 2004, debt securities convertible into 25.4 million shares, stock options exercisable into 19.0 million shares and a warrant to purchase 1.0 million shares were outstanding but were not included in the computation of diluted earnings per share as their effect would have been anti-dilutive. For the year ended September 30, 2003, debt securities convertible into 31.1 million shares, stock options exercisable into 25.8 million shares and a warrant to purchase 1.0 million shares were outstanding but were not included in the computation of diluted earnings per share as the net loss for this period would have made their effect anti-dilutive.

PENSIONS AND RETIREE MEDICAL BENEFITS

In connection with Conexant's spin-off of its Washington/Mexicali business, Conexant transferred obligations to Washington/Mexicali for its pension plan and retiree benefits. The amounts that were transferred relate to approximately 20 Washington/Mexicali employees that had enrolled in Conexant's Voluntary Early Retirement Plan ("VERP") in 1998. The VERP also provides health care benefits to members of the plan. The Company currently does not offer pension plans or retiree benefits to its employees.

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

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

COMPREHENSIVE LOSS

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

An analysis of accumulated other comprehensive loss follows (in thousands):

	Pension Adjustments	Accumulated Other Comprehensive Loss
Balance as of September 30, 2003	$ (632)	$ (632)
Change in period	(154)	(154)
Balance as of September 30, 2004	(786)	(786)
Change in period	(351)	(351)
Balance as of September 30, 2005	$ (1,137)	$ (1,137)

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In November 2004, the FASB issued SFAS No. 151 "Inventory Costs, an amendment of ARB No. 43, Chapter 4". The amendments made by SFAS No. 151 clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges and require the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. The guidance is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The Company does not expect the adoption of SFAS No. 151 will have a material impact on its financial statements.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment". SFAS No. 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SFAS No. 123(R) covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. SFAS No. 123(R) replaces SFAS No. 123, "Accounting for Stock-Based Compensation", and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees". SFAS No. 123, as originally issued in 1995, established as preferable a fair-value-based method of accounting for share-based payment transactions with employees. However, that Statement permitted entities the option of continuing to apply the guidance in APB Opinion No. 25, as long as the footnotes to financial statements disclosed what net income would have been had the preferable fair-value-based method been used. Public entities (other than those filing as small business issuers) were initially required to apply SFAS No. 123(R) as of the first interim or annual reporting period that begins after June 15, 2005. In April 2005, the SEC issued a rule amending the compliance date, which allows companies to implement SFAS No. 123(R) at the beginning of their next fiscal year, instead of the next reporting period, that begins after June 15, 2005. As a result, we will implement SFAS No. 123(R) using the modified prospective method starting October 1, 2005. Under this method, the Company will begin recognizing compensation cost for equity-based compensation for all new and existing unvested share-based awards after the date of adoption. The Company will also be required to recognize compensation expense for the fair value of the discount and option features provided to employees on all shares issued through its Employee Stock Purchase Plan under the provisions of SFAS No. 123(R). Under the provisions of SFAS No. 123(R), the Company anticipates it will recognize $25.5 million as compensation expense in fiscal years 2006 thru 2011. This assumes the current Black-Scholes valuation assumptions at September 30, 2005 remain constant in future periods. It also does not take into account future adjustments to compensation expense due to actual cancellations or new awards granted.

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

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In December 2004, the FASB issued FSP No. 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004". The American Jobs Creation Act of 2004 ("AJCA") introduces a special 9% tax deduction on qualified production activities. FSP No. 109-1 clarifies that this tax deduction should be accounted for as a special tax deduction in accordance with SFAS No. 109. The Company does not expect the adoption of FSP No. 109-1 to have a material impact on our consolidated financial position, results of operations or cash flows because of its historical net operating loss carryforwards.

In December 2004, the FASB issued FSP No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004". The AJCA introduces for a limited time an 85% dividend deduction on the repatriation of certain foreign earnings to a U.S. taxpayer (repatriation provision), provided certain criteria are met. FSP 109-2 provides accounting and disclosure guidance for the repatriation provision. The Company does not expect the adoption of FSP No. 109-2 to have a material impact on our consolidated financial position, results of operations or cash flows because of its historical net operating loss carryforwards.

In March 2005, the FASB issued FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143". This interpretation provides additional guidance as to when companies should record the fair value of a liability for a conditional asset retirement obligation when there is uncertainty about the timing and/or method of settlement of the obligation. The Company is currently evaluating the potential impact of this issue on its financial statements, but does not believe the impact of any change, if necessary, will be material. FASB Interpretation No. 47 is effective for fiscal years ending after December 15, 2005.

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

NOTE 3. MARKETABLE SECURITIES

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

Short term available for sale securities:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Auction rate securities	$ 113.3	$ —	$ —	$ 113.3
Total marketable securities	$ 113.3	$ —	$ —	$ 113.3

The amortized cost of available for sale securities approximated their fair value at September 30, 2004 and are summarized as follows:

Short term available for sale securities:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Auction rate securities	$ 85.0	$ —	$ —	$ 85.0
Total marketable securities	$ 85.0	$ —	$ —	$ 85.0

Long term available for sale securities:	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Corporate debt securities	$ 230.0	$ —	$ —	$ 230.0
Total marketable securities	$ 230.0	$ —	$ —	$ 230.0

NOTE 4. INVENTORY

Inventories consist of the following (in thousands):

	September 30, 2005	2004
Raw materials	$ 8,080	$ 12,176
Work-in-process	49,329	50,717
Finished goods	19,991	16,679
	$ 77,400	$ 79,572

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2005	2004
Land	$ 9,423	$ 9,423
Land and leasehold improvements	4,284	4,103
Buildings	59,586	50,305
Machinery and equipment	317,334	335,572
Construction in progress	14,312	5,391
	404,939	404,794
Accumulated depreciation and amortization	(260,731)	(261,260)
	$ 144,208	$ 143,534

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

The Company adopted SFAS No. 142, “Goodwill and Other Intangible Assets”, on October 1, 2002, and performed a transitional impairment test for goodwill. As a result, management determined that the carrying amount of its goodwill was $397.1 million greater than its implied fair value. This transitional impairment charge was recorded as a cumulative effect of a change in accounting principle and is reflected in the Company’s results of operations for fiscal 2003. The significant impairment charge to goodwill shortly after the Merger resulted from a significant decline in the market price of our common stock. The first step of the goodwill 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. The Company hired a third-party firm to perform the fair value calculation for the Merger and subsequent SFAS 142 valuation. The fair value calculation used to determine the purchase price for the Merger was performed in December 2001, the date at which both parties agreed upon the principal terms of the Merger. The calculation was based on the average market price of the Company’s common stock over a seven-day period. This same methodology was used to determine the fair value of the Company at October 1, 2002 for the required transitional impairment test upon the adoption of SFAS No. 142. Between the time of the Merger calculation in December 2001 and the SFAS No. 142 calculation in October 2002, the market price of the Company’s common stock declined as the wireless semiconductor industry experienced a downturn in demand amid concerns about inflation, decreased consumer confidence, reduced capital spending, adverse business conditions and liquidity concerns in the telecommunications and related industries. Since the Company’s fair value is directly linked to the market price of its common stock, a significant decline in the market price of its common stock could, and in this case did, result in an impairment charge to goodwill. The Company tests its goodwill for impairment annually as of the first day of its fourth fiscal quarter and in interim periods if certain events occur indicating that the carrying value of goodwill may be impaired. The Company completed its annual goodwill impairment test for fiscal 2005 and determined that as of July 5, 2005, its goodwill was not impaired.

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

	Weighted Average Amortization Period (Years)	September 30, 2005 Gross Carrying Amount	September 30, 2005 Accumulated Amortization	September 30, 2005 Net Carrying Amount	September 30, 2004 Gross Carrying Amount	September 30, 2004 Accumulated Amortization	September 30, 2004 Net Carrying Amount
Goodwill		$493,389	$ —	$493,389	$504,493	$ —	$504,493
Amortized intangible assets:							
Developed technology	10	$ 10,550	$ (4,651)	$ 5,899	$ 10,550	$ (3,777)	$ 6,773
Customer relationships	10	12,700	(4,138)	8,562	12,700	(2,868)	9,832
Other	3	122	(122)	—	122	(101)	21
		23,372	(8,911)	14,461	23,372	(6,746)	16,626
Unamortized intangible assets:							
Trademarks		3,269	—	3,269	3,269	—	3,269
Total intangible assets		$ 26,641	$ (8,911)	$ 17,730	$ 26,641	$ (6,746)	$ 19,895

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

	Years Ended September 30, 2005	2004	2003
Amortization expense	$ 2,165	$ 2,286	$ 3,545

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

	Goodwill and Intangible Assets: Goodwill	Developed Technology	Customer Relationships	Trademarks	Other	Total
Balance as of September 30, 2003	$505,514	$ 10,550	$ 12,700	$ 3,269	$ 122	$532,155
Deductions during year	(1,021)	—	—	—	—	(1,021)
Balance as of September 30, 2004	$504,493	$ 10,550	$ 12,700	$ 3,269	$ 122	$531,134
Deductions during year	(11,104)	—	—	—	—	(11,104)
Balance as of September 30, 2005	$493,389	$ 10,550	$ 12,700	$ 3,269	$ 122	$520,030

The reduction to goodwill in fiscal 2005 and fiscal 2004 results from the utilization of deferred tax assets for which no tax benefit was recognized as of the date of the Merger. The remaining pre-Merger deferred tax assets that could reduce goodwill in future periods are $31.9 million as of September 30, 2005.

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

	2006	2007	2008	2009	2010
Amortization expense	$ 2,144	$ 2,144	$ 2,144	$ 2,144	$ 2,144

NOTE 7. BORROWING ARRANGEMENTS

LONG-TERM DEBT

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

	September 30, 2005	2004
Junior notes	$230,000	$230,000
Less-current maturities	—	—
	$230,000	$230,000

Junior notes represent the Company's 4.75% convertible subordinated notes due November 2007. These Junior notes can be converted into 110.4911 shares of common stock per $1,000 principal balance, which is the equivalent of a conversion price of approximately $9.05 per share. The Company may redeem the Junior notes at any time after November 20, 2005. The redemption price of the Junior notes between the period November 20, 2005 through November 14, 2006, will be $1,011.875 per $1,000 principal amount of notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date. The redemption price of the notes beginning on November 15, 2006 and thereafter will be $1,000 per $1,000 principal amount of notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date. Holders may require the Company to repurchase the Junior notes upon a change in control of the Company. The Company pays interest in cash semi-annually in arrears on May 15 and November 15 of each year. The fair value of the Company's long-term debt approximated $231.2 million at September 30, 2005.

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

Fiscal Year	
2006	—
2007	—
2008	230,000
	$230,000

SHORT-TERM DEBT

On July 15, 2003, the Company entered into a receivables purchase agreement under which it has agreed to sell from time to time certain of its accounts receivable to Skyworks USA, Inc. ("Skyworks USA"), a wholly-owned special purpose entity that is fully consolidated for accounting purposes. Concurrently, Skyworks USA entered into an agreement with Wachovia Bank, N.A. providing for a $50 million credit facility ("Facility Agreement'') secured by the purchased accounts receivable. As a part of the consolidation, any interest incurred by Skyworks USA related to monies it borrows under the Facility Agreement is recorded as interest expense in the Company's results of operations. The Company performs collections and administrative functions on behalf of Skyworks USA. Interest related to the Facility Agreement is at LIBOR plus 0.4%. As of September 30, 2005, Skyworks USA had borrowed $50.0 million under this agreement.

NOTE 8. INCOME TAXES

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

	Years Ended September 30, 2005	2004	2003
United States	$ 23,885	$ 15,029	$ (59,379)
Foreign	17,104	11,367	5,754
	$ 40,989	$ 26,396	$ (53,625)

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

	Years Ended September 30, 2005	2004	2003
Current tax expense (benefit):			
Federal	$ 367	$ —	$ —
State	(1,032)	(1,040)	—
Foreign	1,178	837	1,414
	513	(203)	1,414

	Years Ended September 30, 2005	2004	2003
Deferred tax expense (benefit):			
Federal	—	—	—
State	—	—	—
Foreign	3,761	3,165	(762)
	3,761	3,165	(762)
Charge in lieu of tax expense	11,104	1,022	—
Provision for income taxes	$ 15,378	$ 3,984	$ 652

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

	Years Ended September 30, 2005	2004	2003
Tax (benefit) expense at U.S. statutory rate	$ 14,346	$ 9,239	$ (18,769)
Foreign tax rate difference	(1,048)	23	(1,362)
Deemed dividend from foreign subsidiary	8,956	—	—
Nondeductible interest expense	—	1,162	2,113
Research and development credits	(5,000)	(4,600)	(5,369)
State income taxes	(1,032)	(1,040)	—
Change in valuation allowance	(13,436)	(2,466)	25,168
Charge in lieu of tax expense	11,104	1,022	—
Other, net	1,488	644	(1,129)
Provision for income taxes	$ 15,378	$ 3,984	$ 652

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

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

	September 30, 2005	2004
Current:		
Inventories	$ 4,920	$ 5,680
Bad debts	2,004	704
Accrued compensation and benefits	2,919	2,464
Product returns, allowances and warranty	1,247	4,027
Restructuring	393	624
Prepaid insurance	(818)	—
Other – net	1,085	1,016
Current deferred tax assets	11,750	14,515
Less valuation allowance	(10,665)	(13,499)
Net current deferred tax assets	1,085	1,016
Long-term:		
Property, plant and equipment	18,474	29,919
Intangible assets	7,406	8,240
Retirement benefits and deferred compensation	1,183	1,098
Net operating loss carryforwards	65,936	72,656
Federal tax credits	21,399	15,076
State investment credits	4,419	5,711
Restructuring	1,506	1,683

	September 30, 2005	September 30, 2004
Other – net	1,136	1,000
Long-term deferred tax assets	121,459	135,383
Less valuation allowance	(105,408)	(116,010)
Net long-term deferred tax assets	16,051	19,373
Total deferred tax assets	$ 17,136	$ 20,389

Based upon a history of significant operating losses, management has determined that it is more likely than not that historic and current year income tax benefits will not be realized except for certain future deductions associated with the Mexicali Operations in the post-Merger period. Consequently, no U. S. income tax benefit has been recognized relating to the U.S. operating losses. As of September 30, 2005, the Company has established a valuation allowance against all of its net U.S. deferred tax assets. The net change in the valuation allowance of $13.4 million is principally due to the utilization of tax attributes, i.e. federal and state net operating loss and credit carryovers, and other deferred tax assets. As noted above, the Company has a valuation allowance of $116.1 million against its U.S. deferred tax assets as of September 30, 2005. When recognized, the tax benefits relating to any reversal of the valuation allowance on deferred tax assets at September 30, 2005 will be accounted for as follows: approximately $80.3 million will be recognized as a reduction of income tax expense, $31.9 million will be recognized as a reduction of goodwill and $3.9 million will be recognized as an increase to shareholders' equity for certain tax deductions from employee stock options.

The provision for income taxes for fiscal 2005 and fiscal 2004 consists of approximately $11.1 million and $1.0 million, respectively, of U.S. income taxes recorded as a charge reducing the carrying value of goodwill. No benefit has been recognized for utilizing certain pre-Merger deferred tax assets. The utilization of these deferred items reduces the carrying value of goodwill, i.e., charge in lieu of tax expense, instead of reducing income tax expense. We will evaluate the realization of the pre-Merger deferred tax assets periodically and adjust the provision for income taxes accordingly based on whether the Company believes it is more likely than not that the deferred tax assets will be realized during the carryforward period.

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

In 2002, the Company recorded a tax benefit of approximately $23 million related to the impairment of its Mexicali assets. A valuation allowance has not been established because the Company believes that the related deferred tax asset will more likely than not be recovered during the carryforward period. During the first quarter of fiscal 2005, the Company reduced the carrying value of its deferred tax assets by $2.2 million. This charge resulted from a reduction of the statutory income tax rate in Mexico. Accordingly, the deferred tax asset was remeasured using the enacted tax rates expected to apply to taxable income in the years in which the temporary difference is expected to be recovered.

Gains and losses resulting from the remeasurement of the Company's long-term deferred tax assets denominated in foreign currencies are included in provision (benefit) for income taxes and reduced tax expense by $0.8 million in fiscal 2005, and increased tax expense by $1.2 million in fiscal 2004.

As of September 30, 2005, the Company has U.S. federal net operating loss carryforwards of approximately $180.6 million, which will expire at various dates through 2025 and aggregate state net operating loss carryforwards of approximately $43.4 million, which will expire at various dates through 2010. The Company also has U.S. federal and state income tax credit carryforwards of approximately $25.8 million. The U.S. federal tax credits expire at various dates through 2025. The use of the pre-Merger net operating loss and tax credit carryovers from Alpha will be limited due to statutory tax restrictions resulting from the Merger and related change in ownership. The annual limit on the utilization of pre-Merger net operating losses is approximately $14 million. Utilization of pre-Merger credits would also be limited to the tax equivalent of the annual net operating loss limitation.

No provision has been made for United States federal, state, or additional foreign income taxes related to approximately $11.6 million of undistributed earnings of foreign subsidiaries which have been or are intended to be permanently reinvested. It is not practicable to determine the U. S. federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested.

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

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

NOTE 9. STOCKHOLDERS' EQUITY

COMMON STOCK

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

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

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

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

At September 30, 2005, the Company had 158,625,057 shares of common stock issued and outstanding.

PREFERRED STOCK

The Company's second amended and restated certificate of incorporation permits the Company to issue up to 25,000,000 shares of preferred stock in one or more series and with rights and preferences that may be fixed or designated by the Company's Board of Directors without any further action by the Company's stockholders. The designation, powers, preferences, rights and qualifications, limitations and restrictions of the preferred stock of each series will be fixed by the certificate of designation relating to such series, which will specify the terms of the preferred stock. At September 30, 2005, the Company had no shares of preferred stock issued or outstanding.

STOCK OPTIONS

The Company has stock-based compensation plans under which employees and directors may be granted options to purchase common stock. Options are generally granted with exercise prices at not less than the fair market value on the grant date, generally vest over 4 years and expire 7 to 10 years after the grant date. As of September 30, 2005, a total of 36.5 million shares are authorized for grant under the Company's stock-based compensation plans. The number of common shares reserved for granting of future awards to employees and directors under these plans was 8.4 million at September 30, 2005. In addition, options outstanding include 11.5 million options issued in connection with the Merger.

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

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

	Shares	Weighted average exercise price of shares under plan
Balance outstanding at September 30, 2002	31,332	$19.73
Granted	6,372	5.06
Exercised	(496)	6.37
Accepted for exchange	(5,328)	23.38
Cancelled	(6,117)	20.21
Balance outstanding at September 30, 2003	25,763	$15.44
Granted	7,351	9.16
Granted for options accepted for exchange	3,377	9.60
Exercised	(685)	5.05
Cancelled	(4,043)	15.61
Balance outstanding at September 30, 2004	31,763	$13.63
Granted	4,668	8.47
Exercised	(935)	5.57
Cancelled	(3,918)	13.66
Balance outstanding at September 30, 2005	31,578	$12.99

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

	Shares	Weighted average exercise price
2005	24,053	$14.68
2004	17,671	$17.59
2003	15,141	$19.03

The following table summarizes information concerning currently outstanding and exercisable options as of September 30, 2005 (shares in thousands):

Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average outstanding option price	Options exercisable	Weighted average exercise price
$0.45 - $5.75	4,620	6.9	$ 4.64	2,248	$ 4.50
$5.76 - $8.93	5,227	8.7	$ 8.31	767	$ 7.17
$8.96 - $9.18	4,680	8.3	$ 9.17	4,358	$ 9.18
$9.19 - $13.56	5,094	7.3	$ 10.60	4,817	$ 10.60
$13.67 - $17.12	5,687	3.1	$ 16.36	5,667	$ 16.37
$17.20 - $21.31	4,619	5.2	$ 21.17	4,574	$ 21.18
$21.56 - $170.44	1,651	4.2	$ 34.87	1,622	$ 35.05
	31,578	6.4	$ 12.99	24,053	$ 14.68

STOCK OPTION DISTRIBUTION

The following table summarizes information concerning currently outstanding options as of September 30, 2005 (shares in thousands):

	Number outstanding	% of total common stock outstanding
Stock options held by employees and directors	22,975	14.5%
Stock options held by non-employees (excluding directors)	8,603	5.4%
	31,578	19.9%

As of September 30, 2005, the Company's ratio of options outstanding as a percentage of total common stock outstanding ("overhang") was 19.9%. The overhang attributable to options held by non-employees (other than its non-employee directors) was 5.4% and the overhang attributable to employees and directors was 14.5%.

In connection with the Merger, as of September 30, 2005 and September 30, 2004, non-employees, excluding directors, held 8,602,253 and 10,662,628 options at a weighted average price of $20.46 and $20.44, respectively. Effective June 25, 2002, in connection with the Merger, each Conexant option holder, other than holders of options granted to employees of Conexant's former Mindspeed Technologies segment on March 30, 2001 and options held by persons in certain foreign locations, received an option to purchase an equal number of shares of common stock of the Washington subsidiary. In the Merger, each outstanding Washington option was converted into an option to purchase Skyworks common stock. The conversion of Washington options into Skyworks' options was done in such a manner that (1) the aggregate intrinsic value of the options immediately before and after the conversion was the same, (2) the ratio of the exercise price per option to the market value per option was not reduced, and (3) the vesting provisions and options period of the Skyworks' options were the same as the original vesting terms and option period of the corresponding Washington options. As a result, there are a large number of options held by persons other than Skyworks' employees and directors.

