SKYWORKS SOLUTIONS, INC.
Form 10-K
November 28, 2011
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended September 30, 2011
OR

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

For the transition period from __________to__________
Commission file number 001-5560
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:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.25 per share	NASDAQ Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
R Yes £ No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
£ Yes R No
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.
R Yes £ No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). R Yes £ 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. R
Indicate by check mark whether the registrant is large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large Accelerated filer R Accelerated filer £ Non-accelerated filer £

Smaller reporting company £

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
£ Yes R 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 Global Select Market on the last business day of the registrant's most recently completed second fiscal quarter (April 1, 2011) was approximately $5,808,022,900. The number of outstanding shares of the registrant's common stock, par value $0.25 per share, as of November 22, 2011 was 187,889,808.

DOCUMENTS INCORPORATED BY REFERENCE

Part of Form 10-K	Documents from which portions are incorporated by reference
Part III	Portions of the Registrant's Proxy Statement relating to the Registrant's 2012 Annual Meeting of Stockholders (to be filed) are incorporated by reference into Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

SKYWORKS SOLUTIONS, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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CAUTIONARY STATEMENT

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

- our plans to develop and market new products, enhancements or technologies and the timing of these development programs;

- our estimates regarding our capital requirements and our needs for additional financing;

- our estimates of expenses, future revenues and profitability;

- our estimates of the size of the markets for our products and services;

- the rate and degree of market acceptance of our products; and

- the success of other competing technologies that may become available.

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

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

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

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- CATV (Cable Television): a system of providing television to consumers via radio frequency signals transmitted to televisions through fixed optical fibers or coaxial cables as opposed to the over-the-air method used in traditional television broadcasting

- CDMA (Code Division Multiple Access): a method for transmitting simultaneous signals over a shared portion of the Radio Frequency ("RF") spectrum

- EDGE (Enhanced Data Rates for GSM Evolution): an enhancement to the GSM and TDMA wireless communications systems that increases data throughput to 474Kbps

- GPRS (General Packet Radio Service): an enhancement to the GSM mobile communications system that supports transmission of data packets

- GSM (Global System for Mobile Communications): a digital cellular phone technology based on TDMA that is the

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predominant system in Europe, and is also used around the world

- LTE (Long Term Evolution): 4th generation (4G) radio technologies designed to increase the capacity and speed of mobile telephone networks

- RFID (Radio Frequency Identification): refers to the use of an electronic tag (typically referred to as an RFID tag) for the purpose of identification and tracking objects using radio waves

- Satcom (Satellite Communications): where a satellite stationed in space is used for the purpose of telecommunications

- TD-SCDMA (Time Division Synchronous Code Division Multiple Access): a 3G (third generation wireless services) mobile communications standard, being pursued in the People's Republic of China

- WCDMA (Wideband CDMA): a 3G technology that increases data transmission rates

- WEDGE: an acronym for technologies that support both WCDMA and EDGE wireless communication systems

- WiMAX (Worldwide Interoperability for Microwave Access): a standards-based technology enabling the delivery of last mile wireless broadband access as an alternative to cable and DSL

- WLAN (Wireless Local Area Network): a type of local-area network that uses high-frequency radio waves rather than wires to communicate between nodes

Skyworks, Breakthrough Simplicity, the star design logo, Intera, Trans-Tech and SiGe 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.

PART I

ITEM 1. BUSINESS

Skyworks Solutions, Inc. together with its consolidated subsidiaries, ("Skyworks" or the "Company") is an innovator of high reliability analog and mixed signal semiconductors. Leveraging core technologies, Skyworks offers diverse standard and custom linear products supporting automotive, broadband, cellular infrastructure, energy management, industrial, medical, military and cellular handset applications. The Company's portfolio includes amplifiers, attenuators, circulators, detectors, diodes, directional couplers, front-end modules, hybrids, infrastructure RF subsystems, isolators, mixers/demodulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, receivers, switches and technical ceramics.

Our portfolio includes highly customized power amplifiers and front-end solutions that are in many of today's cellular handsets, from entry level to multimedia platforms, as well as smart phones. Some of our primary customers include Foxconn, LG Electronics, Motorola, Nokia, Samsung, Sony Ericsson, Research in Motion, and HTC. Our competitors include Avago Technologies, RF Micro Devices and Triquint Semiconductor.

In parallel, we offer over 2,500 different high performance analog products to a highly diversified non-handset customer base. Our customers include connectivity, infrastructure, automotive, energy management, medical and military providers such as Huawei, Ericsson, Cisco, Phillips, Toshiba, Sensus, Itron, Siemens, and Northrop Grumman. Our competitors in the analog products markets include Analog Devices, Hittite Microwave, Linear

Technology and Maxim Integrated Products.

Through the acquisition of SiGe Semiconductor, Inc. (“SiGe”) in June 2011, the Company expanded its RF front-end solutions that facilitate wireless multimedia across a wide range of applications. The acquisition of SiGe complements the Company’s leadership in wide area front-end solutions by adding SiGe's innovative short range, silicon-based products. As a result, the Company now offers customers a more comprehensive wireless networking product portfolio, supporting all key operating frequencies with greater architectural flexibility to address a variety of high growth applications. In addition, the Company acquired a private company engaged in the design and manufacturing of optical components in April 2011.

Headquartered in Woburn, Massachusetts, the Company is a Delaware corporation that was formed in 1962. The Company changed its corporate name from Alpha Industries, Inc. to Skyworks Solutions, Inc. on June 25, 2002, following a business combination. We have worldwide operations with engineering, manufacturing, sales and service facilities throughout Asia, Europe and North America.