RESTRICTED STOCK AWARDS

The Company's stock-based compensation plans provide for awards of restricted shares of common stock and other stock-based incentive awards to officers and other employees and certain non-employees. Restricted stock awards are subject to forfeiture if employment terminates during the prescribed retention period (generally within four years of the date of award) or, in certain cases, if prescribed performance criteria are not met. The fair value of restricted stock awards at the date of grant is charged to expense over the vesting period. The Company granted 160,500 shares of restricted common stock during fiscal 2005. These shares were accounted for under the intrinsic value method as prescribed in APB Opinion No. 25. Stock-based compensation cost is measured at the grant date based on the market price of the underlying common stock and is being recognized as expense over the vesting periods of four years. The restricted stock grants were valued at approximately $843,000 of which approximately $79,000 was recognized as compensation expense in fiscal 2005.

The remaining unrecognized balance will be recorded as compensation expense ratably over the vesting periods of the restricted stock of four (4) years. There were no restricted stock grants awarded in fiscal 2004 or fiscal 2003.

STOCK-BASED COMPENSATION PLANS FOR DIRECTORS

The Company has three stock-based compensation plans for non-employee directors — the 1994 Non-Qualified Stock Option Plan, the 1997 Non-Qualified Stock Option Plan and the Directors' 2001 Stock Option Plan. Under the three plans, a total of 1.2 million shares have been authorized for option grants. As of September 30, 2005, under the three plans, a total of 0.4 million shares are available for new grants. The three plans have substantially similar terms and conditions and are structured to provide options to non-employee directors as follows: a new director receives a total of 45,000 options upon becoming a member of the Board; and continuing directors receive 15,000 options after each Annual Meeting of Shareholders. Under these plans, the option price is the fair market value at the time the option is granted. Beginning in fiscal 2001, all options granted become exercisable 25% per year beginning one year from the date of grant. Options granted prior to fiscal 2001 become exercisable at a rate of 20% per year beginning one year from the date of grant. During fiscal 2005, 165,000 options were granted under these plans at a weighted average price of $5.80. At September 30, 2005, a total of 772,500 options at a weighted average price of $10.54 are outstanding under these three plans, and 416,250 shares were exercisable at a weighted average price of $12.94. During fiscal 2004, 15,000 options were exercised under these plans, and during fiscal 2005 and 2003, no options were exercised under these plans. Non-employee directors of the Company are also eligible to receive option grants under the Company's 1996 Long-Term Incentive Plan. The above-mentioned activity for the stock-based compensation plans for directors is included in the option tables above.

EMPLOYEE STOCK PURCHASE PLAN

The Company maintains a domestic and an international employee stock purchase plan. Under these plans, eligible employees may purchase common stock through payroll deductions of up to 10% of compensation. The price per share is the lower of 85% of the market price at the beginning or end of each six-month offering period. The plans provide for purchases by employees of up to an aggregate of 3,000,000 shares through December 31, 2012. Shares of common stock purchased under these plans in fiscal 2005, 2004 and 2003 were 824,211, 616,760, and 704,921, respectively. At September 30, 2005, there are 84,613 shares available for purchase. The Company did not recognize compensation expense under these plans in fiscal 2005, 2004 or 2003.

STOCK WARRANTS

In connection with the Merger, the Company issued to Jazz Semiconductor, Inc. ("Jazz Semiconductor") a warrant to purchase 1,017,900 shares of Skyworks common stock at a price of $24.02 per share. This warrant became exercisable in increments of 25% as of June 25, 2002, March 11, 2003, September 11, 2003 and March 11, 2004. The Company applied the Black-Scholes model to determine the fair value estimate and approximately $0.2 million, $0.8 million and $0.8 million was included in amortization of intangible assets related to this item in fiscal 2005, 2004 and 2003, respectively. The warrant expired without being exercised on January 20, 2005.

NOTE 10. EMPLOYEE BENEFIT PLAN, PENSIONS AND OTHER RETIREE BENEFITS

The Company maintains a 401(k) plan covering substantially all of its employees. All of the Company's employees who are at least 21 years old are eligible to receive a Company contribution. Discretionary Company contributions are determined by the Board of Directors and may be in the form of cash or the Company's stock. The Company generally contributes a match of up to 4.0% of an employee's annual eligible compensation. For those employees employed by Alpha for five (5) years or more prior to the Merger, the Company contributes an additional match of up to 0.75% of the employee's annual eligible compensation. For fiscal years 2005, 2004 and 2003, the Company contributed and recognized expense for 681,883, 392,744, and 560,516 shares, respectively, of the Company's common stock valued at $5.1 million, $3.6 million and $4.2 million, respectively, to fund the Company's obligation under the 401(k) plan.

In connection with Conexant's spin-off of its Washington/Mexicali business, Conexant transferred obligations to Washington/Mexicali for its pension plan and retiree benefits. The amounts that were transferred relate to approximately 20 Washington/Mexicali employees that had enrolled in Conexant's Voluntary Early Retirement Plan ("VERP") in 1998. The VERP also provides health care benefits to members of the plan. The Company currently does not offer pension plans or retiree benefits to its employees. The Company incurred net periodic benefit costs of $113,000, $108,000 and $119,000 for pension benefits in fiscal years 2005, 2004 and 2003, respectively. The Company incurred net periodic benefit costs of $118,000, $125,000 and $120,000 for retiree medical benefits in fiscal years 2005, 2004 and 2003, respectively.

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

	Pension Benefits			Retiree Medical Benefits		
	2005	2004	2003	2005	2004	2003
Benefit obligations in excess of plan assets	$ 1,137	$ 969	$ 1,075	$ 1,238	$ 1,210	$ 1,046
Unrecognized net actuarial loss	(1,301)	(786)	(632)	—	—	—
Net accrued benefit cost	$ (164)	$ 183	$ 443	$ 1,238	$ 1,210	$ 1,046

NOTE 11. COMMITMENTS

The Company has various operating leases primarily for computer equipment and buildings. Rent expense amounted to $9.8 million in both fiscal 2005 and fiscal 2004, and $10.4 million in fiscal 2003. Purchase options may be exercised, at fair market value, at various times for some of these leases. Future minimum payments under these non-cancelable leases are as follows (in thousands):

Fiscal Year	
2006	$ 6,980
2007	6,031
2008	5,354
2009	5,305
2010	4,862
Thereafter	2,306
	$ 30,838

In addition, the Company entered into licensing agreements for intellectual property rights and maintenance and support services during fiscal 2004. Pursuant to the terms of these agreements, the Company is committed to aggregate payments of $4.3 million, $3.4 million and $1.6 million in fiscal years 2006, 2007 and 2008, respectively.

NOTE 12. CONTINGENCIES

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

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

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

NOTE 13. GUARANTEES AND INDEMNITIES

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

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

NOTE 14. SPECIAL CHARGES

Special charges consists of the following (in thousands):

	Years Ended September 30,		
	2005	2004	2003
Asset impairments	$ —	$ 13,183	$ 28,269
Restructuring	—	4,183	6,224
	$ —	$ 17,366	$ 34,493

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

ASSET IMPAIRMENTS

During the second quarter of fiscal 2004, the Company recorded a $13.2 million charge primarily related to the impairment of obsolete baseband technology licenses that were established prior to the Merger. This charge included approximately $1.8 million of contractual payment obligations, which have been paid in full as of September 30, 2005. The impairment charge was based on a recoverability analysis prepared by management based on the decision to discontinue certain products and the related impact on its current and projected outlook. Management believed these factors indicated that the carrying value of the related assets (intangible assets, machinery and equipment) was impaired and that an impairment analysis should be performed. In performing the analysis for recoverability, management estimated the future cash flows expected to result from these products (salvage value). Since the estimated undiscounted cash flows were less than the carrying value of the related assets, it was concluded that an impairment loss should be recognized. In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", the impairment charge was determined by comparing the estimated fair value of the related assets to their carrying value. The write down established a new cost basis for the impaired assets.

During the fourth quarter of fiscal 2003, the Company recorded a $26.0 million charge for the impairment of assets related to certain infrastructure products manufactured in its Woburn, Massachusetts and Adamstown, Maryland facilities. The Woburn facility primarily manufactures semiconductor products based on both silicon wafer technology and gallium arsenide technology. The Company's Adamstown, Maryland facility primarily manufactures ceramics components. The Company experienced a significant decline in factory utilization resulting from a downturn in the market for products manufactured at these two facilities and a decision to discontinue certain products. The impairment charge was based on a recoverability analysis prepared by management based on these factors and the related impact on its current and projected outlook. The Company projected lower revenues and new order volume for these products and management believed these factors indicated that the carrying value of the related assets (machinery, equipment and intangible assets) 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 these products over a five-year period. Since the estimated undiscounted cash flows were less than the carrying value of the related assets, it was concluded that an impairment loss should be recognized. In accordance with SFAS No. 144, 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 16%, 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.

In addition, during the fourth quarter of fiscal 2003 we recorded a $2.3 million charge for the impairment of our Haverhill, Massachusetts property. In fiscal 2003, we relocated our operations from this facility to our Woburn, Massachusetts and Mexicali, Mexico facilities.

RESTRUCTURING CHARGES

2004 Corporate Restructuring Plan

During fiscal 2004, the Company consolidated cellular systems software design centers in an effort to improve the Company's overall time to market for next-generation multimedia systems development. These actions aligned the Company's structure with its current business environment. The Company implemented reductions in force at three remote facilities and recorded restructuring charges of approximately $4.2 million for costs related to severance benefits for affected employees and lease obligations. Substantially all amounts accrued for have been paid as of September 30, 2005.

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

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

2003 Corporate Restructuring Plans

During fiscal 2003, the Company recorded $6.2 million in restructuring charges to provide for workforce reductions and the consolidation of 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. As of September 30, 2005, all amounts accrued for these actions have been paid.

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

	2003		
	Workforce Reductions	Facility Closings and Other	Total
Charged to costs and expenses	4,819	$ 1,405	$ 6,224
Cash payments	(3,510)	(1,236)	(4,746)
Restructuring balance, September 30, 2003	$ 1,309	$ 169	$ 1,478
Charged to costs and expenses	475	—	475
Cash payments	(1,777)	(116)	(1,893)
Restructuring balance, September 30, 2004	$ 7	$ 53	$ 60
Cash payments	(7)	(53)	(60)
Restructuring balance, September 30, 2005	$ —	$ —	$ —

Pre-Merger Alpha Restructuring Plan

In addition, the Company assumed approximately $7.8 million of restructuring reserves from Alpha in connection with the Merger. During fiscal 2005 and the fiscal years ended September 30, 2004 and 2003, payments related to the restructuring reserves assumed from Alpha were $0.2 million, $0.2 million, and $4.7 million, respectively. In addition, the Company reduced this restructuring reserve by approximately $0.5 million in fiscal 2004 primarily related to a reduction in facility closure costs. This reduction of expenses is reflected in the special charges line of the Company's results of operations. As of September 30, 2005, the restructuring reserve balance related to Alpha was $1.0 million and primarily relates to estimated future payments on a lease that expires in 2008.

NOTE 15. SEGMENT INFORMATION AND CONCENTRATIONS

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

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.

GEOGRAPHIC INFORMATION

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

	Years Ended September 30,		
	2005	2004	2003
United States	$ 66,429	$ 74,105	$ 87,691
Other Americas	39,541	51,537	69,559
Total Americas	105,970	125,642	157,250
China	215,082	206,364	119,385
South Korea	107,225	188,090	157,772
Taiwan	92,171	69,126	60,449
Other Asia-Pacific	144,940	64,570	38,983
Total Asia-Pacific	559,418	528,150	376,589
Europe, Middle East and Africa	126,983	130,231	83,950
	$ 792,371	$ 784,023	$ 617,789

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

The increase in net revenues derived from Other Asia-Pacific in fiscal 2005 as compared to fiscal 2004 is due to the consolidation of the purchasing function of one of the Company's significant customers to Singapore in fiscal 2005 from other non-Asia Pacific locations.

The significant growth in net revenues derived from China in fiscal 2004 when compared to the previous fiscal year reflects the Company's market share gains across a number of domestic cellular handset suppliers in the region and primarily represents sales of complete cellular systems, DCR transceivers and front-end modules.

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

	September 30,	
	2005	2004
United States	$ 85,072	$ 81,356
Mexico	60,594	61,702
Other	5,172	6,951
	$ 150,838	$ 150,009

CONCENTRATIONS

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of trade accounts receivable. Trade receivables are primarily derived from sales to manufacturers of communications and consumer products. Ongoing credit evaluations of customers' financial condition are performed and collateral, such as letters of credit and bank guarantees, are required whenever deemed necessary. As of September 30, 2005, Motorola, Inc. and RTI International accounted for approximately 16% and 15%, respectively of the Company's gross accounts receivable. As of September 30, 2004 Motorola, Inc. represented approximately 12% and Samsung Electronics Co. and RTI International each accounted for approximately 10% of the Company's gross accounts receivable. Samsung Electronics Co. accounted for 18% of the Company's gross accounts receivable balance at September 30, 2003.

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

	Years Ended September 30,		
	2005	2004	2003
Motorola, Inc.	21%	14%	11%
Sony Ericsson Mobile Communications AB	10%	8%	7%
Samsung Electronics Co.	7%	12%	15%

NOTE 16. QUARTERLY FINANCIAL DATA (UNAUDITED)

(In thousands, except per share data)

	First Quarter (3)	Second Quarter	Third Quarter	Fourth Quarter (2)	Year
Fiscal 2005					
Net revenues	$220,160	$190,505	$191,532	$190,174	$792,371
Gross profit	88,019	72,599	77,874	69,280	307,772
Net income	13,917	1,244	7,389	3,061	25,611
Per share data (1)					
Net income, basic	0.09	0.01	0.05	0.02	0.16
Net income, diluted	0.09	0.01	0.05	0.02	0.16
Fiscal 2004					
Net revenues	$175,108	$183,471	$207,377	$218,067	$784,023
Gross profit	69,568	72,204	83,784	87,660	313,216
Net income (loss)	4,172	(9,421)	13,030	14,631	22,412
Per share data (1)					
Net income (loss), basic	0.03	(0.06)	0.09	0.09	0.15
Net income (loss), diluted	0.03	(0.06)	0.08	0.09	0.15

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

(2) During the fourth quarter of fiscal 2004, the Company reduced the carrying value of its deferred tax assets by $3.5 million. This charge primarily originated from foreign exchange translation errors after establishing the $23.1 million tax benefit recorded in fiscal 2002 for the impairment of the Company's assembly and test machinery and equipment in Mexicali, Mexico immediately following completion of the Merger. The cumulative effect of these errors was reported

in the provision for income taxes line of the statement of operations in the fourth quarter of fiscal 2004, as it did not have a material impact in prior periods. The aggregate $3.5 million charge and the effect on earnings per share, if any, are listed in the following table.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Fiscal 2004					
Reduction to Mexicali deferred tax asset	$ (280)	$ (62)	$ (742)	$ (72)	$ (1,156)
Effect on diluted earnings per share, if any	—	—	—	—	(0.01)
Fiscal 2003					
Reduction to Mexicali deferred tax asset	$ 62	$ (1,153)	$ 453	$ (1,414)	$ (2,052)
Effect on diluted earnings per share, if any	—	(0.01)	—	(0.01)	(0.01)
Fiscal 2002					
Reduction to Mexicali deferred tax asset	$ —	$ —	$ —	$ (256)	$ (256)
Effect on diluted earnings per share, if any	—	—	—	—	—

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

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Skyworks' management, with the participation of its chief executive officer and chief financial officer, evaluated the effectiveness of Skyworks' disclosure controls and procedures as of September 30, 2005. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of Skyworks' disclosure controls and procedures as of September 30, 2005, Skyworks' chief executive officer and chief financial officer concluded that, as of such date, Skyworks' disclosure controls and procedures were effective at the reasonable assurance level.

Management's report on Skyworks' internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) and the independent registered public accounting firm's related audit report are included below in this Item 9A. of this Form 10-K and are incorporated herein by reference.

Management Report on Internal Control over Financial Reporting

The management of Skyworks Solutions, Inc., is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the U.S. Securities Exchange Act of 1934. Our management, under the supervision of the principal executive officer and the principal financial officer, conducted an evaluation of the effectiveness of our internal control over financial reporting using the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon the evaluation performed under the COSO framework as of September 30, 2005, management concluded that our internal control over financial reporting is effective.

KPMG LLP, our independent registered public accounting firm, has audited management's assessment and independently assessed the effectiveness of our internal control over financial reporting as of September 30, 2005, as stated in their report which is included below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Management Report on Internal Control over Financial Reporting, that Skyworks Solutions, Inc. maintained effective internal control over financial reporting as of September 30, 2005, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Skyworks Solutions, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Skyworks Solutions, Inc. maintained effective internal control over financial reporting as of September 30, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control — Integrated Framework issued by COSO. Also, in our opinion, Skyworks Solutions, Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2005, based on criteria established in Internal Control — Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Skyworks Solutions, Inc. and subsidiaries as of September 30, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 30, 2005, and our report dated December 14, 2005 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Boston, Massachusetts
December 14, 2005

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The following table sets forth for each director of the Company and the current executive officers of the Company, their ages and present positions with the Company:

Name	Age	Title
Dwight W. Decker	55	Chairman of the Board
David J. Aldrich	48	President, Chief Executive Officer and Director
Allan M. Kline	60	Vice President and Chief Financial Officer
Kevin D. Barber	45	Senior Vice President and General Manager, Mobile Platforms
Liam K. Griffin	39	Senior Vice President, Sales and Marketing
George M. LeVan	60	Vice President, Human Resources
Stanley A. Swearingen, Jr.	45	Vice President and General Manager, Linear Products
Mark V.B. Tremallo	49	Vice President, General Counsel and Secretary
Gregory L. Waters	45	Executive Vice President
Kevin L. Beebe	46	Director
Moiz M. Beguwala	59	Director
Timothy R. Furey	47	Director
Balakrishnan S. Iyer	49	Director
Thomas C. Leonard	71	Director
David P. McGlade	44	Director
David J. McLachlan	67	Director

Dwight W. Decker, age 55, has been Chairman of the Board since June 2002. Dr. Decker has also served as Chairman of the Board of Conexant Systems, Inc. (a broadband communication semiconductor company) since December 1998 and has served as a director of Conexant since 1996. Since November 2004, Dr. Decker has also served as Conexant's Chief Executive Officer, a position he previously held from December 1998 until March 2004. He served as Senior Vice President of Rockwell International Corporation (now, Rockwell Automation, Inc.) (electronic controls and communications) and President, Rockwell Semiconductor Systems (now Conexant) from July 1998 to December 1998; Senior Vice President of Rockwell; and President, Rockwell Semiconductor Systems and Electronic Commerce prior thereto. Dr. Decker is also a director of Mindspeed

Technologies, Inc. (networking infrastructure semiconductors), Pacific Mutual Holding Company (life insurance) and Jazz Semiconductor, Inc. (semiconductor wafer foundry). He is also a director or member of numerous professional and civic organizations.

David J. Aldrich, age 48, has served as President, Chief Executive Officer, and Director of the Company since April 2000. From September 1999 to April 2000, Mr. Aldrich served as President and Chief Operating Officer. From May 1996 to May 1999, when he was appointed Executive Vice President, Mr. Aldrich served as Vice President and General Manager of the semiconductor products business unit. Mr. Aldrich joined the Company in 1995 as Vice President, Chief Financial Officer and Treasurer. From 1989 to 1995, Mr. Aldrich held senior management positions at M/A-COM, Inc. (developer and manufacturer of radio frequency and microwave semiconductors, components and IP networking solutions), including Manager Integrated Circuits Active Products, Corporate Vice President Strategic Planning, Director of Finance and Administration and Director of Strategic Initiatives with the Microelectronics Division.

Allan M. Kline, age 60, has been Vice President and Chief Financial Officer since January 2004. From May 2003 until January 2004, Mr. Kline served as Chief Financial Officer of Fibermark, Inc., a producer of specialty fiber-based materials that filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code ("U.S.B.C.") on November 15, 2004. Prior to this, from June 1996 to February 2002, Mr. Kline served as Chief Financial Officer for Acterna Corporation, a global communications test and management company that filed a voluntary petition for reorganization under Chapter 11 of the U.S.B.C. on May 6, 2003. He has also served as Chief Financial Officer for CrossComm Corp., a provider of internetworking systems from 1995 to 1996 and for Cabot Safety Corporation, a subsidiary of Cabot Corporation, a basic materials manufacturer from 1990 to 1994. Mr. Kline was also a Vice President at O'Connor, Wright Wyman, Inc., a merger and acquisition advisory firm from August 2002 to May 2003, and served on the Board of Directors of Acterna and CrossComm. Mr. Kline also serves as a director of the Massachusetts Telecommunications Council. He began his career at Arthur Young & Co. in 1969, where he was a partner for six years.

Kevin D. Barber, age 45, has served as Senior Vice President and General Manager, Mobile Platforms since November 2005 and Senior Vice President and General Manager, RF Solutions since September 2003. Previously, Mr. Barber served as Senior Vice President, Operations from June 2002 to September 2003; Senior Vice President, Operations of Conexant Systems, Inc. (broadband communication semiconductors) from February 2001 to June 2002; Vice President, Internal Manufacturing from August 2000 to February 2001; Vice President, Device Manufacturing from March 1999 to August 2000; Vice President, Strategic Sourcing from November 1998 to March 1999; and Director, Material Sourcing of Rockwell Semiconductor Systems (now Conexant) from May 1997 to November 1998. Prior to this, Mr. Barber held various engineering and operational roles at Rockwell Semiconductor Systems since April 1984.

Liam K. Griffin, age 39, joined the Company in August 2001 and serves as Senior Vice President, Sales and Marketing. Previously, Mr. Griffin was employed by Vectron International, a division of Dover Corp., as Vice President of Worldwide Sales from 1997 to 2001, and as Vice President of North American Sales from 1995 to 1997. His prior experience included positions as a Marketing Manager at AT&T Microelectronics, Inc. and Product and Process Engineer at AT&T Network Systems.

George M. LeVan, age 60, has served as Vice President, Human Resources since June 2002. Previously, Mr. LeVan served as Director, Human Resources, from 1991 to 2002 and has managed the human resource department since joining the Company in 1982. Prior to 1982, he held human resources positions at Data Terminal Systems, Inc., W.R. Grace & Co., Compo Industries, Inc. and RCA.

Stanley A. Swearingen, Jr., age 45, joined the Company in August 2004 and serves as Vice President and General Manager, Linear Products. Prior to joining Skyworks, from November 2000 to August 2004, Mr. Swearingen was Vice President and General Manager of Agere Systems' Computing Connectivity division, where he was responsible for the design and manufacturing of wired and wireless connectivity solutions. Prior to this, from July 1999 to November 2000, he served as President and Chief Operating Officer of Quantex Microsystems, a direct provider of personal computers, servers and Internet infrastructure products. He has also held senior management positions at National Semiconductor, Cyrix and Digital Equipment Corp.

Mark V.B. Tremallo, age 49, joined the Company in April 2004 and serves as Vice President, General Counsel and Secretary. Previously, from January 2003 to April 2004, Mr. Tremallo was Senior Vice President and General Counsel at TAC Worldwide Companies, a technical workforce solutions provider. Prior to TAC, from May 1997 to May 2002, he was Vice President, General Counsel and Secretary at Acterna Corp., a global communications test equipment and solutions provider, which filed a voluntary petition for reorganization under Chapter 11 of the U.S.B.C. on May 6, 2003. Earlier, Mr. Tremallo served as Vice President, General Counsel and Secretary at Cabot Safety Corporation.

Gregory L. Waters, age 45, joined the Company in April 2003, and has served as Executive Vice President since November 2005, and Vice President and General Manager, Cellular Systems since May 2004. Previously, from February 2001 until April 2003, Mr. Waters served as Senior Vice President of Strategy and Business Development at Agere Systems and, beginning in 1998, held positions there as Vice President of the Wireless Communications business and Vice President of the Broadband Communications business. Prior to working at Agere, Mr. Waters held a variety of senior management positions within Texas Instruments, including Director of Network Access Products and Director of North American Sales.

Kevin L. Beebe, age 46, has been a director since January 2004. He has been Group President of Operations at ALLTEL Corporation, a telecommunications services company, since 1998. From 1996 to 1998, Mr. Beebe served as Executive Vice President of Operations for 360º Corporation, a wireless communication company. He has held a variety of executive and senior management positions at several divisions of Sprint, including Vice President of Operations and Vice President of Marketing and Administration for Sprint Cellular, Director of Marketing for Sprint North Central Division, Director of Engineering and Operations Staff and Director of Product Management and Business Development for Sprint Southeast Division, as well as Staff Director of Product Services at Sprint Corporation. Mr. Beebe began his career at AT&T/Southwestern Bell as a Manager.

Moiz M. Beguwala, age 59, has been a director since June 2002. He is an executive employee of Conexant Systems, Inc., and served as Senior Vice President and General Manager of the Wireless Communications business unit of Conexant from January 1999 to June 2002. Prior to Conexant's spin-off from Rockwell International Corporation, Mr. Beguwala served as Vice President and General Manager, Wireless Communications Division, Rockwell Semiconductor Systems, Inc. from October 1998 to December 1998; Vice President and General Manager Personal Computing Division, Rockwell Semiconductor Systems, Inc. from January 1998 to October 1998; and Vice President, Worldwide Sales, Rockwell Semiconductor Systems, Inc. from October 1995 to January 1998. Mr. Beguwala serves on the Board of Directors of SIRF Technology.

Timothy R. Furey, age 47, has been a director since 1998. He has been Chief Executive Officer of MarketBridge, a privately owned sales and marketing strategy and technology professional services firm, since 1991. His company's clients include organizations such as IBM, British Telecom and other global Fortune 500 companies selling complex technology products and services into both OEM and end-user markets. Prior to 1991, Mr. Furey held a variety of consulting positions with Boston Consulting Group, Strategic Planning Associates, Kaiser Associates and the Marketing Science Institute.

Balakrishnan S. Iyer, age 49, has been a director since June 2002. He served as Senior Vice President and Chief Financial Officer of Conexant Systems, Inc. from December 1998 to June 2003, and has been a director of Conexant since February 2002. Prior to joining Conexant, Mr. Iyer served as Senior Vice President and Chief Financial Officer of VLSI Technology Inc. Prior to that, he was corporate controller for Cypress Semiconductor Corp. and Director of Finance for Advanced Micro Devices, Inc. Mr. Iyer serves on the Board of Directors of Conexant, Invitrogen Corporation, Power Integrations, QLogic Corporation, and IHS, Inc.

Thomas C. Leonard, age 71, has been a director since August 1996. From April 2000 until June 2002 he served as Chairman of the Board of the Company, and from September 1999 to April 2000, he served the Company as Chief Executive Officer. From July 1996 to September 1999, he served as President and Chief Executive Officer. Mr. Leonard joined the Company in 1992 as a Division General Manager and was elected a Vice President in 1994. Mr. Leonard has over 30 years' experience in the microwave industry, having held a variety of executive and senior level management and marketing positions at M/A-COM, Inc., Varian Associates, Inc. and Sylvania.

David P. McGlade, age 44, has been a director since February 2005. Since April 2005, he has served as the Chief Executive Officer of Intelsat, a worldwide provider of satellite communications services. Previously, Mr. McGlade served as an Executive Director of mmO2 PLC and as the Chief Executive Officer of O2 UK, a subsidiary of mmO2, a position he held from October 2000 until March 2005. Before joining O2 UK, Mr. McGlade was President of the Western Region for Sprint PCS; Chief Executive Officer and co-founder of Pure Matrix, a U.S. software company that enables the creation of services on mobile phones; Chief Executive Officer of CatchTV, an Internet/TV convergence company; and Vice President, Operations at TCI.

David J. McLachlan, age 67, has been a director since 2000. Mr. McLachlan served as a senior advisor to the Chairman and Chief Executive Officer of Genzyme Corporation, a biotechnology company, from 1999 to 2004. He also was the Executive Vice President and Chief Financial Officer of Genzyme Corporation from 1989 to 1999. Prior to joining Genzyme, Mr. McLachlan served as Vice President, Chief Financial Officer of Adams-Russell Company, an electronic component supplier and cable television franchise owner. Mr. McLachlan also serves on the Boards of Directors of Dyax Corporation, a biotechnology company, and HearUSA, Ltd., a hearing care services company.

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

Audit Committee — The Company has established an Audit Committee in accordance with section 3(a)(58)(A) of the Exchange Act comprised of the following individuals, each of which is independent within the meaning of applicable listing standards of the NASDAQ Stock Market: David J. McLachlan (Chairman), Kevin L. Beebe and David P. McGlade.

Audit Committee Financial Expert — The Board of Directors has determined that David J. McLachlan, Chairman of the Audit Committee, is an “audit committee financial expert” and “independent” as defined under applicable SEC and NASDAQ National Market rules. The board’s affirmative determination was based, among other things, upon his extensive experience as chief financial officer of Genzyme Corporation.

Code of Business Conduct and Ethics — The Company has adopted its “Code of Business Conduct and Ethics,” a code of ethics that applies to all employees, including its executive officers. A copy of the Code of Business Conduct and Ethics is posted on the Company’s Internet website at http://www.skyworksinc.com. Additionally, the Company has adopted its “Code of Ethics for Principal Financial Officers”, which is applicable to the Company’s Principal Financial Officers and is also available on our Internet site. In the event that the Company makes any amendment to, or grants any waivers of, a provision of the codes that requires disclosure under applicable rules, the Company intends to disclose such amendment or waiver and the reasons therefor on its Internet website.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 (a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires our directors, executive officers and beneficial owners of greater than 10% of our equity securities to file reports of holdings and transactions of securities of Skyworks with the SEC. Based solely on a review of Forms 3, 4 and 5 and any amendments thereto furnished to us, and other information provided to us, with respect to our fiscal year ended September 30, 2005, we believe that all Section 16(a) filing requirements applicable to our directors and executive officers with respect to our fiscal year ended September 30, 2005, were timely made.

ITEM 11. EXECUTIVE COMPENSATION.

The following table presents information about total compensation during the last three completed fiscal years for the Chief Executive Officer and the four next most highly compensated persons serving as executive officers during the year (the “Named Executives”).

SUMMARY COMPENSATION TABLE

	Annual Compensation			Long-Term Compensation Awards		
Name and Principal Position	Fiscal Year	Salary	Bonus	Restricted Stock Awards($)(1)	Securities Underlying Options(#)	All Other Compensation(2)
David J. Aldrich	2005	$549,800	$ —	$ 391,940	274,254	$ 10,804
President and	2004	$527,539	$1,060,000	—	500,000	$ 12,608
Chief Executive Officer	2003	$480,000	$ —	—	—	$ 9,548
Kevin D. Barber	2005	$342,700	$ —	$ 92,222	64,530	$ 9,464
Senior Vice President	2004	$329,646	$ 397,000	—	210,000(3)	$ 13,397
and General Manager,	2003	$307,615	$ —	—	—	$ 6,890
Mobile Platforms						
Liam K. Griffin	2005	$298,000	$ —	$ 92,222	64,530	$ 9,445
Senior Vice President,	2004	$278,769	$ 336,000	—	110,000	$ 8,298
Sales and Marketing	2003	$259,423	$ 115,000(4)	—	—	$ 7,315

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SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation: Salary	Annual Compensation: Bonus	Long-Term Compensation Awards: Restricted Stock Awards($)(1)	Long-Term Compensation Awards: Securities Underlying Options(#)	All Other Compensation(2)
Allan M. Kline(5)	2005	$336,700	$ —	$92,222	64,530	$11,716
Vice President, Chief	2004	$237,500	$390,000	—	280,000(6)	$ 6,413
Financial Officer	2003	$ —	$ —	—	—	$ —
Gregory L. Waters	2005	$318,900	$ —	$92,222	64,530	$46,590(7)
Executive Vice President	2004	$295,385	$360,000	—	100,000	$22,039(7)
	2003	$117,288	$ 60,000(7)	—	225,000(6)	$ 4,165

(1) Amounts shown represent the dollar value of the restricted stock awards based on the value of the Company's common stock on the date of grant. All grants of restricted stock vest 25% per year on each of the first four anniversaries of the grant date and were made under the Company's 2005 Long-Term Incentive Plan. On May 10, 2005, Mr. Aldrich received a grant of 75,373 shares of restricted stock and Messrs. Barber, Griffin, Kline, and Waters each received a grant of 17,735 shares of restricted stock. The dollar value shown above with respect to each of the Named Executives is based upon the closing price of the Company's common stock ($5.20) on May 10, 2005. As of September 30, 2005, the aggregate number of shares of restricted stock held by each of the Named Executives, and the dollar value of such shares, was as follows: Mr. Aldrich, 75,373 shares ($529,118); Mr. Barber, 17,735 shares ($124,500); Mr. Griffin, 17,735 shares ($124,500); Mr. Kline, 17,735 shares ($124,500); and Mr. Waters, 17,735 shares ($124,500). The dollar values are based upon the closing price of the Company's common stock ($7.02) on September 30, 2005.

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

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

(4) As an incentive for joining the Company in August 2001, Mr. Griffin was guaranteed a one-time bonus of $115,000, which was paid during fiscal 2003.

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

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

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

The following tables provide information about stock options granted to and exercised by each of the Named Executives in fiscal year 2005, if any, and the value of options held by each at September 30, 2005.

OPTION GRANTS IN LAST FISCAL YEAR
Individual Grants

Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year (%)	Exercise or Base Price ($ / Share)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term: 5%	10%
David J. Aldrich	274,254	5.9	$8.93	11/10/2014	$1,540,218	$3,903,216
Kevin D. Barber	64,530	1.4	$8.93	11/10/2014	$ 362,402	$ 918,399
Liam K. Griffin	64,530	1.4	$8.93	11/10/2014	$ 362,402	$ 918,399
Allan M. Kline	64,530	1.4	$8.93	11/10/2014	$ 362,402	$ 918,399
Gregory L. Waters	64,530	1.4	$8.93	11/10/2014	$ 362,402	$ 918,399

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

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

Name	Shares Acquired On Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at September 30, 2005 (#)		Value of Unexercised In-The-Money Options at September 30, 2005 ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
David J. Aldrich	50,000	$385,410	1,364,000	349,254	$569,170	$152,250
Kevin D. Barber	—	$ —	287,564	158,280	$114,188	$ 38,063
Liam K. Griffin	—	$ —	297,500	77,030	$ 76,125	$ 25,375
Allan M. Kline	—	$ —	70,000	274,530	$ —	$ —
Gregory L. Waters	—	$ —	212,500	177,030	$191,250	$191,250

The values of unexercised options in the foregoing table are based on the difference between the $7.02 closing price of Skyworks' common stock on September 30, 2005, the end of the 2005 fiscal year, on the NASDAQ National Market, and the respective option exercise price.

STOCK-BASED COMPENSATION AWARDS

There were no stock-based compensation awards granted to any of the Named Executives for fiscal 2005.

EXECUTIVE COMPENSATION

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

The Named Executives were also eligible to receive target incentive compensation under which a percentage of each executive's total cash compensation is tied to the accomplishment of specific financial objectives during fiscal year 2005. The Company did not achieve the annual performance targets set by the Board of Directors, and therefore no incentive bonuses were paid to the Named Executives with respect to fiscal year 2005. Certain Named Executives also may participate in the Company's Executive Compensation Plan (the "Executive Compensation Plan"), an unfunded, non-qualified deferred compensation plan, under which participants may defer a portion of their compensation. Deferred amounts are held in a trust. Participants defer recognizing taxable income on the amount held for their benefit until the amounts are paid. Although the Company, in its sole discretion, may make additional contributions to the accounts of participants, it presently has no plans to do so and has never done so in the past. Participants normally receive the deferred amounts upon retirement.

COMPENSATION OF DIRECTORS

Directors who are not employees of Skyworks are paid, in quarterly installments, an annual retainer of $30,000, plus an additional $1,000 for each Board of Directors meeting attended in person or $500 for each Board of Directors meeting attended by telephone. Effective beginning fiscal year 2005, the Chairman of the Board of Directors is paid an annual retainer of $45,000. Additional annual retainers are paid to the Chairman of the Audit Committee ($9,000); the Chairman of the Compensation Committee ($6,000); and the Chairman of the Nominating and Governance Committee ($2,500). In addition, Directors who serve on Committees in roles other than as Chairman are annually paid $3,000 (Audit Committee); $2,000 (Compensation Committee); and $1,250 (Nominating and Corporate Governance Committee). Each new non-employee director receives an option to purchase 45,000 shares of common stock immediately following the earlier of Skyworks' annual meeting of stockholders at which the director is first elected by the stockholders or following his initial appointment by the Board of Directors. Additionally, following each annual meeting of stockholders each non-employee director who is continuing in office or re-elected receives an option to purchase 15,000 shares of common stock. The exercise price of stock options granted to directors is equal to the fair market value of the common stock on the date of grant. Stock option grants to directors for fiscal years 2002, 2003 and 2004 were made under the 2001 Directors' Stock Option Plan.

In connection with his appointment to the Board of Directors, Mr. McGlade was granted an option to purchase 45,000 shares of common stock on February 1, 2005, at an exercise price equal to the fair market value of the common stock on the date of grant under our Directors' 2001 Stock Option Plan. In connection with their continued service on the Board of Directors, each of Messrs. Beebe, Beguwala, Decker, Furey, Iyer, Leonard and McLachlan was granted an option to purchase 15,000 shares of common stock on April 28, 2005, at an exercise price equal to the fair market value of the common stock on the date of grant.

On June 27, 2005, the Company's Board of Directors modified the terms of certain options to purchase the Company's common stock held by Mr. Donald R. Beall, a former director of the Company who retired on April 28, 2005. Specifically, the vesting of 36,750 of Mr. Beall's outstanding stock options was accelerated such that they are now exercisable. In addition, the exercise period for 73,500 of Mr. Beall's stock options (including the 36,750 accelerated options discussed above) was extended so that, instead of expiring on July 28, 2005, such options would continue to be exercisable until April 28, 2007. The options affected have exercise prices ranging from $6.24 to $11.75. These modifications did not affect 258,514 of Mr. Beall's other outstanding options, which were fully vested pursuant to their original terms at the time of his retirement and expire at various times beginning July 28, 2005, and ending April 28, 2010. In accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and FASB Interpretation No. 44, Accounting for Certain Transactions Involving Stock Compensation, the modification of 13,500 of the above-referenced stock options will not affect the Company's financial statements because the exercise price for such options was higher than the market price of the Company's stock at the modification date. Therefore, the intrinsic value of such stock options was zero at the date of the modification, and no additional compensation cost will result. The modification of the other 60,000 above-referenced options will result in the Company incurring a non-cash charge of $57,450 since the exercise price for such options was lower than the market price of the Company's stock at the modification date. In addition, fixed stock option accounting continues to apply to all of the modified stock options because neither the number of stock options nor the exercise price of such stock options was changed as a result of the modification. None of the Company's stock-based compensation plans was affected by the aforementioned modifications.

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

SEVERANCE AGREEMENTS

Change of Control / Severance Agreement with Mr. Aldrich

In fiscal 2005, the Company entered into a Change of Control / Severance Agreement with Mr. David J. Aldrich (the "Aldrich Agreement"), the Company's Chief Executive Officer. The Aldrich Agreement sets out severance benefits that become payable if, within twenty-four (24) months of a change of control, Mr. Aldrich either (i) is involuntarily terminated without cause or (ii) voluntarily terminates his employment. The severance benefits provided to Mr. Aldrich in such circumstances will consist of the following: (i) a severance payment equal to two and one-half (2 1 / 2) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs); (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of thirty (30) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) if applicable, a gross-up payment for any excise taxes incurred under Section 4999 of the Internal Revenue Code of 1986 ("IRC"). The Aldrich Agreement also sets out severance benefits that become payable if, while employed by the Company, but not following a change of control, Mr. Aldrich either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to Mr. Aldrich under such circumstances will consist of the following: (i) a severance payment equal to two (2) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs); and (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of two (2) years after the termination date (but not beyond the expiration of their respective maximum terms). In the event of Mr. Aldrich's death or disability, all outstanding stock options will vest in full and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms). The Aldrich Agreement also contains non-compete and non-solicitation provisions applicable to Mr. Aldrich while he is employed by the Company, and for a period of twenty-four (24) months following the termination of his employment.

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

In fiscal 2005, the Company entered into a Change of Control / Severance Agreement with each of Mr. Liam K. Griffin, Mr. Allan M. Kline, and Mr. Gregory L. Waters (the "COC Agreements"). Each COC Agreement sets out severance benefits that become payable if, within twelve (12) months of a change of control, the executive either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to the executive in such circumstances will consist of the following: (i) a severance payment equal to two (2) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs); (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of twenty-four (24) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) if applicable, a gross-up payment for any excise taxes incurred under Section 4999 of the IRC. Each COC Agreement also sets out severance benefits that become payable if, while employed by the Company, but not following a change of control, the executive is involuntarily terminated without cause. The severance benefits provided to the executive under such circumstance will consist of the following: (i) a severance payment equal to the sum of (x) one and one-half (1 $^1/2$) times his annual base salary and (y) any bonus then due; and (ii) all outstanding stock options will remain exercisable for a period of eighteen (18) months after the termination date (but not beyond the expiration of their respective maximum terms). In the event the executive's death or disability, all outstanding stock options will vest and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms). Each COC Agreement also contains non-compete and non-solicitation provisions applicable to the executive while he is employed by the Company, and for a period of twenty-four (24) months following the termination of his employment.