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Our Internet address is www.skyworksinc.com. We make available on our Website 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 to the SEC. The information contained in our Website is not incorporated by reference in this Annual Report. You may read and copy materials that we have filed with the SEC at the SEC public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC's Internet Website at www.sec.gov.

INDUSTRY BACKGROUND

We believe there are several key growth trends shaping the wireless industry. First is the advent of the mobile Internet, where consumers are increasingly demanding mobile devices with faster data rates, advanced image quality and improved Internet connectivity. We believe that this demand is one of the biggest growth trends in technology.
On the high-end of the cellular handset market, smart phone growth - which is at the heart of the mobile Internet phenomenon - is fostering this industry-wide sea change. In effect, the smart phone is becoming an increasingly mainstream communication platform that is changing the way in which we live, work and play. Social media and social networking sites are only fueling this trend. Furthermore, this segment is being embraced and widely promoted by carriers who benefit from the highly profitable data services revenue stream as subscribers move to enhanced data plans.
The increased presence of multimedia-rich mobile devices has led manufacturers to recognize the increasingly important role multimode, multiband solutions play in the rapidly evolving wireless handset market, particularly as the industry migrates to 4G technologies which enable applications such as Web browsing, video streaming, gaming, MP3 players and cameras at higher speeds and data rates. Next-generation EDGE, WEDGE, WCDMA and LTE wireless platforms are now being used in the majority of the more than one and a half billion cellular phones the industry produces annually which results in increasing complexity in the RF module because each new wireless platform and operating frequency band requires additional amplifier, filtering and switching content to support:

- backward compatibility to existing networks,
- simultaneous transmission of voice and data,
- international roaming, and
- broadband functionality to accommodate music, video, data, and other multimedia features.

Further, given constraints on handset size and power consumption, these complex modules must remain physically small, energy efficient and cost effective, while also managing an unprecedented level of potential signal interference within the handset.

Finally, and a direct result of this increasing RF complexity, the addressable semiconductor content within the transmit and receive chain portion of the mobile device is increasing. We believe this trend is creating an incremental market opportunity measured in the billions of dollars as switching, filtering and wireless local area networking functionality are integrated.

Meanwhile, outside of the handset market, the proliferation of wireless technologies and our broadening footprint within analog semiconductor applications are increasing our market opportunity. According to Gartner, a leading independent market research firm, the total available market for the analog semiconductor segment is expected to exceed $18 billion in 2014. Today, the analog semiconductor market, which is characterized by longer product lifecycles and relatively high gross margins, is fragmented and diversified among various end-markets, customer bases and applications including:

- Infrastructure
- Automotive
- CATV/Satcom

- Smart Energy
- Medical
- Military
- RFID
- Test & Measurement
- WiMAX

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- WLAN

SKYWORKS’ STRATEGY

Skyworks' mission is to achieve mobile connectivity leadership through semiconductor innovation. Key elements in our strategy include:

Diversifying Our Business

By leveraging our core analog and mixed signal technology, Skyworks is able to deliver solutions to a broad and diverse set of end markets and customers. In the handset market, we currently support all top tier manufacturers including the leading smart phone suppliers, and have strategic relationships with each key baseband vendor. In high performance analog markets, we expect to continue to take advantage of our catalog business, intellectual property and worldwide distribution network, we plan to bolster our product pipeline and expand our addressable markets beyond the approximately 1,000 global customers and 2,500 analog components currently marketed.

Gaining Market Share

Our customer engagements are increasingly centered on solving highly complex multimode, multiband, switching, filtering, digital control and amplification challenges - system-level requirements which intersect with Skyworks' core competencies. Skyworks continues to invest in developing architectures that optimize power efficiency while minimizing cost and footprint, which we believe will allow us to meet our customers' demanding next-generation technology requirements, as well as stringent quality standards and high volume manufacturing capabilities.

Capitalizing on Content Growth in Third and Fourth Generation (3G and 4G) Mobile Communications Technologies

As the industry migrates to multimode, multiband EDGE, WEDGE, WCDMA and LTE architectures across a multitude of wireless broadband applications, RF complexity in the transmit and receive chain substantially increases given simultaneous voice and high speed data communications requirements, coupled with the need for backward compatibility to existing networks. As a result of this complexity in the RF module, we believe that our addressable market is increasing significantly.

Delivering Operational Excellence

Skyworks' strategy is to either vertically integrate our supply chain where we can create a competitive advantage or otherwise enter into alliances and strategic relationships for leading-edge capabilities. This hybrid manufacturing approach allows us to better balance external capacity with the demands of the marketplace. Internally, our capacity utilization remains high and we are therefore able to maintain margins and to achieve our desired return on invested capital on a broader range of revenue. We continue to focus on trying to achieve the industry's shortest product cycle times, highest yields and ultimately lowest product cost structure.