Change of Control / Severance Agreement with Mr. Barber

In fiscal 2005, the Company also entered into a Change of Control / Severance Agreement with Mr. Kevin D. Barber (the "Barber Agreement"). The Barber Agreement sets out severance benefits that become payable if, within twelve (12) months of a change of control, the Mr. Barber either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to Mr. Barber in such circumstances will consist of the following: (i) severance pay equal to two (2) times his total annual compensation for the previous twelve (12) months, including salary and bonus (with the bonus to be the greater of (x) the average bonus received for the three years prior to the year in which the change of control occurs or (y) the target bonus for the year in which the change of control occurs), with such severance to be paid, at the Company's election, in a lump sum payment at the time of termination or pro-rata over a period of twelve (12) months following termination; (ii) vesting of all outstanding stock options and any restricted stock, with such stock options remaining exercisable for a period of twenty-four (24) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) if applicable, gross-up payments for any excise (or other) taxes incurred under Sections 4999 and 409A of the IRC. The Barber Agreement also sets out severance benefits that become payable if, while employed by the Company, but not following a change of control, Mr. Barber is involuntarily terminated without cause. The severance benefits provided to Mr. Barber under such circumstance will consist of the following: (i) severance pay equal to the sum of (x) one and one-half (1 $^1/2$) times his annual base salary and (y) any bonus then due, with such severance to be paid pro-rata over a period of twelve (12) months following his termination; and (ii) all outstanding stock options will remain exercisable for a period of eighteen (18) months after the termination date (but not beyond the expiration of their respective maximum terms). In the event of Mr. Barber's death or disability, all outstanding stock options will vest and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms). The Barber Agreement also contains a non-solicitation provision applicable to Mr. Barber while he is employed by the Company, and for a period of twelve (12) months following the termination of his employment.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

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

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

To the Company's knowledge, the following table sets forth the beneficial ownership of the Company's common stock as of November 15, 2005, by the following individuals or entities: (i) each person who beneficially owns 5% or more of the outstanding shares of the Company's common stock as of November 15, 2005; (ii) the Named Executives (as defined herein under the heading "Compensation of Executive Officers"); (iii) each director and nominee for director; and (iv) all current executive officers and directors of the Company, as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, is not necessarily indicative of beneficial ownership for any other purpose, and does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of those shares. As of November 15, 2005, there were 159,118,403 shares of Skyworks common stock issued and outstanding.

In computing the number of shares of Company common stock beneficially owned by a person and the percentage ownership of that person, shares of Company common stock that are subject to stock options or other rights held by that person that are currently exercisable or that will become exercisable within 60 days of November 15, 2005, are deemed outstanding. These shares are not, however, deemed outstanding for the purpose of computing the percentage ownership of any other person.

Names and Addresses of Beneficial Owners(1)	Number of Shares Beneficially Owned(2)	Percent of Class
Delaware Management Holdings(3)	10,659,803	6.70%
David J. Aldrich	1,717,935(4)	1.10%
Kevin D. Barber	381,766(4)	(*)
Kevin L. Beebe	15,000	(*)
Moiz M. Beguwala	391,043(5)	(*)
Dwight W. Decker	1,504,290(5)	1.00%
Timothy R. Furey	150,000	(*)
Liam K. Griffin	383,545(4)	(*)
Balakrishnan S. Iyer	423,287	(*)
Allan M. Kline	210,615(4)(6)	(*)
Thomas C. Leonard	122,736	(*)
David P. McGlade	0	(*)
David J. McLachlan	107,600	(*)
Gregory L. Waters	313,151(4)	(*)
All directors and executive officers as a group (16 persons)	6,203,295(4)(5)(6)	3.90%

* Less than 1%

(1) Unless otherwise noted, each person's address is the address of the Company's principal executive offices at Skyworks Solutions, Inc., 20 Sylvan Road, Woburn, MA 01801 and stockholders have sole voting and investment power with respect to shares, except to the extent such power may be shared by a spouse or otherwise subject to applicable community property laws. The address of Delaware Management Holdings, as set forth on Schedule 13G filed by Delaware Management Holdings with the SEC on February 9, 2005, is 2005 Market Street, Philadelphia, Pennsylvania 19103.

(2) Includes the number of shares of Company common stock subject to stock options held by that person that are currently exercisable or will become exercisable within sixty (60) days of November 15, 2005 (the "Current Options"), as follows: Aldrich — 1,432,564 shares under Current Options; Barber — 328,697 shares under Current Options; Beebe — 15,000 shares under Current Options; Beguwala — 379,010 shares under Current Options; Decker — 1,452,960 shares under Current Options; Furey — 150,000 shares under Current Options; Griffin — 313,633 shares under Current Options; Iyer — 417,205 shares under Current Options; Kline — 156,133 shares under Current Options; Leonard — 75,000 shares under Current Options; McLachlan — 105,000 shares under Current Options; Waters — 228,633 shares under Current Options; directors and executive officers as a group (16 persons) — 5,431,209 shares under Current Options.

(3) Consists of shares beneficially owned by Delaware Management Holdings, Inc., a registered investment advisor wholly-owned by Delaware Management Business Trust. Delaware Management Business Trust is a wholly-owned subsidiary of Lincoln National Corp. Delaware Management Holdings, Inc. may be deemed to share beneficial ownership with the various Delaware Investments Family of Funds. Of the shares beneficially owned, Delaware Management Holdings, Inc. and Delaware Management Business Trust (through its ownership Delaware Management Holdings, Inc.) have sole voting power with respect to 10,610,883 shares, sole disposition power with respect to 10,653,903 shares, and shared disposition

power with respect to 5,900 shares. With respect to the information relating to the affiliated Delaware Management Holdings entities, the Company has relied on information supplied by such entities on a Schedule 13G filed with the SEC on February 9, 2005.

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

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

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

EQUITY COMPENSATION PLAN INFORMATION

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

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

Except for the 1999 Employee Long-Term Incentive Plan, the Washington Sub, Inc. 2002 Stock Option Plan and the Non-Qualified Employee Stock Purchase Plan, each of the foregoing equity compensation plans was approved by our stockholders.
A description of the material features of each such plan is provided below under the headings "1999 Employee Long-Term Incentive Plan", "Washington Sub, Inc. 2002 Stock Option Plan" and "Non-Qualified Employee Stock Purchase Plan".

The following table presents information about these plans as of September 30, 2005.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	9,119,911	$15.16	5,172,699(1)
Equity compensation plans not approved by security holders	22,457,595	$12.11	3,242,660(2)
Total	31,577,506(3)	$12.99	8,415,359

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

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

(3) Includes 8,602,253 options held by non-employees (excluding directors).

1999 EMPLOYEE LONG-TERM INCENTIVE PLAN

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

WASHINGTON SUB, INC. 2002 STOCK OPTION PLAN

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

NON-QUALIFIED ESPP

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

AUDIT FEES

KPMG LLP provided audit services to the Company consisting of the annual audit of the Company's 2005 consolidated financial statements contained in the Company's Annual Report on Form 10-K and reviews of the financial statements contained in the Company's Quarterly Reports on Form 10-Q for fiscal year 2005.

Fee Category	Fiscal Year 2005	% of Total	Fiscal Year 2004	% of Total
Audit Fees-Financial Statement Audit	$ 615,900	47%	$ 579,000	87%
Audit Fees-Section 404 of Sarbanes-Oxley	684,500	52%	—	0%
Total Audit Fees (1)	$ 1,300,400	99%	$ 579,000	87%
Audit-Related Fees(2)	15,250	1%	21,220	3%
Tax Fees(3)	—	0%	65,000	10%
All Other Fees (4)	3,000	0%	1,350	0%
Total Fees	$ 1,318,650	100%	$ 666,570	100%

In 2003, the Audit Committee adopted a formal policy concerning approval of audit and non-audit services to be provided to the Company by its independent auditor, KPMG LLP. The policy requires that all services to be provided by KPMG LLP, including audit services and permitted audit-related and non-audit services, must be pre-approved by the Audit Committee. The Audit Committee pre-approved all audit and non-audit services provided by KPMG LLP during fiscal 2005 and fiscal 2004.

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

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

(3) Tax fees consist of fees for tax compliance, tax advice and tax planning services. Tax compliance services, which relate to preparation or review of original and amended tax returns, claims for refunds and tax payment-planning services, accounted for $0 and $65,000 of the total tax fees for fiscal year 2005 and 2004, respectively. Tax advice and tax planning services relate to assistance with tax audits.

(4) All other fees for fiscal year 2005 and 2004 consist of licenses for accounting research software.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) The following are filed as part of this Annual Report on Form 10-K:

1. Index to Financial Statements	Page number in this report
Report of Independent Registered Public Accounting Firm	Page 38
Consolidated Balance Sheets at September 30, 2005 and 2004	Page 39
Consolidated Statements of Operations for the Years Ended September 30, 2005, 2004 and 2003	Page 40
Consolidated Statements of Stockholders' Equity and Comprehensive Loss For the Years Ended September 30, 2005, 2004 and 2003	Page 41
Consolidated Statements of Cash Flows for the Years Ended September 30, 2005, 2004 and 2003	Page 42
Notes to Consolidated Financial Statements	Pages 43 through 65

2. The schedule listed below is filed as part of this Annual Report on Form 10-K:	Page number in this report
Schedule II-Valuation and Qualifying Accounts	Page 83

All other required schedule information is included in the Notes to Consolidated Financial Statements or is omitted because it is either not required or not applicable.

3. The Exhibits listed in the Exhibit Index immediately preceding the Exhibits are filed as a part of this Annual Report on Form 10-K.

(b) Exhibits

The exhibits required by Item 601 of Regulation S-K are filed herewith and incorporated by reference herein. The response to this portion of Item 15 is submitted under Item 15 (a) (3).

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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: December 14, 2005

SKYWORKS SOLUTIONS, INC.
Registrant

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

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on December 14, 2005.

Signature and Title	Signature and Title
/s/ DWIGHT W. DECKER Dwight W. Decker Chairman of the Board	/s/ KEVIN L. BEEBE Kevin L. Beebe Director
/s/ DAVID J. ALDRICH David J. Aldrich Chief Executive Officer President and Director (principal executive officer)	/s/ MOIZ M. BEGUWALA Moiz M. Beguwala Director
/s/ ALLAN M. KLINE Allan M. Kline Chief Financial Officer Director Vice President (principal accounting and financial officer)	/s/ TIMOTHY R. FUREY Timothy R. Furey Director
	/s/ BALAKRISHNAN S. IYER Balakrishnan S. Iyer Director
	/s/ THOMAS C. LEONARD Thomas C. Leonard Director
	/s/ DAVID P. MCGLADE David P. McGlade Director
	/s/ DAVID J. MCLACHLAN David J. McLachlan Director

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SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Description	Beginning Balance	Changed to Cost and Expenses	Deductions	Misc.	Ending Balance
Year Ended September 30, 2003					
Allowance for doubtful accounts	$ 1,324	$ 1,156	$ (501)	$ —	$ 1,979
Reserve for sales returns	$ 8,516	$ 3,624	$ (7,131)	$ —	$ 5,009
Allowance for excess and obsolete inventories	$ 20,618	$ 9,577	$ (4,890)	$ —	$ 25,305
Year Ended September 30, 2004					
Allowance for doubtful accounts	$ 1,979	$ 377	$ (369)	$ —	$ 1,987
Reserve for sales returns	$ 5,009	$ 9,200	$ (9,300)	$ —	$ 4,909
Allowance for excess and obsolete inventories	$ 25,305	$ 535	$ (12,105)	$ —	$ 13,735
Year Ended September 30, 2005					
Allowance for doubtful accounts	$ 1,987	$ 5,127	$ (1,299)	$ —	$ 5,815
Reserve for sales returns	$ 4,909	$ 4,986	$ (6,884)	$ 48	$ 3,059
Allowance for excess and obsolete inventories	$ 13,735	$ 11,482	$ (13,238)	$ —	$ 11,979

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EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.A	Agreement and Plan of Reorganization, dated as of December 16, 2001, as amended as of April 12, 2002, by and among the Company, Washington Sub, Inc. and Conexant Systems, Inc.	S-4	333-83768	2.1	5/10/2002	
2.B	Contribution and Distribution Agreement, dated as of December 16, 2001, as amended as of June 25, 2002, by and between Washington Sub, Inc. the Company and Conexant Systems, Inc.	8-K	001-5560	2.2	6/28/2002	
2.C	Mexican Stock Purchase Agreement, dated as of June 25, 2002, by and between the Company and Conexant Systems, Inc.	8-K	001-5560	2.3	6/28/2002	
2.D	Amended and Restated Mexican Asset Purchase Agreement, dated as of June 25, 2002, by and between the Company and Conexant Systems, Inc.	8-K	001-5560	2.4	6/28/2002	
2.E	U.S. Asset Purchase Agreement, dated as of December 16, 2001 by and between the Company and Conexant Systems, Inc.	8-K	001-5560	2.5	6/28/2002	
3.A	Amended and Restated Certificate of Incorporation	10-K	001-5560	3.A	12/23/2002	
3.B	Second Amended and Restated By-laws	10-K	001-5560	10.2	12/23/2002	
4.A	Specimen Certificate of Common Stock	S-3	333-92394	4	7/15/2002	
4.B	Form of 4.75% Convertible Subordinated Note of the Company	10-K	001-5560	4.D	12/23/2002	
4.C	Indenture, dated as of November 20, 2002, by and between the Company and Wachovia Bank, N.A. (as Trustee)	10-K	001-5560	4.E	12/23/2002	
4.D	First Supplemental Indenture dated as of January 15, 2003 between Skyworks Solutions, Inc. and Wachovia Bank, N.A. (as Trustee)	S-3	001-5560	4.03	1/16/2003	
10.A*	Skyworks Solutions, Inc., 1986 Long-Term Incentive Plan as amended					X
10.B*	Skyworks Solutions, Inc., Long-Term Compensation Plan dated September 24, 1990; amended March 28, 1991; and as further amended October 27, 1994					X
10.C*	Skyworks Solutions, Inc. 1994 Non-Qualified Stock Option Plan for Non-Employee Directors					X
10.D*	Skyworks Solutions, Inc. Executive Compensation Plan dated January 1, 1995 and Trust for the Skyworks Solutions, Inc. Executive Compensation Plan dated January 3, 1995					X

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference File No.	Exhibit	Filing Date	Filed Herewith
10.E*	Skyworks Solutions, Inc. 1997 Non-Qualified Stock Option Plan for Non-Employee Directors					X
10.F*	Skyworks Solutions, Inc. 1996 Long-Term Incentive Plan	10-K	001-5560	10.M	6/29/2001	
10.G*	Skyworks Solutions, Inc. Directors' 2001 Stock Option Plan	10-Q	001-5560	10.N	11/14/2001	
10.H*	Skyworks Solutions, Inc. 1999 Employee Long-Term Incentive Plan	10-K	001-5560	10.L	12/23/2002	
10.I*	Washington Sub Inc., 2002 Stock Option Plan	S-3	333-92394	99.A	7/15/2002	
10.J*	Skyworks Solutions, Inc. Non-Qualified Employee Stock Purchase Plan	10-K	001-5560	10.N	12/23/2002	
10.K	Form of Shareholders Agreement, dated as of December 16, 2001, entered into between each of the directors and certain executive officers of the Company as of the date thereof and Conexant Systems, Inc.	S-4	333-83768	10	5/3/2002	
10.L	Registration Rights Agreement, dated as of November 12, 2002, by and among the Company and Credit Suisse First Boston (as representative for the several purchasers)	10-K	001-5560	10.AA	12/23/2002	
10.M*	2002 Skyworks Solutions, Inc. Employee Stock Purchase Plan	10-K	001-5560	10.CC	12/23/2002	
10.N	Credit and Security Agreement, dated as of July 15, 2003, by and between Skyworks USA, Inc. and Wachovia Bank, N.A.	10-Q	001-5560	10.A	8/11/2003	
10.O	Servicing Agreement, dated as of July 15, 2003, by and between the Company and Skyworks USA, Inc.	10-Q	001-5560	10.B	8/11/2003	
10.P	Receivables Purchase Agreement, dated as of July 15, 2003, by and between Skyworks USA, Inc. and the Company.	10-Q	001-5560	10.C	8/11/2003	
10.Q	Terms Agreement, dated as of September 9, 2003, by and among the Company and Credit Suisse First Boston.	8-K	001-5560	1.1	9/10/2003	
10.R*	Form of Notice of Grant of Stock Option for the Company's 1996 Long-Term Incentive Plan	8-K	001-5560	10.1	11/17/2004	
10.S*	Fiscal 2006 Executive Incentive Compensation Plan					X
10.T*	Skyworks Solutions, Inc. 2005 Long-Term Incentive Plan	8-K	001-556	10.1	5/04/2005	
10.U*	Skyworks Solutions, Inc. Directors' 2001 Stock Option Plan	8-K	001-556	10.2	5/04/2005	
10.V*	Form of Notice of Grant of Stock Option for the Company's 2001 Directors Plan	8-K	001-556	10.3	5/04/2005	
10.W*	Form of Notice of Stock Option Agreement under the Company's 2005 Long-Term Incentive Plan	10-Q	001-5560	10.A	5/11/2005	

Exhibit Number	Exhibit Description	Form	Incorporated by Reference File No.	Exhibit	Filing Date	Filed Herewith
10.X*	Form of Notice of Restricted Stock Agreement under the Company's 2005 Long-Term Incentive Plan	10-Q	001-5560	10.B	5/11/2005	
10.Y*	Severance and Change in Control Agreement, dated May 31, 2005, between the Company and David J. Aldrich	8-K	001-5560	10.1	5/31/2005	
10.Z*	Severance and Change in Control Agreement between the Company and Liam K. Griffin	8-K	001-5560	10.2	5/31/2005	
10.AA*	Severance and Change in Control Agreement between the Company and Allan M. Kline	8-K	001-5560	10.3	5/31/2005	
10.BB*	Severance and Change in Control Agreement between the Company and George M. LeVan	8-K	001-5560	10.4	5/31/2005	
10.CC*	Severance and Change in Control Agreement between the Company and Gregory L. Waters	8-K	001-5560	10.5	5/31/2005	
10.DD*	Severance and Change in Control Agreement between the Company and Kevin D. Barber	8-K	001-5560	10.6	5/31/2005	
10.EE*	Severance and Change in Control Agreement between the Company and Mark V. B. Tremallo	8-K	001-5560	10.7	5/31/2005	
10.FF*	Skyworks Solutions, Inc. Restricted Stock Agreement Granted Under 2005 Long-Term Incentive Plan	8-K	001-5560	10.1	11/15/2005	
11	Statement regarding calculation of per share earnings [see Note 2 to the Consolidated Financial Statements]					X
12	Computation of Ratios					X
21	Subsidiaries of the Company					X
23.1	Consent of KPMG LLP					X
31.1	Certification of the Company's Chief Executive Officer pursuant to Securities and Exchange Act Rules 13a- 14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of the Company's Chief Financial Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

Exhibit Number	Exhibit Description	Form	Incorporated by Reference File No.	Exhibit	Filing Date	Filed Herewith
32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

* Indicates a management contract or compensatory plan or arrangement.

EXHIBIT 10.A

ALPHA INDUSTRIES, INC.

1986 LONG-TERM INCENTIVE PLAN

SECTION I. PURPOSE OF THE PLAN

The purpose of this Alpha Industries, Inc. 1986 Long-Term Incentive Plan (the "Plan") are (i) to provide long-term incentives and rewards to those key employees (the "Participants") of Alpha Industries, Inc. (the "Company") and its subsidiaries, who are in a position to contribute to the long-term success and growth of the Company and its subsidiaries, (ii) to assist the Company in retaining and attracting key employees with requisite experience and ability, and (iii) to associate more closely the interests of such persons with those of the Company's stockholders.

SECTION II. ADMINISTRATION

(a) The Committee. The Plan shall be administered by the Compensation Committee of the Company's Board of Directors (the "Committee"). No member of the Committee while a member thereof shall be eligible to participate in the Plan, nor may any person be appointed to the Committee unless he was not eligible to participate in the Plan or any other plan of the Company at any time within the one-year period immediately prior to such appointment as provided in Rule 16b-3 promulgated under the securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) Authority and Discretion of Committee. Subject to the express provisions of the Plan and provided that all actions taken shall be consistent with the purposes of the Plan, the Committee shall have full and complete authority and the sole discretion to: (i) determine those key employees of the Company and its subsidiaries who shall constitute the Participants; (ii) select the Participants to whom awards shall be granted under the Plan; (iii) determine the size and the form of the award or awards, if any, to be granted to any Participant; (iv) determine the time or times such awards shall be granted; (v) establish the terms and conditions upon which such awards may be exercised and/or transferred; (vi) alter any restrictions and conditions upon such awards; and (vii) adopt such rules and regulations, establish, define and/or interpret any other terms and conditions and make all other determinations (which may be on a case-by-case basis) deemed necessary or desirable for the administration of the Plan.

SECTION III. AWARDS

Awards under the Plan may include any or all of the following, as described herein: (a) Stock Options, with or without (b) Stock Appreciation Rights; (c) Book Value Awards; or (d) Restricted Share Awards.

(a) Stock Options. "Stock Options" are rights to purchase shares of $.25 par value common stock of the Company ("Common Stock") at a fixed price for a predetermined period of time.

(i) The Committee may grant Stock Options either alone or in conjunction with Stock Appreciation Rights as described in paragraph (b) below. It shall determine the number of shares of Common Stock to be covered by each such Stock Option.

(ii) In the event of the death, retirement or permanent disability of the recipient of a Stock Option, the recipient or the recipient's estate shall have the right, until the earlier of (a) one year subsequent to such death, retirement or permanent disability, or (b) the expiration date of the Stock Option, to exercise the Stock Option to the extent such Stock Option was exercisable on the date of death, retirement or permanent disability.

(iii) If the employment of the recipient of a Stock Option is terminated for any reason other than death, retirement or permanent disability, the recipient shall have the right, until the earlier of (a) 90 days after such termination or (b) the expiration date of the Stock Option, to exercise the Stock Option, to the extent such option was exercisable on the date of termination.

(iv) The purchase price of shares purchased pursuant to any Stock Option shall be determined by the Committee, and shall be paid in full upon exercise, either (a) in cash, (b) by delivery of shares of Common Stock (valued at their Fair Market Value on the date of purchase, as defined in Section V) or (c) a combination of cash and Common Stock.

(v) The Committee, in its discretion, may provide that any Stock Option shall become immediately and fully exercisable in the event of a change in control of the Company, notwithstanding any installment schedule for the exercise of such Stock Option.

(b) Stock Appreciation Rights. "Stock Appreciation Rights" are rights to receive cash and/or Common Stock in lieu of the purchase of shares under a related Stock Option. The Committee may grant Stock Appreciation Rights to any recipient of a Stock Option either at the time of the grant of the Stock Option or subsequently, by amendment to such grant. All Stock Appreciation Rights shall be granted under and subject to the following terms and conditions, and any other terms and conditions as the Committee may establish:

(i) Each Stock Appreciation Right shall be exercisable at the same times and with regard to the same number of shares as the related Stock Option is exercisable, except that in addition, in no event shall any Stock Appreciation Right be exercisable prior to six months and one day from the date of its grant.

(ii) Each Stock Appreciation Right shall entitle the holder thereof to surrender to the Company a portion of or all of the unexercised, but exercisable, related Stock Option, and to receive with respect to each share of Common Stock represented by such surrendered portion, cash or shares of Common Stock of a value equal to the amount by which the Fair Market Value of each such share on the date of exercise exceeds the option price provided in the related Stock Option. The recipient shall not be required to pay the Stock Option exercise price upon surrender of the Stock Option and exercise of the related Stock Appreciation Right.

(iii) Each surrender of a portion of or all of a Stock Option upon the exercise of a Stock Appreciation Right shall cause a share for share reduction in the number of shares of Common Stock covered by the related Stock Option.

(iv) Notwithstanding any other provision of the Plan, the Committee may from time to time determine, subject to Board approval, the maximum amount of cash or Common Stock which may be paid or issued upon exercise of Stock Appreciation Rights (A) in any year and/ or (B) to any particular recipient. Any limitation on payments may be changed by the Committee from time to time, provided that no such change shall require the holder to return to the Company any amount theretofore received upon the exercise of Stock Appreciation Rights.

(c) Book Value Awards. "Book Value Awards" are grants of Book Value Shares (as defined below) or options to purchase Book Value Shares, with the option price per share equal to the Book Value of Common Stock.

(i) "Book Value" shall mean the common stockholders' equity per share as reported in the Company's financial statements contained in either (A) the immediately preceding annual report to stockholders, or (B) the immediately preceeding quarterly report to the stockholders, as the Committee may determine in its discretion.

(ii) "Book Value Shares" are shares of Common Stock subject to the following restrictions:

(A) Book Value Shares may not be sold, transferred or otherwise disposed of, pledged or otherwise encumbered, except as provided in (I) paragraph (c)(ii)(B) below, (II) paragraph (c)(iii), below, or (III) paragraph (g) of Section V.

(B) Book Value Shares which have not been reacquired by the Company pursuant to paragraph (c)(iii) below shall be repurchased by the Company at either (I) the time of the recipient's death, retirement or permanent disability, at the then Book Value of such shares, or (II) at the time of the recipient's termination of employment for any other reason, at the recipient's original acquisition price.

(C) In the event the recipient of an option to purchase Book Value Shares is terminated for any reason, any outstanding option to purchase Book Value Shares shall be exercisable by the recipient or his estate only under the conditions of paragraph (a)(iii) of this Section III.

(iii) The Committee may, in its discretion, provide terms pursuant to which a recipient of Book Value Shares may sell all or a portion of such shares to the Company prior to the time of such recipient's death, retirement, permanent disability or other termination of employment.

(iv) Payment for Book Value Shares repurchased hereunder shall be made in cash, and/ or at the discretion of the Committee, in shares of Common Stock valued at their Fair Market Value at the date of repurchase. Such payment may be made either in a lump sum or in installments at the discretion of the Committee.

(v) At the discretion of the Committee, Book Value Awards may permit the recipient to elect to receive, instead of Book Value Shares, a number of shares of Common Stock equal to the number of Book Value Shares awarded times the ratio of Book Value to Fair Market Value of the Common Stock on the date of the Book Value Award.

(d) Restricted Share Awards. "Restricted Share Awards" are grants of Restricted Shares or options to purchase Restricted Shares. Restricted Shares may be issued for any lawful consideration and on such terms as may be determined by the Committee.

(i) "Restricted Shares" are shares of Common Stock acquired by a Participant subject to the restrictions described in the following subsections.

(ii) Restricted Shares may not be sold, transferred or otherwise disposed of, pledged or otherwise encumbered, except (I) if they become Free Shares (as defined below), (II) if the Company declines to repurchase such shares, as provided in this paragraph, or (III) as provided in paragraph (g) of Section V. In the event of the recipient's termination of employment for any reason except death, retirement or permanent disability, Restricted Shares which have not become Free Shares shall be delivered to the Company within 30 days following such termination. Within 60 days following a timely delivery of said shares, the Company may repurchase all or a portion of said shares by paying to the recipient the original acquisition price, if any, for the number of shares that the Company elects to purchase, and the Company will return to the recipient any shares not so purchased. The restrictions against disposition and the obligation of resale to the Company shall lapse as to any shares which the Company declines to purchase. Any of such shares which are not delivered to the Company within 30 days following the termination of employment shall be deemed void for all corporate purposes, and shall remain subject to the restrictions imposed thereon which restrictions shall not lapse as otherwise provided. Nothing in this Section shall require the Company to repurchase shares issued to Participants under the Plan.

(iii) Upon the occurrence of the earlier of the death, retirement or permanent disability of the recipient of a Restricted Share Award, the restrictions against disposition and the obligation of resale to the Company of shares as to which such restrictions and obligations have not otherwise lapsed shall immediately lapse.

(iv) In addition to the terms provided in paragraph (d)(iii) above, the Committee may, in its discretion, provide alternate terms pursuant to which Restricted Shares issued to a Participant shall become Free Shares. Such terms shall be incorporated into the terms of the Restricted Share Award at the time of the granting of the award, and shall also be made a part of an agreement between the Company and the recipient at the time of the transfer of the Restricted Shares.

(v) "Free Shares" shall mean Restricted Shares as to which the restrictions against disposition and the obligation of resale to the Company have lapsed in accordance with the provisions set forth in paragraphs (d)(ii), (iii) or (iv) of this Section.

SECTION IV. FURTHER REQUIREMENTS AS TO BOOK VALUE SHARES AND RESTRICTED SHARES

(a) Certificates. Certificates issued in respect of Book Value Shares or Restricted Shares sold or awarded under the Plan shall be registered in the name of the recipient but shall bear the following legend:

"The transferability of this certificate and the shares of stock represented hereby is restricted and the ares are subject to the further terms and conditions contained in the 1986 Long-Term Incentive Plan of Alpha Industries, Inc. and in a repurchase agreement executed pursuant thereto. Copies of said plan and agreement are on file in the office of the Treasurer of the Company at the Company's offices in Woburn, Massachusetts."

(b) Escrow Agreements. In order to enforce the restrictions, terms and conditions on Book Value Shares or Restricted Shares, each recipient thereof shall, immediately upon receipt of a certificate or certificates representing such shares, deposit such certificates together with stock powers and other instructions of transfer as the Committee may require, appropriately endorsed in blank, with the Company as Escrow Agent under an escrow agreement in such form as shall be determined by the Committee.

SECTION V. MISCELLANEOUS PROVISIONS

(a) Rights of Recipients of Awards. The holder of Stock Appreciation Rights or any option granted under the Plan shall have no rights as a stockholder of the Company with respect thereto unless and until certificates for shares are issued. Except as otherwise provided herein, the holder of Restricted Shares or Book Value Shares will be entitled to receive any dividends on such shares in the same amount and at the same time as declared on shares of Common Stock of the Company and shall be entitled to vote such shares as a stockholder of record.

(b) Assignment of Options and Stock Appreciation Rights. No option or Stock Appreciation Right [ILLEGIBLE] rights or interest of the recipient therein shall be assignable or transferable by such recipient except by will or the laws of descent and distribution. During the lifetime of the recipient, such option or Stock Appreciation Right shall be exercisable only by, or payable only to, the recipient thereof.

(c) Terms and Price of Options. Options to purchase Common Stock, Book Value Shares or Restricted Shares hereunder shall be for a period established by the Committee, but in no event may such options be exercisable (including provisions, if any, for exercise in installments) more than ten years after the date of its grant. Furthermore, options hereunder shall be of three types: (i) those exercisable only within sixty (60) days of grant, (ii) those exercisable not earlier than one year after grant subject to the right of the Committee as set forth in paragraph (a)(v) of Section III to provide terms pursuant to which Stock Options shall become immediately exercisable in full upon a change in control of the Company and (iii) those exercisable at any time after grant or at a specified time after grant if granted in exchange for an option or options of the same type for the same number of shares and such new option or options are exercisable at dates no earlier than the exercise date of the options for which they are exchanged. No option to purchase shares shall be granted at a price per share that is less than Book Value, as defined in paragraph (c)(i) of Section III.

(d) Further Agreements. All Stock Options, Stock Appreciation Rights, Restricted Stock Awards and Book Value Awards granted under this Plan shall be evidenced by agreements in such form and containing such terms and conditions (not inconsistent with this Plan) as the Committee may require.

(e) Legal and Other Requirements. No shares of Common Stock shall be issued or transferred upon exercise of any award under the Plan unless and until all legal requirements applicable to the issuance or transfer of such shares and such other requirements as are consistent with the Plan have been complied with to the satisfaction of the Committee. The Committee may require that prior to the [ILLEGIBLE] or transfer of Common Stock hereunder, the recipient thereof shall enter into a written agreement to comply with any restrictions on subsequent disposition that the Committee or the Company deem necessary or advisable under any applicable law, regulation or official interpretation thereof. Certificates of stock issued hereunder may be legended to reflect such restrictions.

(f) Withholding of Taxes. Pursuant to applicable Federal, state, local or foreign laws, the Company may be required to collect income or other taxes upon the grant of certain awards or the exercise of an option or Stock Appreciation Right by a Participant. The Company may deduct from payments made under the Plan, or require, as a condition to such award, or to the exercise of an option or Stock Appreciation Right, that the recipient pay the Company, at such time as the Committee or the Company determine, the amount of any taxes which the Committee or the Company, in its discretion, determine is required to be withheld.

(g) Pledge of Shares. Notwithstanding restrictions against disposition of any award made pursuant to the Plan, the Committee, in its discretion, may permit any shares acquired under the plan to be pledged or otherwise encumbered to secure borrowing by the recipient thereof solely for the purpose of obtaining the acquisition price to be paid for such shares, provided, that the amount of such borrowing may not exceed the acquisition price of such shares, and the recipient must provide the Company with a copy of the documents executed in connection with such borrowing. Any borrowing made by the recipient of an award pursuant to this paragraph (g) must permit the Company to repay the outstanding indebtedness and reacquire the pledged shares in the event of a default by the recipient under the borrowing documents. Nothing in this paragraph (g) shall require the Company to repay any indebtedness of a Participant or reacquire shares pledged hereunder.

(h) Right to Awards. No employee of the Company or other person shall have any claim or right to be a Participant in this Plan or to be granted an award hereunder. Neither this Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ of the Company. Nothing contained hereunder shall be construed as giving any Participant or any other person any equity or interest of any kind in any assets of the Company or creating a trust of any kind or a fiduciary relationship of any kind between the Company and any such person. As to any claim for any unpaid amounts under the Plan, any Participant or any other person having a claim for payments shall be an unsecured creditor.

(i) Installments. Any option granted hereunder may provide for its exercise in installments. The right to exercise any option having installment provisions shall be cumulative, so that to the extent that any portion of an installment is not exercised when exercisable, that portion of the installment shall continue to be exercisable at any time thereafter until the expiration of the term of such option.

j) Fair Market Value. The "Fair Market Value" of Common Stock shall be the closing price of the Company's Common Stock on the American Stock Exchange on the date for which Fair Market Value is to be determined, or if this method results in an unreasonable calculation of the fair market value of the Common Stock, then as the Committee may determine.

(k) Permanent Disability. "Permanent Disability" shall have the meaning specified in Section 22(e)(3) of the Internal Revenue Code of 1986 (the "Code").

(l) Retirement. "Retirement" shall mean an employee's ceasing to be employed by the Company after such employee has reached 65 years of age, or in the discretion of the Committee, and on a case-by-case basis, such other age, as the Committee determines in its discretion, such age being not less than 55 years of age.

(m) Change in Control. A "Change in Control" shall mean:

(i) there shall have been consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving entity or pursuant to which the Company's Common Stock is converted into cash, securities or other property, other than a merger of the Company in which the ownership by the Company's stockholders of the securities in the surviving entity is in the same proportion as the ownership by the Company's stockholders of the stock in the Company immediately prior to the merger or (b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company; or

(ii) the stockholders of the Company have approved any plan or proposal for the liquidation or dissolution of the Company; or

(iii) any person (as that term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) has become the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the Company's outstanding Common Stock; or

(iv) that during any period of two consecutive years, individuals who, at the beginning of such period, constitute the entire Board of Directors shall cease, for any reason, to constitute a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least three-quarters of the directors then still in office who were directors at the beginning of the period.

(n) Indemnity. Neither the Board of Directors nor the Committee, nor any members of either, nor any employees of the Company or any subsidiary, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to the Plan, and the Company hereby agrees to indemnify the members of the Board of Directors, the members of the Committee, and the employees of the Company and its subsidiaries with respect to any claim, loss, damage, or expense (including counsel fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law.

(o) Incentive Stock Options. The aggregate fair market value (determined as of the time any incentive stock option, as that term is defined in Section 422A of the Code, is granted) of the Common Stock with respect to which incentive stock options are exercisable for the first time by any employee during any calendar year under all plans of the Company and its parent and subsidiary corporation (as such terms are defined in Section 425 of the Code) shall not exceed $100,000.

SECTION VI. AMENDMENT AND TERMINATION; ADJUSTMENTS UPON CHANGES IN STOCK

The Board of Directors of the Company may at any time, and from time to time, amend, suspend or terminate the Plan in whole or in part; provided, however, that the Board of Directors may not materially increase the benefits accruing to Participants under the Plan, increase the number of shares of Common Stock reserved for purposes of the Plan, or materially modify the requirements as to eligibility for participation in the Plan without further approval by the affirmative vote of at least a majority of the holders of the outstanding shares of Common Stock. Except as provided herein, no amendment, suspension or termination of the Plan may affect the rights of a Participant to whom an award has been granted without such Participant's consent. If there shall be any change in the stock subject to the Plan or to any option, Stock Appreciation Right, Book Value Award or Restricted Share Award granted under the Plan, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split or other change in the corporate structure, appropriate adjustments may be made by the Board of Directors of the Company (or if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) in the aggregate number and kind of shares subject to the Plan, and the number and kind of shares and the price per share subject to outstanding options, Stock Appreciation Rights, Book Value Awards or Restricted Share Awards.

SECTION VII. SHARES OF STOCK SUBJECT TO THE PLAN

The number of shares of Common Stock, Book Value Shares or Restricted Shares that may be the subject of awards under the Plan shall not exceed an aggregate of 900,000 shares. Shares to be delivered under the Plan may be either authorized but unissued shares of Common Stock or treasury shares. Any shares subject to an option hereunder which for any reason expires unexercised, shares reacquired by the Company because restrictions do not lapse, shares returned because payment is made hereunder in stock of equivalent value rather than cash, or Book Value Shares returned to the Company for repurchase shall, at such time, no longer count towards the aggregate number of shares which may be subject to awards hereunder, but shares subject to a Stock Option which are not delivered as a result of the exercise of related Stock Appreciation Rights shall continue to count towards the aggregate number of shares which may be so subject.

SECTION VIII. EFFECTIVE DATE AND TERM OF THE PLAN

The effective date of the Plan is December 18, 1986 and awards under the Plan may be made for a period of ten years commencing on such date. The period during which an option or other award may be exercised may extend beyond that time as provided herein.

SECTION IX. APPROVAL OF STOCKHOLDERS

The Plan is subject to the approval of the holders of a majority of the shares of Common Stock of the Company present and voting (in person or by proxy) at a meeting of stockholders within one year from the effective date of the Plan. Awards may be made hereunder prior to the date of, but subject to, [ILLEGIBLE] approval.

Exhibit 10.B

AMENDMENT TO ALPHA INDUSTRIES, INC.

LONG-TERM COMPENSATION PLAN

This is an amendment dated as of this 27th day of October, 1994 of the Alpha Industries, Inc. Long-Term Compensation Plan.

INTRODUCTION

The Board of Directors of Alpha Industries, Inc. adopted a Long-Term Compensation Plan dated September 24, 1990 to provide an integrated executive compensation strategy for senior executives which Plan was amended March 28, 1991. Questions of interpretation have come up which have been considered by the Board of Directors. In order to clarify the Plan, the Board has agreed to amend the Plan effective as of the date of adoption in the manner set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, the Plan is hereby amended as follows:

1. The definition of “Annuity Equivalent of Stock Options” in Section 1.3 is amended by deleting the same in its entirety and substituting the following: “Annuity Equivalent of Stock Options” means the annual benefit payable under a single life annuity, with payment commencing at the Participant’s Normal Retirement Date, which could be purchased using the Option Exercise Proceeds for all Options previously exercised by the Participant and/or available for exercise by the Participant upon his retirement plus, in a case of Participants who have separated from employment, all options available for exercise by the Participant on the date of termination and, in the case of a Change of Control, all Options available for exercise by the Participant on the effective date of the Change of Control.

2. The definition of “Option Exercise Proceeds” in Section 1.3 is amended by adding a new subsection as follows:

   "(iv) the expiration date of any Options not exercised.”

3. The definition of “Years of Service” in Section 1.3 is amended by adding thereto the following sentences: “A Participant who is on an approved leave of absence or is working less than full time on an approved basis shall be given credit for a partial year of service on a pro rata basis based on the number of hours worked during the relevant twelve month period. Any benefits measured by “Years of Service” shall be adjusted to reflect the Participant’s partial Year(s) of Service, if any.

Date of approval by the Board of Directors: October 27, 1994

ATTEST:

/s/ DONALD E. PAULSON

Donald E. Paulson, Secretary

EXHIBIT 10. C

ALPHA INDUSTRIES, INC.

1994 NON-QUALIFIED STOCK OPTION PLAN

FOR NON-EMPLOYEE DIRECTORS

1. Purpose. The appropriate purpose of this 1994 Non-Qualified Stock Option Plan for Non-Employee Directors is to attract and retain the services of experienced and knowledgeable independent directors of the Corporation for the benefit of the Corporation and its stockholders and to provide additional incentives for such independent directors to continue to work for the best interests of the Corporation and its stockholders through continuing ownership of its common stock.

2. Definitions. As used herein, each of the following terms has the indicated meaning:

"Annual Meeting" means the Corporation's annual meeting of stockholders or special meeting in lieu of annual meeting of stockholders at which one or more directors are elected.

"Board" means the Board of Directors of the Corporation.

"Commencement Date" means the date of the first Annual Meeting following the approval of the Plan by the Board.

"Corporation" means Alpha Industries, Inc.

"Fair Market Value" means the closing sale price quoted on the American Stock Exchange or such other national securities exchange or automated quotation system on which the Shares may be traded or quoted on the date of the granting of the Option.

"Non-Employee Director" means a person who, as of any applicable date, is a member of the Board and is not an officer or employee of the Corporation or any subsidiary of the Corporation.

"Option" means the contractual right to purchase Shares upon the specific terms set forth in this Plan.

"Option Exercise Period" means the period commencing one (1) year after the date of grant of an Option pursuant to this Plan and ending ten years from the date of grant.

"Plan" means this Alpha Industries, Inc. 1994 Non-Qualified Stock Option Plan for Non-Employee Directors.

"Shares" means the Common Stock, $.25 par value, of the Corporation.

"Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Corporation if, at the time of grant of the Option, each of the corporations other than the last in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

3. Stock Subject to the Plan. The aggregate number of Shares that may be issued and sold under the Plan shall be 50,000. The Shares to be issued upon exercise of Options granted under this Plan shall be made available, at the discretion of the Board, from (i) treasury Shares and Shares reacquired by the Corporation for such purposes, including Shares purchased in the open market, (ii) authorized but unissued Shares, and (iii) Shares previously reserved for issuance upon exercise of Options which have expired or been terminated. If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, the unpurchased Shares covered thereby shall become available for grant under additional Options under the Plan so long as it shall remain in effect.

4. Administration of the Plan. The Plan shall be administered by the Board. The Board shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any Option issued under the Plan (and any agreement relating thereto) and to otherwise supervise the administration of the Plan.

5. Eligibility; Grant of Option. On the Commencement Date, each Non-Employee Director shall be granted an Option to purchase 5,000 Shares. In addition, upon initial election or appointment as a Non-Employee Director, immediately following the Annual Meeting at which such Non-Employee Director is first elected by the stockholders, each Non-Employee Director shall be granted an Option to purchase 5,000 Shares. Options to purchase Shares may be awarded to Non-Employee Directors by the action of the Board or by the action of the compensation committee described in Section III(a) of the Company's 1996 Long-Term Incentive Plan (the 'Committee'). Such awards shall be in lieu of awards of options under the 1997 Non-Qualified Stock Option Plan for Non-Employee Directors

6. Terms of Options and Limitations Thereon.

(a) Option Agreement. Each Option granted under this Plan shall be evidenced by an Option agreement between the Corporation and the Option holder and shall be upon such terms and conditions, not inconsistent with this Plan, as the Board may determine.