SKYWORKS’ PRODUCT PORTFOLIO

Our product portfolio consists of:

- Amplifiers: the modules that strengthen the signal so that it has sufficient energy to reach a base station
- Attenuators: circuits that allow a known source of power to be reduced by a predetermined factor (usually expressed as decibels)
- Detectors: intended for use in power management applications
- Diodes: semiconductor devices that pass current in one direction only
- Directional Couplers: transmission coupling devices for separately sampling the forward or backward wave in a transmission line
- Front-End Modules: power amplifiers that are integrated with switches, diplexers, filters and other components to create a single package front-end solution
- Hybrid: a type of directional coupler used in radio and telecommunications
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Infrastructure RF Subsystems: highly integrated transceivers and power amplifiers for wireless base station applications

- Isolators/Circulators: ferrite-based components commonly found on the output of high-power amplifiers used to protect receivers in wireless transmission systems.
- MIS Silicon Chip Capacitors: used in applications requiring DC blocking and RF bypassing, or as a fixed capacitance tuning element in filters, oscillators, and matching networks

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- Mixers/Demodulators: integrated, high-dynamic range, zero IF architecture downconverter for use in wireless communication applications
- Modulators: designed for direct modulation of high frequency AM, PM or compound carriers
- Optocouplers/Optoisolators: a semiconductor device that allows signals to be transferred between circuits or systems while ensuring that the circuits or systems are electrically isolated from each other.
- Phase Locked Loops (PLL): closed-loop feedback control system that maintains a generated signal in a fixed phase relationship to a reference signal
- Phase Shifters: designed for use in power amplifier distortion compensation circuits in base station applications
- Power Dividers/Combiners: utilized to equally split signals into in-phase signals as often found in balanced signal chains and local oscillator distribution networks
- Receivers: electronic devices that change a radio signal from a transmitter into useful information
- Switches: components that perform the change between the transmit and receive function, as well as the band function for cellular handsets
- Synthesizers: provides ultra-fine frequency resolution, fast switching speed, and low phase-noise performance
- Technical Ceramics: polycrystalline oxide materials used for a wide variety of electrical, mechanical, thermal and magnetic applications
- Transceivers: devices that have both a transmitter and a receiver which are combined and share common circuitry or a single housing
- VCOs/Synthesizers: fully integrated, high performance signal source for high dynamic range transceivers

We believe we possess broad technology capabilities and one of the most complete wireless communications product portfolios in the industry.

THE SKYWORKS ADVANTAGE

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

- Broad front-end module and precision analog product portfolio
- Market leadership in key product segments
- Solutions for all air interface standards, including CDMA, GSM/GPRS/EDGE, LTE, WCDMA, WLAN and WiMAX
- Engagements with a diverse set of top-tier customers
- Analog, RF and mixed signal design capabilities
- Strategic partnerships with all leading baseband providers
- Integration of key process technologies: GaAs HBT, pHEMT, BiCMOS, SiGe, CMOS, RF CMOS, and Silicon
- World-class manufacturing capabilities and scale
- Superior product quality and reliability
- Unparalled 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 of our major market regions. In some markets we supplement our direct sales effort with independent manufacturers' representatives. We also utilize distribution partners, some of which are franchised globally with others focused in specific regional markets (e.g., Europe, North America and Asia).

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We maintain an internal corporate communications team 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 new programs. These relationships allow our team to facilitate customer-driven solutions, which leverage the unique strength of our intellectual property product 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 maintain 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 relationships 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 resources to raise our 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.

REVENUE FROM AND DEPENDENCE ON CUSTOMERS; CUSTOMER CONCENTRATION

For information regarding customer concentration and revenues from external customers, see Note 18 of Item 8 of this Annual Report on Form 10-K.

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

We own or have a license to use numerous United States and foreign patents and patent applications related to our products, our manufacturing operations and processes, and our 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 non-disclosure and confidentiality agreements and other methods, to protect our confidential and proprietary technologies, devices, algorithms, processes and other intellectual property. Our efforts may not meaningfully protect our intellectual property, and others may independently develop substantially equivalent or superior proprietary technologies, devices, algorithms, processes or other intellectual property. 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 intellectual property, we strive to strengthen our intellectual 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. Furthermore we seek to generate high gross margin revenue through the sale and license of non-core intellectual property and occasionally purchase intellectual property. 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 baseband vendors, 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.

RESEARCH AND DEVELOPMENT

Our products and markets are subject to continued technological advances. Recognizing the importance of such technological advances, we maintain a high level of research and development activities. We maintain close collaborative relationships with many of our customers to help identify market demands and target our development efforts to meet those demands. We focus our development efforts on new products, design tools and manufacturing leveraging our core technologies.

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RAW MATERIALS

Raw materials for our products and manufacturing processes are generally available from several sources. 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. Certain of our suppliers consign raw materials to us at our manufacturing facilities. We request these raw materials and take title to them as they are needed in our manufacturing process. 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 AND INVENTORY

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. We also maintain Skyworks-owned finished goods inventory at certain customer “hub” locations. We do not recognize revenue until these customers consume the Skyworks-owned inventory from these hub locations. 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 may not be a reliable indicator of our future revenue levels. 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 a reduction in revenue and 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.

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. Most of our 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 are unable to assess the possible effect of compliance with future requirements.

SEASONALITY

Sales of our products are subject to seasonal fluctuation and periods of increased demand in end-user consumer applications, such as cellular handsets. The highest demand for our handset products generally occurs in the calendar quarter ending in December. The lowest demand for our handset products generally occurs in the calendar quarter ending in March.

GEOGRAPHIC INFORMATION

For information regarding net revenue by geographic region for each of the last three fiscal years, see Note 18 of Item 8 of this Annual Report on Form 10-K. The majority of our tangible long lived assets are located in the United States of America and Mexico (see Note 18 of Item 8). Risks attendant to our foreign operations are discussed in Item 1A-Risk Factors.

EMPLOYEES

As of September 30, 2011, we employed approximately 4,400 persons. Approximately 520 of our employees in Mexico are covered by collective bargaining agreements.

ITEM 1A. RISK FACTORS.

You should carefully consider the risks described below in addition to the other information contained in this report, before making an investment decision. Our business, financial condition or results of operations could be harmed by any of these risks. The risks and uncertainties described below are not the only ones we face. Additional risks not currently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business operations, financial condition or results from operations.

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

We operate primarily in the wireless communications semiconductor industry, which is cyclical and subject to rapid declines in

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demand for end-user products in both the consumer and enterprise markets. Continued uncertain economic conditions worldwide, together with other factors such as the continued volatility of the financial markets, continue to make it difficult for our customers and for us to accurately forecast and plan future business activities. Although we believe that the market for wireless communications semiconductor products has stabilized to some extent, continued uncertainty and economic weakness could result in another market contraction and, as a result, our business, financial condition and results of operations would likely be materially and adversely affected. Such periods of industry downturn are characterized by diminished product demand and revenue, manufacturing overcapacity, excess inventory levels, accelerated erosion of average selling prices, and restructuring and/or impairment charges. Furthermore, downturns in the wireless communications semiconductor industry may be prolonged, and any extended delay or failure of the wireless semiconductor market to recover from an economic downturn would materially and adversely affect our business, financial condition and results of operations beyond our current fiscal year.

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 significantly on a quarterly and annual basis in prior fiscal years 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 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 materials and services 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,
- our ability to continue to generate revenues by licensing and/or selling non-core intellectual property, and
- intellectual property disputes, including those concerning payments associated with the licensing and/or sale of intellectual property.

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.

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

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

- the recent unprecedented volatility of the financial markets,
- uncertainty regarding the prospects of the domestic and foreign economies,
- our performance and prospects,
- the performance and prospects of our major customers,

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- 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,
- domestic and international political conditions, and
- the ability to successfully identify, acquire and integrate acquisition candidates.

Public stock markets have recently experienced extreme price and trading volume volatility. This volatility has and continues to significantly and negatively affect the market prices of securities of many technology companies, including the market price of our common stock. Such volatility could materially and adversely affect the market price of our common stock in future periods.

In addition, fluctuations in our stock price, volume of shares traded, and changes in our trading multiples may make 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. 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, the financial news media or investors, our stock price may decline, possible substantially over a short period of time.

The wireless communications semiconductor markets are characterized by significant competition which may cause pricing pressures, decreased gross margins and rapid loss of market share and may materially and adversely affect our business, financial condition and results of operations.

The wireless communications semiconductor industry in general and the markets in which we compete in particular are very competitive. We compete with United States and international semiconductor manufacturers of all sizes in terms of resources and market share, including Avago Technologies, RF Micro Devices and Triquint Semiconductor.

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:

- rapid time-to-market and product ramp,
- timely new product innovation,
- product quality, reliability and performance,
- product price,
- features available in products,
- compliance with industry standards,

- strategic relationships with customers,
- access to and protection of intellectual property, and
- maintaining access to raw materials, supplies and services at a competitive cost.

We might not be able to successfully address these factors. Many of our competitors enjoy the benefit of:

- long presence in key markets,

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- brand 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. We may not 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.

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, continuous product evolution, price erosion, evolving technical standards, short product life cycles, increasing demand for higher levels of integration, increased miniaturization, reduced power consumption 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,
- to obtain capacity sufficient to meet customer demand,
- to define new products that meet customer and market requirements,
- to complete development of new products and bring products to market on a timely basis,
- to differentiate our products from offerings of our competitors,
- for overall market acceptance of our products,
- to lengthen the time that a particular product is in demand, and
- 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.

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 may not be able to develop and introduce new or enhanced wireless communications semiconductor products in a timely and cost-effective manner, and our products may not satisfy customer requirements or achieve market acceptance or we may not be able to anticipate new industry standards and technological changes. We also may not 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 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. Our products may become obsolete earlier than planned or may not have life cycles long enough to allow us to recoup the cost of our investment in designing such products.

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Accordingly, 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 may not be able to continue to reduce the cost of our products to remain competitive.

If Original Equipment Manufacturers, or OEMs, and Original Design Manufacturers, or 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 revenue from that customer. Even after a design win, the customer is not obligated to purchase our products and can choose at any time to reduce or cease use of our products, for example, if its own products are not commercially successful, or for any other reason. We may not continue to achieve design wins or to convert design wins into actual sales, and failure to do so could materially and adversely affect our operating results.

Our manufacturing processes are extremely complex and specialized and disruptions could have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing operations are complex and subject to disruption, including due to 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 in which our products are produced, 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 our products to be rejected or 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.

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 result from electrical power outages, fire, earthquake, flooding, war, acts of terrorism, health advisories or risks, or other natural or manmade disasters, as well as equipment maintenance, repairs and/or upgrades. Disruptions of our manufacturing operations could cause significant delays in shipments until we are able to shift production of the impacted products from an affected facility or subcontractor to another facility or subcontractor. In the event of such delays, the required alternative capacity, particularly wafer production capacity, may not be available on a timely basis or at all. Even if alternative production capacity is available, we may not be able to obtain it on favorable terms, which could result in higher costs and/or a loss of customers.

Due to the highly specialized nature of the gallium arsenide integrated circuit manufacturing process, in the event of a disruption in production at our Newbury Park, California or Woburn, Massachusetts semiconductor wafer fabrication facilities for any reason, 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 be subject to warranty claims, product recalls and liability claims.

Although we invest significant resources in the testing of our products, we may discover from time to time defects in our products after they have been shipped, and we may be required to incur additional development and remediation costs, pursuant to warranty and indemnification provisions in our customer contracts and purchase orders. The potential liabilities associated with these, and similar, provisions in certain of our customer contracts are capped at significant amounts, or are uncapped. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our customers or others, including liability for costs associated with product recalls, or other obligations under customer contracts. If any of our products contain defects, or have reliability, quality or compatibility problems, our reputation may be damaged and we could be subject to liability claims, which could make it more difficult for us to sell our products to existing and prospective customers and could adversely affect our operating results.