(b) Price. The price at which any Shares may be purchased pursuant to the exercise of an Option shall be the greater of the Fair Market Value of the Shares on the date of grant or four dollars ($4.00).

(c) Exercise of Option. Each Option granted under this Plan may be exercised as follows:

(i) beginning on the first anniversary of the date of grant, for up to 20% of the Shares covered by the Option; and

(ii) beginning on each anniversary of the date of grant thereafter, for up to an additional 20% of such Shares for each additional year, until, on the fifth anniversary of the date of grant, the Option may be exercised as to 100% of the Shares covered by the Option, until the expiration of the Option Exercise Period.

Options may be exercised in whole, or in part, from time to time, only during the Option Exercise Period, by the giving of written notice, signed by the holder of the Option, to the Corporation stating the number of Shares with respect to which the Option is being exercised, accompanied by full payment for such Shares pursuant to section 7(a) hereof; provided however, (i) if a person to whom an Option has been granted ceases to be a Non-Employee Director during the Option Exercise Period by reason of retirement, death or any reason, other than termination for cause, such Option shall be exercisable by him or her or by the executors, administrators, legatees or distributees of his or her estate until the earlier of (A) the end of the Option Exercise Period or (B) 36 months following his or her retirement or death or the date on which he or she ceased to be a Non-Employee Director; and (ii) if a person to whom an Option has been granted ceases to be a Non-Employee Director of the Corporation by reason of termination for cause, such Option shall terminate as of the date such person ceased to be a Non-Employee Director. Termination for cause shall be defined as termination on account of any act of (i) fraud or intentional misrepresentation, or (ii) embezzlement, misappropriation or conversion of assets or opportunities of the Corporation or any Subsidiary.

(d) Non-Assignability. No Option, or right or interest in an Option, shall be assignable or transferable by the holder, except by will, the laws of descent and distribution or pursuant to a qualified domestic relations order (as defined in the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder), and during the lifetime of the holder shall be exercisable only by him or her.

7. Payment.

(a) The purchase price of Shares upon exercise of an Option shall be paid by the Option holder in full upon exercise, and may be paid (i) in cash, (ii) by delivery of Shares, or (iii) any combination of cash and Shares, as the Board may determine.

(b) No Shares shall be issued or transferred upon exercise of any Option under this Plan unless and until all legal requirements applicable to the issuance or transfer of such Shares, and such other requirements as are consistent with the Plan, have been complied with to the satisfaction of the Board, including without limitation those described in Paragraph 10 hereof.

8. Stock Adjustments.

(a) If the Corporation is a party to any merger or consolidation, any purchase or acquisition of property or stock, or any separation, reorganization or liquidation, the Board (or, if the Corporation is not the surviving corporation, the board of directors of the surviving corporation) shall have the power to make arrangements, which shall be binding upon the holders of unexpired Options, for the substitution of new options for, or the assumption by another corporation of, any unexpired Options then outstanding hereunder.

(b) If by reason of recapitalization, reclassification, stock split, combination of shares, separation (including a spin-off) or dividend on the stock payable in Shares, the outstanding Shares of the Corporation are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Corporation, the Board shall conclusively determine the appropriate adjustment in the exercise prices of outstanding Options and in the number and kind of shares as to which outstanding Options shall be exercisable.

(c) In the event of a transaction of the type described in paragraphs (a) and (b) above, the total number of Shares on which Options may be granted under this Plan shall be appropriately adjusted by the Board.

9. Change of Control Provisions.

(a) Notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control, any Options outstanding as of the date such Change of Control is determined to have occurred and not then exercisable shall become fully exercisable to the full extent of the original grant.

(b) A "Change in Control" shall mean:

(i) there shall have been consummated (a) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving entity pursuant to which the Shares are converted into cash, securities or other property, other than a merger of the Corporation in which the ownership by the Corporation's stockholders of the securities in the surviving entity is in the same proportion as the ownership by the Corporation's stockholders of the stock in the Corporation immediately prior to the merger or (b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or

(ii) the stockholders of the Corporation have approved any plan or proposal for the liquidation or dissolution of the Corporation; or

(iii) any person (as that term is used in Sections 13(d) and 14 (d)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act")) has become the beneficial owner (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 30% or more of the Corporation's outstanding Shares; or

(iv) that during any period of two consecutive years, individuals who, at the beginning of such period, constitute the entire Board shall cease, for any reason, to constitute a majority thereof, unless the election, or the nomination for election by the Corporation's stockholders, of each new director was approved by a vote of at least three-quarters of the directors then still in office who were directors at the beginning of the period.

10. No Rights Other Than Those Expressly Created. No person affiliated with the Corporation or any Subsidiary or other person shall have any claim or right to be granted an Option hereunder. Neither this Plan nor any action taken hereunder shall be construed as (i) giving any Option holder any right to continue to be affiliated with the Corporation, (ii) giving any Option holder any equity or interest of any kind in any assets of the Corporation, or (iii) creating a trust of any kind or a fiduciary relationship of any kind between the Corporation and any such person. No Option holder shall have any of the rights of a stockholder with respect to Shares covered by an Option, until such time as the Option has been exercised and Shares have been issued to such person.

11. Miscellaneous.

(a) Withholding of Taxes. Pursuant to applicable Federal, state, local or foreign laws, the Corporation may be required to collect income or other taxes upon the grant of an Option to, or exercise of an Option by, a holder. The Corporation may require, as a condition to the exercise of an Option, that the recipient pay the Corporation, at such time as the Board determines, the amount of any taxes which the Board may determine is required to be withheld.

(b) Securities Law Compliance. Upon exercise of an Option, the holder shall be required to make such representations and furnish such information as may, in the opinion of counsel for the Corporation, be appropriate to permit the Corporation to issue or transfer the Shares in compliance with the provisions of applicable federal or state securities laws. The Corporation, in its discretion, may postpone the issuance and delivery of Shares, upon any exercise of an Option, until completion of such registration or other qualification of such Shares under any federal or state laws, or stock exchange listing, as the Corporation may consider appropriate. The Corporation intends to register or qualify the Shares under federal and state securities laws, but is not obligated to register or qualify the Shares under such laws and may refuse to issue such Shares if neither registration nor exemption therefrom is practical. The Board may require that prior to the issuance or transfer of any Shares upon exercise of an Option, the recipient enter into a written agreement to comply with any restrictions on subsequent disposition that the Board or the Corporation deems necessary or advisable under any applicable federal and state securities laws. Certificates representing the Shares issued hereunder may be legended to reflect such restrictions.

(c) Compliance with Rule l6b-3. With respect to a person subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule l6b-3 or its successors ("Rule 16b-3") under the 1934 Act, including maintaining the status of the Non-Employee Directors as "disinterested persons" under Rule 16b-3. To the extent any provision of the Plan or action by the administrators of the Plan fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the administrators of the Plan.

(d) Indemnity. The Board shall not be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to the Plan, and the Corporation hereby agrees to indemnify the members of the Board, in respect of any claim, loss, damage, or expense (including counsel fees) arising from any such act, omission, interpretation, construction or determination, to the full extent permitted by law.

(e) Options Not Deemed Incentive Stock Options. Options granted under the Plan shall not be deemed incentive stock options as that term is defined in Section 422 of the Internal Revenue Code of 1986, as amended.

12. Effective Date; Amendment; Termination.

(a) The effective date of this Plan shall be the date of the approval of stockholders of the Corporation holding at least a majority of the voting stock of the Corporation present or represented and entitled to vote at a meeting of the stockholders.

(b) The date of grant of any Option granted hereunder shall be the date upon which such option shall be voted by the Board, unless the vote expressly otherwise provides.

(c) The Board may at any time, and from time to time, amend, suspend or terminate this Plan in whole or in part. Provided, however, that so long as there is a requirement under Rule 16b-3 for stockholder approval of the Plan and certain amendments thereto, any such amendment which (i) materially increases the number of Shares which may be subject to Options granted under the Plan, (ii) materially increases the benefits accruing to participants in the Plan, or (iii) materially modifies the requirement for eligibility to participate in the Plan, shall be subject to stockholder approval; and provided, further, that the provisions of this Plan relating to the amount and price of securities to be awarded and the timing of such awards may not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder. However, except as provided herein, no amendment, suspension or termination of this Plan may affect the rights of any person to whom an Option has been granted without such person's consent.

(d) This Plan shall terminate ten years from its effective date, and no Option shall be granted under this Plan thereafter, but such termination shall not affect the validity of Options granted prior to the date of termination.

Date of Board of Directors Adoption: July 14, 1994

Date of Stockholders Approval: September 12, 1994

Amended: April 27, 1999

EXHIBIT 10.D

ALPHA INDUSTRIES EXECUTIVE COMPENSATION PLAN

ARTICLE 1. - INTRODUCTION

1.1. PURPOSE OF PLAN

The Employer has adopted the Plan set forth herein to provide a means by which certain employees may elect to defer receipt of designated percentages or amounts of their Compensation and to provide a means for certain other deferrals of compensation.

1.2. STATUS OF PLAN

The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2) and 301(a)(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"). To the extent possible, it shall be interpreted and administered in a manner consistent with that intent.

ARTICLE 2. - DEFINITIONS

Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

2.1. ACCOUNT means, for each Participant, the account established for his or her benefit under Section 5.1.

2.2. ADDITIONAL EMPLOYER CONTRIBUTION means a discretionary contribution made by The Employer, as described in Section 4.2.

2.3. CHANGE OF CONTROL means (a) the purchase or other acquisition in one or more transactions other than from the Employer, by any individual, entity or group of persons, within the meaning of section 13(d)(3) or 14(d) of the Securities Exchange Act of 1934 or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 of Securities Exchange Act of 1934) of 30 percent or more of either the outstanding shares of common stock or the combined voting power of the Employer's then outstanding voting securities entitled to vote generally, or (b) the approval by the stockholders of the employer of a reorganization, merger, or consolidation, in each case, with respect to which persons who were stockholders of the Employer immediately prior to such reorganization, merger or consolidation do not immediately thereafter own more than 50 percent of the combined voting power of the reorganized, merged or consolidated Employer's then outstanding securities that are entitled to vote generally in the election of directors or (c) the sale of substantially all of the Employer's assets.

2.4. CODE means the Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.5. COMPENSATION with regard to Participant means his or her wages, salaries, fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer or an Affiliate to the extent that the amounts are includable in gross income, including, but not limited to, commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, reimbursements, and expense allowances, but only to the extent that such amounts are included in income, and not including those items excludable from the definition of compensation under Treas. Reg., Section 1.415-2(d)(3), or any successor or replacement provision.

2.6. COMPENSATION COMMITTEE means the Board of Directors or such person or persons as may be designated by the Board of Directors to serve as the Compensation Committee hereunder.

2.7. EFFECTIVE DATE means January 1, 1995.

2.8. ELECTION FORM means the participation election form as approved and prescribed by the Plan Administrator.

2.9. ELECTIVE DEFERRAL means the portion of Compensation which is deferred by a Participant under Section 4.1.

2.10. ELIGIBLE EMPLOYEE means, on the Effective Date or on any Entry Date thereafter, each key employee of the Employer selected by the Compensation Committee.

2.11. EMPLOYER means Alpha Industries, Inc., located at 20 Sylvan Rd., Woburn, MA 01801, any successor to all or a major portion of the Employer's assets or business which assumes the obligations of the Employer, and each other entity that is affiliated with the Employer which adopts the Plan with the consent of the Employer.

2.12. ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time. Reference to any section or subsection of ERISA includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

2.13. INSOLVENT means either (i) the Employer is unable to pay its debts as they become due, or (ii) the Employer is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

2.14. PARTICIPANT means any individual who participates in the Plan in accordance with Article 3.

2.15. PLAN means this Plan as it may be amended from time to time.

2.16. PLAN ADMINISTRATOR means the Employer, or such person as the Employer designates, from time to time, in a writing attached to this Plan.

2.17. PLAN YEAR means the calendar year.

2.18. RETIREMENT AGE means 55 years of age.

2.19. TOTAL AND PERMANENT DISABILITY means the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, and the permanence and degree of which shall be supported by medical evidence satisfactory to the Plan Administrator.

2.20. TRUST means the trust established by the Employer that identifies the Plan as a plan with respect to which assets are to be held by the Trustee.

2.21. TRUST AGREEMENT means the agreement between the Employer and the Trustee establishing the Trust.

2.22. TRUSTEE means the trustee or trustees under the Trust.

2.23. YEAR OF SERVICE means a computation period and service requirement that may be established by the Employer with notice to the Participants.

ARTICLE 3. - PARTICIPATION

3.1. COMMENCEMENT OF PARTICIPATION

Any individual who elects to defer part of his or her compensation in accordance with Section 4.1 shall become a Participant in the Plan as of the date such deferrals commence in accordance with Section 4.1.

Any individual who is not already a Participant and whose Account is credited with an Additional Employer Contribution shall become a Participant as of the date such amount is credited.

3.2. CONTINUED PARTICIPATION

A Participant in the Plan shall continue to be a Participant so long as any amount remains credited to his or her Account.

ARTICLE 4. - ELECTIVE AND ADDITIONAL EMPLOYER CONTRIBUTIONS

4.1. ELECTIVE DEFERRALS

An individual who is an Eligible Employee on the Effective Date may, by completing an Election Form and filing it with the Plan Administrator within 30 days following the Effective Date, elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Plan Administrator pay permit, which are payable to the Participant after the date on which the individual files the Election Form. Any individual who becomes an Eligible Employee after the Effective Date may, be completing an Election Form and filing it with the Plan Administrator within 30 days following the date on which the Plan Administrator gives such individual written notice that the individual is an Eligible Employee, elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Plan Administrator may permit, which are payable to the Participant after the date on which the individual files the Election Form. Any eligible Employee who has not otherwise initially elected to defer compensation in accordance with this paragraph 4.1 may elect to defer a percentage or dollar amount of one or more payments of Compensation, on such terms as the Plan Administrator may permit, commencing with compensation paid in the next succeeding Plan Year, by completing an Election Form prior to the first day of such succeeding Plan Year. In addition, a Participant may defer all or part of the amount of any elective deferral or matching contribution made on his or her behalf to the Employer's 401(i) plan for the prior Plan Year but treated as an excess deferral, an excess contribution or otherwise limited by the application of the limitations of sections 401(k), 401(m), 415 or 402(q) of the code, so long as the Participant so indicates on an Election Form. A Participant's Compensation shall be reduced in accordance with the Participant's election hereunder and amounts deferred hereunder shall be paid by the employer to the trust as soon as administratively feasible and credited to the Participant's Account as of the date the amounts are received by the Trustee.

An election to defer a percentage or dollar amount of Compensation for any Plan Year shall apply for subsequent Plan Years unless changed or revoked. A Participant may change or revoke his or her deferral election as of the first day of any Plan Year by giving written notice to the Plan Administrator before such first day (or any such earlier date as the Plan Administrator may prescribe).

4.2. ADDITIONAL EMPLOYER CONTRIBUTIONS

The Employer may, in its sole discretion, make Additional Employer Contributions to the account of Eligible Employees on such terms as the Employer shall specify at the time it makes the contribution. To the extent that they conflict with the provisions of this Plan, the terms specified by the Employer shall supersede any other provision of this Plan with regard to such Additional Employer Contributions, and earnings or losses with respect thereto. If the Employer does not specify a method of distribution, the Additional Employer Contribution shall be distributed in a manner consistent with the election last made by the particular Participant prior to the year in which the Additional Employer Contribution is made. The Employer, in its discretion, may permit the Participant to designate a distribution schedule for a particular Additional Employer Contribution provided that such designation is made prior to the time that the Employer finally determines that the Participant will receive the Additional Employer Contribution.

ARTICLE 5. - ACCOUNTS

5.1. ACCOUNTS

The Plan Administrator shall establish an Account for each participant reflecting Elective Deferrals, and Additional Employer Contributions, if any, made for the Participant's benefit together with any adjustments for income, gain or loss and any payments from the Account. In its discretion, the Plan Administrator may solicit recommended investments from each Participant and may maintain records of the income, gain or loss attributable to the Participant's account in accordance with the performance of such recommended investments or such other investments as the Plan Administrator may select. In its discretion, the Plan Administrator may cause the Trustee to maintain and invest separate asset accounts corresponding to each Participant's Account. The Plan Administrator shall establish sub-accounts for each Participant that has more than one election in effect under Section 7 and such other subaccounts as are necessary for the proper administration of the Plan. As of the last business day of each calendar quarter, the Plan Administrator shall provide the Participant with a statement of his or her Account reflecting the income, gains and losses (realized and unrealized), amounts of deferrals, and distributions of such Account since the prior statement.

5.2. INVESTMENTS

So long as the Employer is not insolvent, and subject to the provisions of the Trust Agreement, the assets of the Trust shall be invested in such investments as the Company shall determine. In the Company's discretion, it may designate one or more agents in writing to the Trustee, which agents may be designated with respect to all or a portion of the assets held by the Trustee for the purpose of making such investments.

ARTICLE 6. - VESTING

Subject to the provisions of Section 10.1, a Participant shall have a vested right to all Elective Deferrals and all income and gain attributable thereto, reduced by losses, if any, as are credited to his or her Account. If the Employer chooses to make Additional Employer Contributions, then each Participant's right to the portion of his or her Account attributable to Additional Employer Contributions and income and gain attributable thereto, reduced by losses, if any, shall be in accordance with terms determined by the Employer and provided to the Participant.

ARTICLE 7. - PAYMENTS

7.1. ELECTION AS TO TIME AND FORM OF PAYMENT

A Participant shall elect (on the election Form used to elect to defer Compensation under Section 4.1) the date at which the Elective Deferrals and vested Additional Employer Contributions, if any, including any earnings attributable thereto, reduced by losses, if any, will be paid to the Participant. The Participant shall also elect thereon for payment to be paid in either:

a. a single lump-sum payment; or

b. annual installments over a period elected by the Participant up to 10 years, the amount of each annual installment to equal the then balance of all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any, as determined immediately prior to the payment of the installment, and divided by the number of installments then remaining to be paid.

Each such election will be effective for the Plan Year for which it is made and succeeding Plan Years, unless changed by the Participant. Except as explicitly provided herein, any change will be effective only for Elective Deferrals and Additional Employer Contributions made for the first Plan Year beginning after the date on which the Election Form containing the change is filed with the Plan Administrator. Notwithstanding the preceding sentence, the payments due in any calendar year pursuant to this Section 7.1 shall be paid in the first full calendar month immediately following the actual date that the Participant ceases being an employee of the Employer, or the twelve month period commencing in that month, rather than the month or year originally selected, if the Participant makes an election in such form as the Plan Administrator may require, and the election is filed with the Plan Administrator prior to the calendar year in which the payment otherwise would have been made. Except as provided in Sections 7.2, 7.3, 7.4 or 7.5, or any schedule provided by the Employer to the Participant for Additional Employer Contributions and income or gain attributable thereto, reduced by losses, if any, payment of a Participant's Account shall be made in accordance with the Participant's elections as provided in this Section 7.1.

7.2. CHANGE OF CONTROL

Unless (i) the Board of Directors of the Employer shall vote to continue this Plan on substantially the same terms not later than 60 days after a Change in Control and send notice of such vote to each Participant, then (ii) as soon as possible following a Change of Control of Employer, each Participant shall be paid all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and all of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any, (whether or not considered vested for any other purpose hereunder) in a single lump sum.

7.3. TERMINATION OF EMPLOYMENT; TOTAL AND PERMANENT

DISABILITY

Except as provided in Section 7.2, upon termination of a Participant's employment prior to the Retirement Age, for any reason other than death or Permanent and Total Disability, all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any, shall be paid to the Participant in a single lump sum as soon as practicable following the date of such termination. If a Participant suffers permanent and total disability, whether or not employed by the Employer at that time, the Plan Administrator, in its sole discretion, may pay out all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any, in a lump sum, or in annual installments, regardless of any election made by the Participant and regardless of whether payments have already commenced under Section 7.1.

7.4. DEATH

If a Participant dies prior to the complete distribution of his or her Account, all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any, shall be paid as soon as practicable to the Participant's designated beneficiary or beneficiaries, in the form elected by the Participant under either of the following options:

a. a single lump-sum payment; or

b. annual installments over a period elected by the Participant up to 10 years, the amount of each annual installment to equal the then balance of all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any, as determined immediately prior to the payment of the installment, and divided by the number of installments then remaining to be paid.

Any designation of beneficiary and form of payment to such beneficiary shall be made by the Participant on an Election form filed with the Plan Administrator and may be changed by the participant at any time by filing another Election Form containing the revised instructions. If no beneficiary is designated or no designated beneficiary survives the Participant, payment shall be made to the Participant's surviving spouse, or, if none, to his or her issue per stripes, in a single payment. If no spouse or issue survives the Participant, payment shall be made in a single lump sum to the Participant's estate.

7.5. UNFORESEEN EMERGENCY

If a Participant suffers an unforeseen emergency, as defined herein, the Plan Administrator, in its sole discretion, may pay to the Participant up to and including the total of that portion, if any, of all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any. The determination of the amount to be paid shall equal that amount which the Plan Administrator determines, in its sole discretion, is necessary to satisfy the emergency need, including any amounts necessary to pay any federal, state or local income taxes reasonably anticipated to result from the distribution. A Participant requesting an emergency payment shall apply for the payment in writing in a form approved by the Plan Administrator and shall provide such additional information as the Plan

Administrator may require. For purposes of this paragraph, "unforeseen emergency" means an immediate and heavy financial need resulting from any of the following:

a. expenses which are not covered by insurance and which the Participant or his or her spouse or dependent has incurred as a result of, or is required to incur in order to receive, medical care;

b. the need to prevent eviction of a Participant from his or her principal residence or foreclosure on the mortgage of the Participant's principal residence; or

c. any other circumstance that is determined by the Plan Administrator in its sole discretion to constitute an unforeseen emergency which is not covered by insurance and which cannot reasonably be relieved by the liquidation of the Participant's assets.