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,

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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. There are significant risks associated with reliance on third-party foundries, including:

- the lack of 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 for our standby manufacturing capacity 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 our 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.

Although we own and operate a test and assembly facility, we still depend on subcontractors to package, assemble and test certain of our products at cost-competitive rates. We do not have long-term agreements with any of our assembly or test subcontractors and typically procure services from these suppliers on a per order basis. If any of these subcontractors experiences capacity constraints or financial difficulties, suffers any damage to its facilities, experiences power outages or any other disruption of assembly or testing capacity, we may not be able to obtain alternative assembly and testing services in a timely manner and/or at cost-competitive rates. Due to the amount of time that it usually takes us to qualify assemblers and testers, we could experience significant delays in product shipments if we are required to find alternative assemblers or testers for our components. Any problems that we may encounter with the delivery, quality or cost of our products could damage our customer relationships and materially and adversely affect our results of operations. We are continuing to develop relationships with additional third-party subcontractors to assemble and test our products. However, even if we use these new subcontractors, we will continue to be subject to all of the risks described above.

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 at a competitive cost. Although we maintain relationships with suppliers located around the world with the objective of ensuring that we have adequate sources for the supply of raw materials and components for our manufacturing needs, increases in demand from the semiconductor industry for such raw materials and components, as well as increased demand for commodities in general, can result in tighter supplies and higher costs. Our suppliers may not be able to meet our delivery schedules, we may lose a significant or sole supplier, a supplier may not be able to meet performance and quality specifications and we may not be able to purchase such supplies or material at a competitive cost. If a supplier were unable to meet our delivery schedules or if we lost a supplier or a supplier were unable to meet performance or quality specifications, our ability to satisfy customer obligations would 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 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 limited number of sole-source suppliers. If we were to lose these sole sources of supply, for any reason, a material adverse effect on our business could result until an alternate source is obtained. 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 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.

Significant portions 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 for our products, our business could be materially and adversely affected. In fiscal year 2011 and fiscal year 2010, Foxconn, Nokia and Samsung Electronics each accounted for greater than ten percent of our net revenue. For further discussion see Note 18 to Item 8 of this Annual Report on Form 10-K.

If we are unable to attract and retain qualified personnel to contribute to the design, development, manufacture and sale of our products, we may not be able to effectively operate our business.

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 may not be able to continue to attract and retain the 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 and/or declines in the price of our common stock, 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.

Our business would be adversely affected by the departure of existing members of our senior management team or if our senior management team is unable to effectively implement our strategy.

Our success depends, in large part, on the continued contributions of our senior management team, none of whom is bound by a written employment contract to remain with us for a specified period. The loss of any of our senior management could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

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 one of our products has been developed, tested and manufactured, our customers may need three to six months or longer to integrate, test and evaluate that 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 revenue 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, and payment for, 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 if the product is defective. 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.

In addition, if a customer encounters financial difficulties of its own as a result of a change in demand or for any other reason, the customer’s ability to make timely payments to us for non-returnable products could be impaired.

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.

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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 may not 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.

Our operating results or financial condition may be materially adversely affected if we, or one of our customers, were required to take any one or more of the foregoing actions.

In addition, if another supplier to one of our customers, or a customer of ours itself, were found to be infringing upon the intellectual property rights of a third party, the supplier or customer could be ordered to cease the manufacture, import, use, sale or offer for sale of its infringing product(s) or process(es), either of which could result, indirectly, in a decrease in demand from our customers for our products. If such a decrease in demand for our products were to occur, it could have an adverse impact on our operating results.

Many of our products currently incorporate technology licensed or acquired from third parties and we expect our products in the future to also require technology from third parties. If the licenses to such technology that we currently hold become unavailable or the terms on which they are available become commercially unreasonable, or if we are unable to acquire or license necessary technology for our products in the future, our business could be adversely affected.

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 competitive. If licenses to such technology are not available on commercially reasonable terms and conditions or at all, and we cannot otherwise acquire or 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, our ability to compete successfully may be materially and adversely affected.

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, processes and other intellectual property. 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. Regardless of our actions:

- 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 may not be successful, and

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- any of our existing or future patents, copyrights, trademarks, trade secrets or other intellectual property rights may be challenged, invalidated or circumvented.

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.

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.

We are subject to the risks of doing business internationally.

A substantial majority of our net revenue is derived from customers located outside the United States, primarily in countries located in the Asia-Pacific region and Europe. In addition, we have suppliers located outside the United States, and third-party packaging, assembly and test facilities and foundries located in the Asia-Pacific region. 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, including changes in commodities prices related to such fluctuations,
- local economic and political conditions, including social, economic and political instability,
- disruptions of capital and trading markets,
- inability to collect accounts receivable,
- restrictive governmental actions (such as restrictions on transfer of funds and trade protection measures, including export duties, quotas, customs duties, increased import or export controls and tariffs),
- changes in, or non-compliance with, legal or regulatory import/export 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,
- changes in current or future tax law or regulations or new interpretations thereof, by federal or state agencies or foreign governments could adversely affect our results of operations,
- our future results could be adversely affected by changes in the effective tax rate as a result of our overall profitability and mix of earnings in countries with differing statutory tax rates and the results of audits and examinations of previously filed tax returns,
- the possibility of being exposed to legal proceedings in a foreign jurisdiction, and

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- 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 cellular 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.

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

To the extent that our existing cash and cash equivalents and cash generated from operations are insufficient to fund our future activities or repay debt when it becomes due, we may need to raise additional funds through public or private equity or debt financing. If unfavorable capital market conditions exist if and when we were to seek additional financing, we may not be able to raise sufficient capital on favorable terms and on a timely basis (if at all). Failure to obtain capital when required by our business circumstances 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. The capital required to fund these investments and acquisitions may not 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 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. Our foundries may not be able to effectively manage the transition or we may not 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.

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 electronics industry has 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 or are currently used in our products or processes. For example, the European Union Restriction of Hazardous Substances in Electrical and Electronic Equipment ("RoHS") Directive now requires that certain substances, which may be found in certain products we have manufactured in the past, be removed from all electronics components. Eliminating such substances from our manufacturing processes requires the expenditure of additional research and development funds to seek alternative substances for our products, as well as increased testing by third parties to ensure the quality of our products and compliance with the RoHS Directive. While we have implemented a compliance program to ensure our product offering meets these regulations, there may be instances where alternative substances will not be available or commercially feasible, or may only be available from a single source, or may be significantly more expensive than their restricted counterparts. Additionally, if we were found to be non-compliant with any such rule or regulation, we could be subject to fines, penalties and/or restrictions imposed by government agencies that could adversely affect our operating results.

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. Current or future regulation of the materials necessary for our products may 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

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regulations. 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 may have a material adverse effect on our business, financial condition and results of operations.

If wireless devices pose safety risks, we may be subject to new regulations, and demand for our solutions and those of our licensees and customers may decrease.

Concerns over the effects of radio frequency emissions, even if unfounded, may have the effect of discouraging the use of wireless devices, which may decrease demand for our solutions and those of our licensees and customers. In recent years, the Federal Communications Committee ("FCC") and foreign regulatory agencies have updated the guidelines and methods they use for evaluating radio frequency emissions from radio equipment, including wireless phones and other wireless devices. In addition, interest groups have requested that the FCC investigate claims that wireless communications technologies pose health concerns and cause interference with airbags, hearing aids and medical devices. Concerns have also been expressed over the possibility of safety risks due to a lack of attention associated with the use of wireless devices while driving. Any legislation that may be adopted in response to these expressions of concern could reduce demand for our solutions and those of our licensees and customers in the United States as well as foreign countries.

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. Although we manufacture and sell silicon-based power amplifiers, if we do not continue to offer gallium arsenide 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 may not continue to identify products and markets that require performance attributes of gallium arsenide solutions.

To be successful we may need to make certain investments and acquisitions, integrate companies we acquire, and/or enter into strategic alliances.

Although we have invested 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 review investment, alliance and acquisition prospects that would complement our product offerings, augment our market coverage or enhance our technological capabilities. We may not be able to identify and consummate suitable investment, alliance or acquisition transactions in the future. Moreover, if such transactions are consummated, 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.

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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 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% 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 may 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We are headquartered in Woburn, Massachusetts and have executive offices in Irvine, California. For information regarding property, plant and equipment by geographic region for each of the last two fiscal years, see Note 18 of Item 8 of this Annual Report on Form 10-K. The following table sets forth our principal facilities:

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Location	Owned/Leased	Square Footage	Primary Function
Woburn, Massachusetts	Owned	158,000	Corporate headquarters and manufacturing
Adamstown, Maryland	Owned	121,200	Manufacturing and office space
Newbury Park, California	Owned	111,600	Manufacturing and office space
Newbury Park, California	Leased	108,400	Design center
Irvine, California	Leased	63,400	Office space and design center
Cedar Rapids, Iowa	Leased	42,900	Design center
Mexicali, Mexico	Owned	380,000	Manufacturing and office space

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 the Company, including those pertaining to patent infringement, intellectual property, environmental, product liability, safety and health, employment and contractual matters.

Additionally, the semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights. From time to time, third parties have asserted and may in the future assert patent, copyright, trademark and other intellectual property rights to technologies that are important to our business and have demanded and may in the future demand that we license their technology. The outcome of any such litigation cannot be predicted with certainty and some such lawsuits, claims or proceedings may be disposed of unfavorably to the Company. Generally speaking, 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 also involved in legal proceedings in the ordinary course of business.

On May 26, 2011, the Company announced it had entered into an agreement and plan of merger (the “Merger Agreement”) with PowerCo Acquisition Corp., a wholly owned subsidiary of the Company (“Merger Sub”) and Advanced Analogic Technologies Incorporated (“AATI”) pursuant to which the Merger Sub will, subject to the satisfaction or waiver of the conditions in the Merger Agreement, merge with and into AATI, and AATI will survive the merger and become a wholly owned subsidiary of the Company (the “Merger”). Pursuant to the terms of the Merger Agreement, at the effective time of the Merger, each outstanding share of AATI common stock (except for shares held directly or indirectly by the Company, Merger Sub, AATI or any wholly owned subsidiary of AATI, and except for shares of AATI common stock held by stockholders exercising dissenter’s rights) will automatically be converted into the right to receive an aggregate of $6.13 per share.