7.6. FORFEITURE OF NON-VESTED AMOUNTS

Any amounts credited to a Participant's Account which are attributable to the non-vested portion of any Additional Employer Contributions, and earnings attributable thereto, reduced by losses, if any, not vested at the time payments are commenced pursuant to Sections 7.1, 7.3 or 7.4, shall be forfeited by the Participant at the time payment begins under such Sections, and may be applied by the Company as it sees fit, which may include satisfying the Employer's obligation to make contributions to the Trust.

7.7. TAXES

The Plan Administrator shall withhold or otherwise appropriately provide for all federal, state or local taxes that the Plan Administrator determines are required to be withheld or otherwise provided for from any payments made pursuant to this Article 7.

ARTICLE 8. - PLAN ADMINISTRATOR

8.1. PLAN ADMINISTRATION AND INTERPRETATION

The Plan Administrator shall oversee the administration of the Plan. The Plan Administrator shall have complete control and authority to determine the rights and benefits of any and all Participants. Any determinations may be made on a case-by-case basis or a plan wide basis, as determined by the Plan Administrator in its sole discretion, including all claims, demands and actions arising out of the provisions of the Plan of any Participant, beneficiary, deceased Participant, or other person having or claiming to have any interest under the Plan. The Plan Administrator shall have complete discretion to interpret the Plan and to decide all matters under the Plan. Such interpretation and decision shall be final, conclusive and binding on all Participants and any person claiming under or through any Participant. Any individual who is a Participant and who is serving as Plan Administrator or part of a committee comprising the Plan Administrator will not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Plan Administrator shall be entitled to rely on information furnished by a Participant, a beneficiary, the employer or the Trustee, or such other persons, as it sees fit. The Plan Administrator shall have the responsibility for complying with any reporting and disclosure requirements of ERISA.

8.2. POWERS, DUTIES, PROCEDURES, ETC.

The Plan Administrator shall have such powers and duties, may adopt such rules and tables, may act in accordance with such procedures, may appoint such officers or agents, may delegate such powers and duties, may receive such reimbursements and compensation, and shall follow such claims and appeal procedures with respect to the Plan as it may establish.

8.3. INDEMNIFICATION OF PLAN ADMINISTRATOR

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any officer(s) or employee(s) who serve as Plan Administrator (including any such individual who formerly served as Plan Administrator) against all liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

ARTICLE 9. - AMENDMENT AND TERMINATION

9.1. AMENDMENTS

The Employer shall have the right to amend the Plan from time to time, subject to Section 9.3, by an instrument in writing which has been executed on the employer's behalf by its duly authorized officer.

9.2. TERMINATION OF PLAN

This Plan is strictly a voluntary undertaking on the part of the employer and shall not be deemed to constitute a contract between the Employer and any eligible Employee (or any other employee) or a consideration for, or an inducement or condition of employment for, the performance of the services by any eligible employee (or other employee). The employer reserves the right to terminate the Plan at any time, subject to Section 9.3, by an instrument in writing which has been executed on the Employer's behalf by its duly authorized officer. Upon termination, the employer may (a) elect to continue to maintain the Trust to pay benefits hereunder as they become due as if the Plan had not terminated or (b) direct the Trustee to pay promptly to Participants (or their beneficiaries) all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any,. After Participants and their beneficiaries are paid all Plan benefits to which they are entitled, all remaining assets of the Trust shall be returned to the Employer.

9.3. EXISTING RIGHTS

No amendment or termination of the Plan shall adversely affect the rights of any Participant with respect to all of the Participant's Account attributable to Elective Deferrals and any earnings attributable thereto, reduced by losses, if any, and the vested portion of any Additional Employer Contributions and earnings attributable thereto, reduced by losses, if any, on the date of such amendment or termination.

ARTICLE 10. - MISCELLANEOUS

10.1. PARTICIPANTS ARE UNSECURED CREDITORS

The Plan constitutes a mere promise by the Employer to make payments in accordance with the terms of the Plan and Participants and beneficiaries shall have the status of general unsecured creditors of the Employer. Nothing in the Plan will be construed to give any employee or any other person rights to any specific assets of the Employer or of any other person. In all events, it is the intent of the Employer that the Plan be treated as unfunded for tax purposes and for purposes of ERISA.

10.2. NON-ASSIGNABILITY

The benefits, payments, proceeds or claims of any Participant or beneficiary are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumberance, attachment, or garnishment by creditors of any Participant or any beneficiary of any Participant, nor shall any Participant or beneficiary have any right to anticipate, sell, transfer, assign, pledge, or encumber any of the benefits or payments or proceeds which he or she may expect to receive, contingently or otherwise, under the Plan.

10.3. LIMITATION OF PARTICIPANTS' RIGHTS

Nothing contained in the Plan shall confer upon any person a right to be employed or to continue in the employ of the Employer, or interfere in any way with the right of the Employer to terminate the employment of a Participant in the Plan at any time, with or without cause.

10.4. PARTICIPANTS BOUND

Any action with respect to the Plan taken by the Plan Administrator or the Employer or the Trustee or any action authorized by or taken at the direction of the Plan Administrator, the employer or the Trustee shall be conclusive upon all Participants and beneficiaries entitled to benefits under the Plan.

10.5. RECEIPT AND RELEASE

Any payment to any Participant or beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the employer, the Plan Administrator and the Trustee under the Plan, and the Plan Administrator may require such Participant or beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect. If any Participant or beneficiary is determined by the Plan Administrator to be incompetent by reason of physical or mental disability (including minority) to give a valid receipt and release, the Plan Administrator may cause the payment or payments becoming due to such person to be made to another person for his or her benefit without responsibility on the part of the Plan Administrator the employer or the Trustee to follow the application of such funds.

10.6. GOVERNING LAW

The Plan shall be construed, administered, and governed in all respects under and by the laws of the Commonwealth of Massachusetts. If any provision shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

10.7. HEADINGS AND SUBHEADINGS

Headings and subheadings in this Plan are inserted for convenience only and are not to be considered in the construction of the provisions hereof.

TRUST FOR THE ALPHA INDUSTRIES EXECUTIVE COMPENSATION PLAN

This Agreement made this day of January 3, 1995 by and between Alpha Industries, Inc. ("Company") and Merrill Lynch, an Illinois corporation (Trustee);

WHEREAS, Company has adopted a nonqualified deferred compensation Plan with the name "The Alpha Industries Executive Compensation Plan".

WHEREAS, Company has incurred or expects to incur liability under the terms of such Plan with respect to the individuals participating in such Plan.

WHEREAS, Company wishes to establish a trust (the "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of Company's Insolvency, as herein defined, until paid to Plan participants and their beneficiaries in such manner and at such time as specified in the Plan;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purpose of Title I of the Employee Retirement Income Security Act of 1974.

WHEREAS, it is the intention of Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

Section 1. Establishment of Trust

(a.) Company hereby deposits with Trustee in trust such cash and/or marketable securities, if any, listed in Appendix A, which shall become the principal of the Trust to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

(b.) The Trust hereby established is revocable; it shall become irrevocable upon a Change in Control, as defined herein.

(c.) The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d.) The principal of the Trust, and any earnings thereon, shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.

(e.) Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. Neither Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.

(f.) Trustee shall not be obligated to receive property unless prior thereto Trustee has agreed that such property is acceptable to Trustee and Trustee has received such reconciliation, allocation, investment or other information concerning, or representation with respect to, the property as Trustee may require. Trustee shall have no duty or authority to (a) require any deposits to be made under the Plan or to Trustee, (b) compute any amount to be deposited under the Plan to Trustee, or (c) determine whether amounts received by Trustee comply with the Plan. Assets of the Trust may, in Trustee's discretion, be held in an account with an affiliate of Trustee.

Section 2. Accounting for and Payments to Plan Participants and Their Beneficiaries.

(a.) At the request of the Company, the Trustee shall maintain and invest separate asset accounts corresponding to each participant, and such sub-accounts thereunder as may be requested by the Company. As of the last business day of each calendar quarter, the Trustee shall provide the Company with a statement of each participant's account reflecting the income, gains and losses (realized and unrealized), amounts of deferrals, and distributions of such account since the prior statement.

(b.) With respect to each Plan participant Company shall deliver to Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of the participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan), and the time of commencement for payment of such amounts. The Payment Schedule shall be delivered to Trustee not more than 30 business days not fewer than 15 business days prior to the first date on which a payment is to be made to the Plan participant. Any change to a Payment Schedule shall be delivered to Trustee not more than 30 days nor fewer than 15 days prior to the date on which the first payment is to be made in accordance with the changed Payment Schedule. Except as otherwise provided herein, Trustee shall make payments to Plan participants and their beneficiaries in accordance with such Payment Schedule. The Trustee shall make provisions for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by Company, it being understood among the parties hereto that (1) Company shall on a timely basis provide Trustee specific information as to the amount of taxes to be withheld and (2) Company shall be obligated to receive such withheld taxes from Trustee and properly pay and report such amounts to the appropriate taxing authorities.

(c.) The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan shall be determined by Company or such party as it shall designate under the Plan, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.

(d.) Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plan, Company shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan, Company shall make the balance of each payment as it falls due. Trustee shall notify Company where principal and earnings are not sufficient.

(e.) Trustee shall have no responsibility to determine whether the Trust is sufficient to meet the liabilities under the Plan, and shall not be liable for payments or Plan liabilities in excess of the value of the Trust's assets.

Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary When Company Is Insolvent.

(a.) Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Company is Insolvent. Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b.) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state law as set forth below.

(1.) The Board of Directors and the Chief Executive Officer of Company (or, if there is no Chief Executive Officer, the highest ranking officer) shall have the duty to inform Trustee in writing of Company's Insolvency. If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee shall promptly notify Company of such allegation, shall determine whether Company is Insolvent, and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

(2.) Unless Trustee has actual knowledge of Company's Insolvency, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether company is Insolvent. Trustee may in all events rely on such evidence concerning Company's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company's solvency.

(3.) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of The Trust for the benefit of Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Plan or otherwise.

(4.) Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after Trustee has determined that Company is not Insolvent (or is no longer Insolvent).

(c.) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants provided for hereunder during any such period of discontinuance; provided that Company has given Trustee the information with respect to such payments made during the period of discontinuance prior to resumption of payments by Trustee.

Section 4. Payments to Company.

Except as provided in Section 3 hereof, after the Trust becomes irrevocable, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plan.

Section 5. Investment Authority.

(a.) Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by Company. All rights associated with assets of the Trust shall be exercised by Trustee or the person designated by Trustee, and shall in no event be exercised by or rest with Plan participants, except that voting rights with respect to Trust assets will be exercised by Company unless an investment adviser has been appointed pursuant to Section 5(c) and voting authority has been delegated to such investment adviser.

(b.) Company shall have the right at anytime, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercised by Company in a non fiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(c.) Trustee may appoint one or more investment advisers who are registered as investment advisers under the Investment Advisers Act of 1940, who may be affiliates of Trustee, to provide investment advice on a discretionary or non-discretionary basis with respect to all or a specified portion of the assets of the Trust.

(d.) Only for the purpose of carrying out the directions of the Company, or the directions of one or more agents designated in writing by the Company to the Trustee, which agents may be designated with respect to a portion of the assets held by the Trustee, the Trustee, or Trustee's designee, is authorized and empowered:

(1.) To invest and reinvest Trust assets, together with the income therefrom, in common stock, preferred stock, convertible preferred stock, bonds, debentures, convertible debentures and bonds, mortgages, notes, commercial paper and other evidences of indebtedness (including those issued by Trustee), shares of mutual funds (which funds may be sponsored, managed or offered by an affiliate of Trustee), guaranteed investment contracts, bank investment contracts, other securities, policies of life insurance, annuity contracts, options, options to buy or sell securities or other assets, and all other property of any type (personal, real or mixed and tangible or intangible);

(2.) To deposit or invest all or any part of the assets of the Trust in savings accounts or certificates of deposit or other deposits in a bank or saving and loan association or other depository institution, including Trustee or any of its affiliates, provided with respect to such deposits with Trustee or an affiliate the deposits bear a reasonable interest rate;

(3.) To hold, manage, improve, repair and control all property, real or personal, forming part of the Trust; to sell, convey, transfer, exchange, partition, lease for any term, even extending beyond the duration of this Trust, and otherwise dispose of the same from time to time;

(4.) To hold in cash, without liability for interest, such portion of the Trust as is pending investments, or payment of expenses, or the distribution of benefits;

(5.) To take such actions as may be necessary or desirable to protect the Trust from loss due to the default on mortgages held in the Trust including the appointment of agents or trustees in such other jurisdictions as may seem desirable, to transfer property to such agents or trustees, to grant to such agents such powers as are necessary or desirable to protect the Trust, to direct such agent or trustee, or to delegate such power to direct, and to remove such agent or trustee;

(6.) To settle, compromise or abandon all claims and demands in favor of or against the Trust;

(7.) To exercise all of the further rights, powers. options and privileges granted, provided for, or vested in trustees generally under the laws of the state in which Trustee is incorporated as set forth above, so that the powers conferred upon Trustee herein shall not be in limitation of any authority conferred by law, but shall be in addition thereto:

(8.) To maintain accounts at, and execute transactions through, any brokerage or other firm, including any firm which is an affiliate of Trustee.

(9.) to register securities, or any other property, in its name or in the name of any nominee, including the name of any affiliate or the nominee name designated by any affiliate, with or without indication of the capacity in which property shall be held, or to hold securities in bearer form and to deposit any securities or other property in an depository or clearing corporation;

(10.) to make, execute and deliver, as Trustee, any and all deeds, leases, mortgages, conveyances, waivers, releases or other instruments in writing necessary or appropriate for the accomplishment of any of the powers listed in this Trust Agreement; and

(11.) generally to do all other acts necessary or appropriate for the protection of the property held by the Trust.

Section 6. Additional Powers of Trustee. To the extent necessary or which it deems appropriate to implement its powers under Section 5 or otherwise to fulfill any of its duties and responsibilities as trustee of the Trust, Trustee shall have the following additional powers and authority This is former subsection (b). to designate and engage the services of, and to delegate powers and responsibilities to, such agents, representatives, advisers, counsel and accountants ("Agents") as Trustee considers necessary or appropriate, any of whom may be an affiliate of Trustee or a person who renders services to such an affiliate, and, as a part of its expenses under this Trust Agreement, to pay their reasonable expenses and compensation, provided that the Trustee shall not retain any Agent without the prior consent of the Company, unless either (i) there are exigent circumstances that require the action before it would be reasonably practical for the Trustee to first obtain the Company's approval, or (ii) if the Company is insolvent, as provided in Section 3(a).

Section 7. Disposition of Income.

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

Section 8. Accounting by Trustee.

(a.) Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between Company and Trustee. Within 90 days following the close of each calendar year and within 90 days after removal or resignation of Trustee, Trustee shall deliver to Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. Trustee may satisfy its obligation under this Section 8 by rendering to Company monthly statements setting forth the information required by this Section separately for the month covered by the statement.

Section 9. Responsibility and Indemnity of Trustee.

(a.) Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by Company which is contemplated by, and in conformity with, the terms of the Plan and this Trust and is given in writing by Company. Trustee shall also incur no liability to any person for any failure to act in the absence of direction, request or approval from Company which is contemplated by, and in conformity with, the terms of this Trust. In the event of a dispute between Company and a party, Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b.) Company hereby indemnifies Trustee and each of its affiliates (collectively, the "Indemnified Parties") against, and shall hold them harmless from, any and all loss, claims, liability, and expense, including reasonable attorneys' fees, imposed upon or incurred by any Indemnified Party as a result of any acts taken, or any failure to act, in accordance with the directions from Company or any designee of Company, or by reason of the Indemnified Party's good faith execution of its duties with respect to the Trust, including, but not limited to, its holding of assets of the Trust, Company's obligations in the foregoing regard to be satisfied promptly by Company, provided such act or failure to act does not arise from the negligence, gross negligence, or willful misconduct of the Trustee. If Company does not pay such costs, expenses and liabilities in a reasonably timely manner, Trustee may obtain payment from the Trust.

(c.) Trustee may consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder.

(d.) Trustee may hire agents, accounts, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e.) Trustee shall have, without exclusion, all powers conferred on Trustee by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f.) However, notwithstanding the provisions of Section 9(e) above, Trustee may loan to Company the proceeds of any borrowing against an insurance policy held as an asset of the Trust.

(g.) Notwithstanding any powers to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

Section 10. Compensation and Expenses of Trustee.

Company shall pay all administrative expenses, but if not so paid, after written notice by Trustee to Company, the expenses shall be paid from the Trust.

Section 11. Resignation and Removal of Trustee.

(a.) Trustee may resign at any time by written notice to Company, which shall be effective 30 days after receipt of such notice unless Company and Trustee agree otherwise.

(b.) Trustee may be removed by Company on 30 days notice or upon shorter notice accepted by Trustee.

(c.) Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within 60 days after receipt of notice of resignation, removal or transfer, unless Company extends the time limit, and provided that Trustee is provided assurance by Company reasonably satisfactory to Trustee that all fees and expenses reasonably anticipated will be paid.

(d.) If Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 12 hereof, by the effective date or resignation or removal under paragraph(s) (a) or (b) of this section. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

(e.) Upon settlement of the account and transfer of the Trust assets to the successor Trustee, all rights and privileges under this Trust Agreement shall vest in the successor Trustee and all responsibility and liability of Trustee with respect to the Trust and assets thereof shall terminate subject only to the requirement that Trustee execute all necessary documents to transfer the Trust assets to the successor Trustee.

Section 12. Appointment of Successor.

(a.) If Trustee resigns or is removed in accordance with Section 11(a) or (b) hereof, Company may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the fights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

(b.) The successor Trustee need not examine the records and act of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8 hereof. The successor Trustee shall not be responsible for and Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

Section 13. Amendment or Termination.

(a.) This Trust Agreement may be amended by a written instrument executed by Trustee and Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or shall make the Trust revocable since the Trust is irrevocable in accordance with Section 1(b) hereof.

(b.) The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust any assets remaining in the Trust shall be returned to Company.

(c.) Upon written approval of participants or beneficiaries entitled to payment of benefits pursuant to the terms of the Plan, Company may terminate this Trust prior to the time all benefit

payments under the Plan have been made. All assets in the Trust at termination shall be returned to Company.

Section 14. Miscellaneous.

(a.) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b.) Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c.) This Trust Agreement shall be governed by and construed in accordance with the laws of the state in which Trustee is incorporated as set forth above.

(d.) The provisions of Sections 2(d), 3(b)(3), 9(b) and 15 of this Agreement shall survive termination of this Agreement.

(e.) The rights, duties, responsibilities, obligations and liabilities of Trustee are as set forth in this Trust Agreement, and no provision of the Plan or any other documents shall affect such rights, responsibilities, obligations an liabilities. If there is a conflict between provisions of the Plan and this Trust Agreement with respect to any subject involving Trustee including but not limited to the responsibility, authority, or powers of Trustee, the provisions of this Trust Agreement shall be controlling.

(f.) For purposes of this Trust, Change of Control shall mean: The purchase or other acquisition by any person, entity or group of persons, within the meaning of section 13(d) or 14(d) of the Securities Exchange Act of 1934 ("Act"), or any comparable successor provisions, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act) of 30 percent or more of either the outstanding shares of common stock or the combined voting power of Company's then outstanding voting securities entitled to vote generally, or the approval by the stockholders of Company of a reorganization, merger, or consolidation, in each case, with respect to which persons who were stockholders of Company immediately prior to such reorganization, merger or consolidation do not immediately thereafter, own more than 50 percent of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated Company's then outstanding securities, or a liquidation or dissolution of Company or of the sale of all or substantially all of Company's assets.

Section 15. Arbitration.

- Arbitration is final and binding on the parties.

- The parties waiving their right to seek remedies in court, including the right to jury trial.

- Pre-arbitration discovery is generally more limited than and different from court proceedings.

- The arbitrators' award is not required to include factual findings or level reasoning and any party's right to appeal or seek modification of rulings by the arbitrators is strictly limited.

- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.

Company agrees that all controversies which may arise between Company and either or both the Trustee and its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") in connection with the Trust, including, but not limited to, those involving any transactions, or the construction, performance, or breach of this or any other agreement between Company and either or both the Trustee and MLPF&S, whether entered into prior, on, or subsequent to the date hereof, shall be determined by arbitration. Any arbitration under this agreement shall be conducted only before the New York Stock Exchange, Inc., the American Stock Exchange, Inc., or arbitration facility provided by any other exchange of which MLPF&S is a member, the National Association of Securities Dealers, Inc., or the Municipal Securities Rulemaking Board, and in accordance with its arbitration rules then in force. Company may elect in the first instance whether arbitration shall be conducted before the New York Stock Exchange, Inc., the American Stock Exchange, Inc., other exchange of which MLPF&S is a member, the National Association of Securities Dealers. Inc. or the Municipal Securities Rulemaking Board, but if Company fails to make such election, by registered letter or telegram addressed to Merrill Lynch Trust Company, Employee Benefit Trust Operations, P.O. Box 30532, New Brunswick, New Jersey 08989-0532, before the expiration of five days after receipt of a written request from MLPF&S and/or the Trustee to make such election then MLPF&S and/or the Trustee may make such election. Judgment upon the award of arbitrators may be entered in any court, state or federal, having jurisdiction. No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action; who is a member of putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until:

(i) the class certification is denied;

(ii) the class is decertified; or

(iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent stated herein.