Skyworks and AATI are parties to an arbitration proceeding pending before the Hon. Leo Strine in the Delaware Court of Chancery, in which Skyworks is seeking to be released from its obligations to proceed with the transactions contemplated by the Merger Agreement and AATI is seeking to require Skyworks to consummate the transactions contemplated by the Merger Agreement. Skyworks' petition, filed on September 26, 2011 and thereafter amended with leave of Chancellor Strine (acting as arbitrator), asserts claims against AATI for breach of Sections 5.1, 5.1(k), 5.1(n), 6.2 and 6.4 of the Merger Agreement and claims based on misrepresentations by AATI to Skyworks dating to before the signing of the Merger Agreement, and seeks an order (a) declaring that Skyworks is relieved of its obligations under the Merger Agreement, (b) declaring that Skyworks is entitled to terminate the Merger Agreement, and (c) in the alternative, awarding damages in an amount to be proven at final hearing. AATI's petition, filed by AATI on September 23, 2011, asserts claims against Skyworks for breach of the Merger Agreement and seeks (x) a declaratory judgment from the Court (i) that AATI has not breached the merger agreement, (ii) that no “material adverse effect” has occurred with respect to AATI, and (iii) that Skyworks has breached its obligations under the

Merger Agreement, (y) an order of specific performance of the Merger Agreement compelling Skyworks to close the merger, and (z) in the alternative, damages in an amount to be proven at final hearing. The petitions have been consolidated for all purposes of the arbitration proceedings, and the hearing is currently scheduled to take place in the last week of November and the first week of December 2011. Skyworks is unable to predict the outcome of the proceedings.

Under Delaware law, applicable stipulations and orders, and the applicable provisions of the Merger Agreement, the arbitration proceedings are confidential, subject to the parties' disclosure obligations under federal securities law and other applicable laws. Subject to such obligations, Skyworks does not intend to comment or provide information regarding the arbitration until an order on the merits or other material order is issued in the arbitration or the arbitration process is otherwise concluded.

On June 6, 2011, a putative stockholder class action lawsuit was filed in California Superior Court in Santa Clara County (Case No.

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111CV202403) (the "Bushansky action") naming AATI, the members of AATI's board of directors, the Company and Merger Sub as defendants. The complaint alleges, among other things, (1) that the members of AATI's board of directors breached their fiduciary duties by (a) failing to take steps to maximize the value of the merger consideration to AATI's stockholders, (b) taking steps to avoid competitive bidding, and (c) failing to protect against conflicts of interest resulting from change-of-control and transaction-related benefits received by AATI directors in connection with the merger that are not available to all stockholders, and (2) that AATI, the members of AATI's board of directors, the Company and Merger Sub aided and abetted these purported breaches of fiduciary duties. The complaint seeks to enjoin consummation of the merger or, if the merger is completed, to recover damages caused by the alleged breaches of fiduciary duties. The complaint also seeks recovery of attorney's fees and costs of the lawsuit.

On June 7, 2011, a putative stockholder class action lawsuit was filed in California Superior Court in Santa Clara County (Case No. 111CV202501) (the "Venette action") naming AATI, the members of AATI's board of directors, the Company and Merger Sub as defendants. Plaintiffs filed an amended complaint on July 14, 2011 (the "Amended Complaint"). The Amended Complaint alleges, among other things, (1) that the members of AATI's board of directors breached their fiduciary duties by (a) agreeing to the merger for inadequate consideration on unfair terms, (b) failing to protect against conflicts of interest resulting from change-of-control and transaction-related benefits received by AATI directors in connection with the merger that are not available to all stockholders, (c) selling the company in response to alleged pressure from Dialectic Capital Partners, LP ("Dialectic"), (d) taking steps to avoid competitive bidding (including the entry by certain AATI officers and directors into agreements with the Company relating to voting commitments and inclusion in the merger agreement of non-solicitation provisions and a termination fee), and (e) by causing the issuance of a materially misleading Form S-4 Registration Statement which, inter alia, purportedly fails to disclose material facts surrounding (i) Dialectic's impact on the proposed merger process, (ii) the AATI board of directors' evaluation of the Company and its offer for AATI, and (iii) supporting figures and analysis regarding the fairness opinion that the AATI Board obtained from its financial advisor, Needham & Company, LLC, in connection with the transaction and (2) that AATI, the members of AATI's board of directors, the Company and Merger Sub aided and abetted these purported breaches of fiduciary duties. The Amended Complaint seeks to enjoin consummation of the merger, and to have the court direct the defendants to implement procedures and processes to maximize shareholder value. The Amended Complaint also seeks recovery of attorney's fees and costs of the lawsuit.

On July 26, 2011, the Court issued an order consolidating the Bushansky action and Venette action into a single, consolidated action captioned In re Advanced Analogic Technologies Inc. Shareholder Litigation, Lead Case No. 111CV202403, and designating the Amended Complaint as the operative complaint in the litigation. The Company believes that the claims in the consolidated action are without merit and intends to defend against such claims vigorously.

We believe that there are no other pending litigation involving the Company that will have, individually or in the aggregate, a material adverse effect on our business.

ITEM 4. REMOVED AND RESERVED.

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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 Global Select Market under the symbol "SWKS". The following table sets forth the range of high and low closing prices for our common stock for the periods indicated, as reported by the NASDAQ Global Select Market. The number of stockholders of record of Skyworks' common stock as of November 22, 2011, was approximately 28,002.

	Fiscal Years Ended September 30, 2011		October 1, 2010	
	High	Low	High	Low
First quarter	$29.18	$20.08	$14.30	$10.27
Second quarter	36.98	29.19	16.41	12.69
Third quarter	31.46	21.70	17.91	14.23
Fourth quarter	27.00	17.96	21.09	16.33

Skyworks has not paid cash dividends on its common stock and we do not anticipate paying cash dividends in the foreseeable future.