Section 16. Effective Date.

The effective date of this Trust Agreement shall be January 3, 1995.

IN WITNESS WHEREOF, Company and the Trustee have executed this Trust Agreement each by action of a duly authorized person,

By signing this Agreement, the undersigned Company acknowledges (1) that, in accordance with Section 15 of this Agreement, Company is agreeing in advance to arbitrate any controversies which may arise with either or both the Trustee or LPF&S (2) receipt of a copy of this Agreement.

(Company) Alpha Industries, Inc.

By:

Name/Title: John A. Hanna, Jr./Treasurer

(Trustee)

By:

Name/Title: Chris Rosin/Trust Officer

EXHIBIT 10.E

ALPHA INDUSTRIES, INC.

1997 NON-QUALIFIED STOCK OPTION PLAN

FOR NON-EMPLOYEE DIRECTORS

1. Purpose. The appropriate purpose of this 1997 Non-Qualified Stock Option Plan for Non-Employee Directors is to attract and retain the services of experienced and knowledgeable independent directors of the Corporation for the benefit of the Corporation and its stockholders and to provide additional incentives for such independent directors to continue to work for the best interests of the Corporation and its stockholders through continuing ownership of its common stock.

2. Definitions. As used herein, each of the following terms has the indicated meaning:

"Annual Meeting" means the Corporation's annual meeting of stockholders or special meeting in lieu of annual meeting of stockholders at which one or more directors are elected.

"Board" means the Board of Directors of the Corporation.

"Corporation" means Alpha Industries, Inc.

"Fair Market Value" means the closing sale price quoted on the American Stock Exchange or such other national securities exchange or automated quotation system on which the Shares may be traded or quoted on the date of the granting of the Option.

"Non-Employee Director" means a person who, as of any applicable date, is a member of the Board and (i) is not an officer of the Corporation or a Subsidiary, or otherwise employed by the Corporation or a Subsidiary, (ii) does not receive compensation, either directly or indirectly, from the Corporation or a Subsidiary, for services rendered as a consultant or in any capacity other than as a member of the Board, except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Rule 404(a) of Regulation S-K ("Regulation S-K") promulgated pursuant to the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (the "1934 Act"), (iii) does not possess an interest in any other transaction for which disclosure would be required pursuant to Rule 404(a) of Regulation S-K, and (iv) is not engaged in a business relationship for which disclosure would be required pursuant to Rule 404(b) of Regulation S-K.

"Option" means the contractual right to purchase Shares upon the specific terms set forth in this Plan.

"Option Exercise Period" means the period commencing one (1) year after the date of grant of an Option pursuant to this Plan and ending ten years from the date of grant.

"Plan" means this Alpha Industries, Inc. 1997 Non-Qualified Stock Option Plan for Non-Employee Directors.

"Shares" means the Common Stock, $.25 par value per share, of the Corporation.

"Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Corporation if, at the time of grant of the Option, each of the corporations other than the last in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

3. Stock Subject to the Plan. The aggregate number of Shares that may be issued and sold under the Plan shall be 100,000. The Shares to be issued upon exercise of Options granted under this Plan shall be made available, at the discretion of the Board, from (i) treasury Shares and Shares reacquired by the Corporation for such purposes, including Shares purchased in the open market, (ii) authorized but unissued Shares, and (iii) Shares previously reserved for issuance upon exercise of Options which have expired or been terminated. If any Option granted under this Plan shall expire or terminate for any reason without having been exercised in full, the unpurchased Shares covered thereby shall become available for grant under additional Options under the Plan so long as it shall remain in effect.

4. Administration of the Plan. The Plan shall be administered by the Board. The Board shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable, to interpret the terms and provisions of the Plan and any Option issued under the Plan (and any agreement relating thereto) and to otherwise supervise the administration of the Plan.

5. Eligibility. Options shall be granted only to Non-Employee Directors.

6. Grant of Options.

(a) On the effective date of this Plan, each Non-Employee Director shall be granted an Option to purchase 15,000 Shares.

(b) Each year, immediately following the Corporation's Annual Meeting, each then Non-Employee Director shall be granted an Option to purchase 5,000 Shares.

(c) Upon initial election by the stockholders or appointment by the Board as a Non-Employee Director, immediately following the Annual Meeting at which such Non-Employee Director is first elected by the stockholders or immediately following the meeting of the Board at which such Non-Employee Director is appointed by the Board, each Non-Employee Director shall be granted an Option to purchase 15,000 Shares.

7. Terms of Options and Limitations Thereon.

(a) Option Agreement. Each Option granted under this Plan shall be evidenced by an Option agreement between the Corporation and the Option holder and shall be upon such terms and conditions, not inconsistent with this Plan, as the Board may determine.

(b) Price. The price at which any Shares may be purchased pursuant to the exercise of an Option shall be the greater of the Fair Market Value of the Shares on the date of grant or par value.

(c) Exercise of Option. Each Option granted under this Plan may be exercised as follows:

(i) beginning on the first anniversary of the date of grant, for up to 20% of the Shares covered by the Option; and

(ii) beginning on each anniversary of the date of grant thereafter, for up to an additional 20% of such Shares for each additional year, until, on the fifth anniversary of the date of grant, the Option may be exercised as to 100% of the Shares covered by the Option, until the expiration of the Option Exercise Period.

Options may be exercised in whole or in part, from time to time, only during the Option Exercise Period, by the giving of written notice, signed by the holder of the Option, to the Corporation stating the number of Shares with respect to which the Option is being exercised, accompanied by full payment for such Shares pursuant to section 8(a) hereof; provided however, (i) if a person to whom an Option has been granted ceases to be a Non-Employee Director during the Option Exercise Period by reason of retirement, death or any reason, other than termination for cause, such Option shall be exercisable by him or her or by the executors, administrators, legatees or distributees of his or her estate until the earlier of (A) the end of the Option Exercise Period or (B) 12 months following his or her retirement or death or the date on which he or she ceased to be a Non-Employee Director; and (ii) if a person to whom an Option has been granted ceases to be a Non-Employee Director of the Corporation by reason of termination for cause, such Option shall terminate as of the date such person ceased to be a Non-Employee Director. Termination for cause shall be defined as termination on account of any act of (i) fraud or intentional misrepresentation, or (ii) embezzlement, misappropriation or conversion of assets or opportunities of the Corporation or any Subsidiary.

(d) Non-Assignability. No Option, or right or interest in an Option, shall be assignable or transferable by the holder, except by will, the laws of descent and distribution or pursuant to a qualified domestic relations order (as defined in the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder), and during the lifetime of the holder shall be exercisable only by him or her.

8. Payment.

(a) The purchase price of Shares upon exercise of an Option shall be paid by the Option holder in full upon exercise, and may be paid (i) in cash, (ii) by delivery of Shares valued at Fair Market Value on the date of exercise, including, to the extent permitted under the Rule 16b-3 as defined in Paragraph 12(c), below, exempting certain transactions from the short swing trading provisions of Section 16 of the 1934 Act, by way of so-called "cashless exercise" and the netting of the number of Shares issuable upon exercise against that number of Shares subject to the Option having an aggregate Fair Market Value equal to the aggregate exercise price, or (iii) any combination of cash and Shares, as the Board may determine.

(b) No Shares shall be granted under this Plan or issued or transferred upon exercise of any Option under this Plan unless and until all legal requirements applicable to the issuance or transfer of such Shares, and such other requirements as are consistent with the Plan, have been complied with to the satisfaction of the Board, including without limitation those described in Paragraph 12 hereof.

9. Stock Adjustments.

(a) If the Corporation is a party to any merger or consolidation, any purchase or acquisition of property or stock, or any separation, reorganization or liquidation, the Board (or, if the Corporation is not the surviving corporation, the board of directors of the surviving corporation) shall have the power to make arrangements, which shall be binding upon the holders of unexpired Options, for the substitution of new options for, or the assumption by another corporation of, any unexpired Options then outstanding hereunder.

(b) If by reason of recapitalization, reclassification, stock split, combination of shares, separation (including a spin-off) or dividend on the stock payable in Shares, the outstanding Shares of the Corporation are increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Corporation, the Board shall conclusively determine the appropriate adjustment in the exercise prices of outstanding Options and in the number and kind of shares as to which outstanding Options shall be exercisable, in such manner as to result in the Options being exercisable.

(c) In the event of a transaction of the type described in paragraphs (a) and (b) above, the total number of Shares on which Options may be granted under this Plan shall be appropriately adjusted by the Board.

10. Change of Control Provisions.

(a) Notwithstanding any other provision of the Plan to the contrary, in the event of a Change of Control, any Options outstanding as of the date such Change of Control is determined to have occurred and not then exercisable shall become fully exercisable to the full extent of the original grant.

(b) A "Change of Control" shall mean:

(i) there shall have been consummated (a) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving entity pursuant to which the Shares are converted into cash, securities or other property, other than a merger of the Corporation in which the ownership by the Corporation's stockholders of the securities in the surviving entity is in the same proportion as the ownership by the Corporation's stockholders of the stock in the Corporation immediately prior to the merger or (b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or

(ii) the stockholders of the Corporation have approved any plan or proposal for the liquidation or dissolution of the Corporation; or

(iii) any person (as that term is used in Sections 13(d) and 14(d)(2) of the 1934 Act) has become the beneficial owner (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 30% or more of the Corporation's outstanding Shares; or

(iv) that during any period of two consecutive years, individuals who, at the beginning of such period, constitute the entire Board shall cease, for any reason, to constitute a majority thereof, unless the election, or the nomination for election by the Corporation's stockholders, of each new director was approved by a vote of at least three-quarters of the directors then still in office who were directors at the beginning of the period.

11. No Rights Other Than Those Expressly Created. No person affiliated with the Corporation or any Subsidiary or other person shall have any claim or right to be granted an Option hereunder. Neither this Plan nor any action taken hereunder shall be construed as (i) giving any Option holder any right to continue to be affiliated with the Corporation, (ii) giving any Option holder any equity or interest of any kind in any assets of the Corporation, or (iii) creating a trust of any kind or a fiduciary relationship of any kind between the Corporation and any such person. No Option holder shall have any of the rights of a stockholder with respect to Shares covered by an Option, until such time as the Option has been exercised and Shares have been issued to such person.

12. Miscellaneous.

(a) Withholding of Taxes. Pursuant to applicable federal, state, local or foreign laws, the Corporation may be required to collect income or other taxes upon the grant of an Option to, or exercise of an Option by, a holder. The Corporation may require, as a condition to the exercise of an Option, that the recipient pay the Corporation, at such time as the Board determines, the amount of any taxes which the Board may determine is required to be withheld.

(b) Securities Law Compliance. Upon exercise of an Option, the holder shall be required to make such representations and furnish such information as may, in the opinion of counsel for the Corporation, be appropriate to permit the Corporation to issue or transfer the Shares in compliance with the provisions of applicable federal or state securities laws. The Corporation, in its discretion, may postpone the issuance and delivery of Shares, upon any exercise of an Option, until completion of such registration or other qualification of such Shares under any federal or state laws, or stock exchange listing, as the Corporation may consider appropriate. The Corporation intends to register or qualify the Shares under federal and state securities laws, but is not obligated to register or qualify the Shares under such laws and may refuse to issue such Shares if neither registration nor exemption therefrom is practical. The Board may require that prior to the issuance or transfer of any Shares upon exercise of an Option, the recipient enter into a written agreement to comply with any restrictions on subsequent disposition that the Board or the Corporation deems necessary or advisable under any applicable federal and state securities laws. Certificates representing the Shares issued hereunder may contain a legend reflecting such restrictions.

(c) Compliance with Rule 16b-3. With respect to a person subject to Section 16 of the 1934 Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors ("Rule 16b-3") under the 1934 Act. To the extent any provision of the Plan or action by the administrators of the Plan fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the administrators of the Plan.

(d) Indemnity. The Board shall not be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to the Plan, and the Corporation hereby agrees to indemnify the members of the Board, in respect of any claim, loss, damage, or expense (including counsel fees) arising from any such act, omission, interpretation, construction or determination, to the full extent permitted by law.

(e) Options Not Deemed Incentive Stock Options. Options granted under the Plan shall not be deemed incentive stock options as that term is defined in Section 422 of the Internal Revenue Code of 1986, as amended.

13. Effective Date; Amendment; Termination.

(a) The effective date of this Plan shall be the date of the approval of the Board.

(b) The Board may at any time, and from time to time, amend, suspend or terminate this Plan in whole or in part, provided, however, that the provisions of this Plan relating to the amount and price of securities to be awarded and the timing of such awards may not be amended more than once every six months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder. However, except as provided herein, no amendment, suspension or termination of this Plan may affect the rights of any person to whom an Option has been granted without such person's consent.

(c) This Plan shall terminate five years from its effective date, and no Option shall be granted under this Plan thereafter, but such termination shall not affect the validity of Options granted prior to the date of termination.

Date of Board of Directors Adoption: September 15, 1997

EXHIBIT 10.S

FY06 Executive Incentive Plan

1. **Purpose:** The FY06 Executive Incentive Plan (the"FY06 Plan") is designed to reward key management employees for achieving certain financial and business objectives.

2. **Plan Period:** The FY06 Plan covers the period from October 1, 2005 through September 29, 2006.

3. **Eligibility:** This program applies to the Chief Executive Officer and his direct reporting senior executives. Other key employees may be added based upon the recommendation of the Chief Executive Officer and subsequent approval of the Compensation Committee. Those employees not covered by this plan may be eligible for other programs established by Skyworks.

4. **Incentive Targets:** Participants are eligible to earn a percentage of their base salary for attaining certain performance objectives. Nominal, target and stretch incentive awards have been established as follows (shown as a percentage of the participant's base salary):

Name	Incentive At Nominal	Incentive At Target	Incentive At Stretch
CEO	30%	100%	200%
CFO, VP Sales, Business Unit General Managers	20%	60%	120%
Other VPs	20%	50%	100%
Special Participants	10%	40%	80%

5. **FY06 Metrics:** The performance metrics for FY06 are as follows:

Measurement Criteria	Nominal	Target	Stretch
Corporate Revenue	REDACTED	REDACTED	REDACTED
Corporate Operating Income[1]	REDACTED	REDACTED	REDACTED
Corporate Gross Margin Note: GM Q4 Exit Rate	REDACTED	REDACTED	REDACTED
Quality (RMA$ reduction)[2]	REDACTED	REDACTED	REDACTED

The individual metrics on the prior page are for normal operations and any extraordinary events and/or charges will be brought to the Compensation Committee for review and approval.

Metrics will be weighted based on corporate performance for FY06 as follows:

1 After incentive.

2 Percent reduction in return material authorization (RMA) dollars relative to FY05 actual of $REDACTED.

Group	**Corporate Operating Income**[3]	**Corporate Gross Margin %**[4]	Corporate Revenue[5]	Quality[6]
CEO, Finance, Legal, Investor Relations, Human Resources	40%	20%	20%	20%
Quality	30%	30%	N/A	40%
Operations	40%	40%	N/A	20%
Sales, Business Units	20%	20%	40%	20%

6. **How the Plan Works:** Upon completion of the Fiscal Year, the Chief Executive Officer ("CEO") will provide the Compensation Committee ("Committee") with recommendations for incentive award payments for participants of the plan and will request approval of actual amounts to be paid to each participant. The Committee will determine the appropriate distribution of the authorized incentive pool based on input from the CEO.

7. **Administration:** Actual performance between the Nominal and Target metrics will be paid on a linear sliding scale beginning at the Nominal percentage and moving up to the Target percentage. The same linear scale will apply for performance between Target and Stretch metrics. In order to fund the incentive plans and insure the overall Company's financial performance, the following terms apply.

- No incentive award will be paid unless the Company meets its Nominal operating income goal after accounting for any incentive award payments.
- Skyworks' CEO, subject to approval by the Compensation Committee, retains discretion to award above Stretch.

8. **Taxes:** All awards are subject to federal, state, local and social security taxes. Payments under this Plan will not affect the base salary, which is used as the basis for Skyworks' benefits program.

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3 Total operating income, excluding interest and all other non-operating income and expenses such as foreign currency gain or loss.

4 Net revenue less cost of goods sold (manufacturing costs, license fees and obsolescence).

5 Net annual revenue.

6 Percent reduction in return material authorization (RMA) dollars.

EXHIBIT 12

SKYWORKS SOLUTIONS, INC.
RATIO OF EARNINGS TO FIXED CHARGES

	2005	2004	2003	2002	2001
Income (loss) before provision (benefit) for taxes on income	$ 40,989	$ 26,396	$ (53,625)	$ (255,653)	$ (317,305)
Add — Fixed charges net of capitalized Interest	17,874	21,221	24,868	6,587	1,617
Income before taxes and fixed charges (net of capitalized interest)	58,863	47,617	(28,757)	(249,066)	(315,688)
Fixed charges:					
Interest	13,001	15,771	19,467	4,227	—
Amortization of debt issuance costs	1,596	2,176	1,936	—	—
Estimated interest component of rental expense	3,277	3,274	3,465	2,360	1,617
Total	17,874	21,221	24,868	6,587	1,617
Ratio of earnings before taxes and fixed charges, to fixed charges	3.3	2.2	(1)	(2)	(3)

(1) As a result of losses incurred in fiscal 2003, the Company was unable to fully cover fixed charges. The amount of such deficiency during this period was approximately $54 million

(2) As a result of the loss incurred in fiscal 2002, the Company was unable to fully cover fixed charges. The amount of such deficiency during fiscal 2002 was approximately $256 million

(3) As a result of the loss incurred in fiscal 2001, the Company was unable to fully cover fixed charges. The amount of such deficiency during fiscal 2001 was Approximately $317 million

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction Of Incorporation
Skyworks Communications Technology Development (Shanghai) Company, Limited	China
Skyworks Semiconductor	France
Skyworks Solutions Canada, Limited	Canada
Skyworks Solutions Company, Limited	Japan
Skyworks Solutions India Private Limited	India
Skyworks Solutions Korea Limited	Korea
Skyworks Solutions Limited	United Kingdom
Skyworks Solutions Limited, Denmark — Representative Office	Denmark
Skyworks Solutions Mauritius, Limited	Mauritius
Skyworks Solutions Oy	Finland
Skyworks Solutions, S.A. DE C.V	Mexico
Skyworks Solutions Worldwide, Inc.	Delaware
Skyworks Solutions Worldwide, Inc., Beijing Representative Office	China
Skyworks Solutions Worldwide, Inc., Hong Kong Branch	Hong Kong
Skyworks Solutions Worldwide, Inc., Singapore Representative Office	Singapore
Skyworks Solutions Worldwide, Inc., Taiwan Branch	Taiwan
Skyworks Solutions Worldwide, Inc., Zweigniederlassung Deutschland	Germany
Skyworks USA, Inc.	Delaware
Trans-Tech, Inc.	Maryland

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors Skyworks Solutions, Inc.:

We consent to incorporation by reference in the registration statements of Alpha Industries, Inc. on Form S-8 (No. 033-63541, No. 033-63543, No. 333-71013, No. 333-71015, No. 333-38832, No. 333-48394 and No. 333-85024) and in the registration statements of Skyworks Solutions, Inc. on Form S-8 (No. 333-91524, No. 333-91758, No. 333-100312, No. 333-100313 and No. 333-122333) and Form S-3 (No. 333-92394, No. 333-102157, No. 333-103073 and No. 333-107846) of our reports dated December 14, 2005, with respect to the consolidated balance sheets of Skyworks Solutions, Inc. and subsidiaries as of September 30, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended September 30, 2005, and related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of September 30, 2005, and the effectiveness of internal control over financial reporting as of September 30, 2005, which reports appear in the September 30, 2005 annual report on Form 10-K of Skyworks Solutions, Inc.

/s/ KPMG LLP

Boston, Massachusetts
December 14, 2005

EXHIBIT 31.1

CERTIFICATION OF THE CEO PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David J. Aldrich, certify that:

1. I have reviewed this annual report on Form 10-K of Skyworks Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2005
/s/ David J. Aldrich
David J. Aldrich
Chief Executive Officer
President
Director

EXHIBIT 31.2

CERTIFICATION OF THE CFO PURSUANT TO SECURITIES EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Allan M. Kline, certify that:

1. I have reviewed this annual report on Form 10-K of Skyworks Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report and
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
    c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 14, 2005
/s/ Allan M. Kline
Allan M. Kline
Chief Financial Officer
Vice President

EXHIBIT 32.1

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 Annual Report of Skyworks Solutions, Inc. (the “Company”) on Form 10-K for the period ending September 30, 2005 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. Section 1350, as adopted pursuant to Section 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.

A signed original 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.

/s/ David J. Aldrich
David J. Aldrich
Chief Executive Officer
President
Director
December 14, 2005

EXHIBIT 32.2

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 Annual Report of Skyworks Solutions, Inc. (the “Company”) on Form 10-K for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Allan M. Kline, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

A signed original 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.

/s/ Allan M. Kline
Allan M. Kline
Chief Financial Officer
Vice President
December 14, 2005