On August 3, 2010, the Board of Directors approved a share repurchase program, pursuant to which we are authorized to repurchase up to $200.0 million of our common stock from time to time on the open market or in privately negotiated transactions as permitted by securities laws and other legal requirements. The repurchase program is set to expire on August 3, 2012; however, it may be suspended, discontinued or extended at any time prior to August 3, 2012 upon approval of the Board of Directors. The repurchase program will be funded using our working capital.

The following table provides information regarding repurchases of common stock made during the fiscal quarter ended September 30, 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximately Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
7/02/11-7/29/11	2,470(2)	$25.31	—	$139.8 million
7/30/11-8/26/11	504,371(3)	19.70(3)	500,000	130.0 million
8/27/11-9/30/11	—	—	—	130.0 million

(1) Share repurchase program approved August 3, 2010.
(2) Shares of common stock reported in the table above were repurchased by us at the fair market value of the common stock as of the period stated above, in connection with the satisfaction of tax withholding obligations under restricted stock agreements.
(3) 500,000 shares were repurchased at an average price of $19.70 per share as part of our share repurchase program. 4,371 shares
were repurchased with an average price of $20.25 per share in connection with the satisfaction of tax withholding obligations
under restricted stock agreements.

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. The Company’s fiscal year ends on the Friday closest to September 30. Fiscal years 2011, 2010, 2009 and 2007 each consisted of 52 weeks and ended on September 30, 2011, October 1, 2010, October 2, 2009, and September 28, 2007, respectively. Fiscal year 2008 consisted of 53 weeks and ended on October 3, 2008. Consolidated balance sheets at September 30, 2011 and at October 1, 2010, and the related consolidated statements of operations, cash flows, stockholders equity and comprehensive income (loss) for each of the three fiscal years ended September 30, 2011, and notes thereto appear elsewhere in this Annual Report on Form 10-K. Net revenue and net income for acquisitions completed during the fiscal year ended September 30, 2011 have been included in the consolidated statements of operations from their respective acquisition dates. SiGe Semiconductor, Inc. ("SiGe") contributed

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approximately $39.7 million of net revenue to the consolidated results of operations for the fiscal year ended September 30, 2011. The impact of SiGe's ongoing operations on the Company's net income was insignificant to the fiscal year ended September 30, 2011. The transaction related costs associated to the SiGe acquisition were considered immaterial and included within selling, general and administrative expense for the fiscal year ended September 30, 2011.

	Fiscal Year 2011	2010	2009	2008	2007
(In thousands except per share data)					
Statement of Operations Data:					
Net revenue	$1,418,922	$1,071,849	$802,577	$860,017	$741,744
Cost of goods sold	798,618	615,016	484,357	517,054	454,359
Gross profit	620,304	456,833	318,220	342,963	287,385
Operating expenses:					
Research and development	168,637	134,140	123,996	146,013	126,075
Selling, general and administrative	137,238	117,853	100,421	100,007	94,950
Amortization of intangible assets	16,742	6,136	6,118	6,005	2,144
Restructuring and other charges (credits)	2,363	(1,040)	15,982	567	5,730
Total operating expenses	324,980	257,089	246,517	252,592	228,899
Operating income	295,324	199,744	71,703	90,371	58,486
Interest expense	(1,936)	(4,246)	(8,290)	(16,324)	(24,187)
(Loss) gain on early retirement of convertible debt	—	(79)	4,590	2,158	(6,964)
Other income (loss), net	498	(345)	1,753	5,983	11,438
Income before income taxes	293,886	195,074	69,756	82,188	38,773
Provision (benefit) for income taxes	67,301	57,780	(25,227)	(28,818)	(880)
Net income	$226,585	$137,294	$94,983	$111,006	$39,653
Earnings per share:					
Basic	$1.24	$0.78	$0.57	$0.69	$0.25
Diluted	$1.19	$0.75	$0.56	$0.67	$0.25
Balance Sheet Data:					
Working capital	569,238	585,541	393,884	345,916	316,808
Total assets	1,890,389	1,564,052	1,352,591	1,235,371	1,188,834
Long-term liabilities	34,198	43,132	47,569	125,026	173,382
Stockholders’ equity	1,609,095	1,316,596	1,108,779	961,604	818,543

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 in Item 1A "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

OVERVIEW

Skyworks Solutions, Inc. together with its consolidated subsidiaries, (“Skyworks” or the “Company”) is an innovator of high reliability analog and mixed signal semiconductors. Leveraging core technologies, Skyworks offers diverse standard and custom linear products supporting automotive, broadband, cellular infrastructure, energy management, industrial, medical, military and cellular handset applications. The Company's portfolio includes amplifiers, attenuators, circulators, detectors, diodes, directional couplers, front-end modules, hybrids, infrastructure RF subsystems, isolators, mixers/demodulators, optocouplers, optoisolators, phase shifters,

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PLLs/synthesizers/VCOs, power dividers/combiners, receivers, switches and technical ceramics.

BUSINESS FRAMEWORK

Our portfolio includes highly customized power amplifiers and front-end solutions that are in many of today's cellular handsets, from entry level to multimedia platforms, as well as smart phones. Some of our primary customers include Foxconn, LG Electronics, Motorola, Nokia, Samsung, Sony Ericsson, Research in Motion, and HTC. Our competitors include Avago Technologies, RF Micro Devices and Triquint Semiconductor.

In parallel, we offer over 2,500 different high performance analog products to a highly diversified non-handset customer base. Our customers include connectivity, infrastructure, automotive, energy management, medical and military providers such as Huawei, Ericsson, Cisco, Phillips, Toshiba, Sensus, Itron, Siemens, and Northrop Grumman. Our competitors in the analog products markets include Analog Devices, Hittite Microwave, Linear Technology and Maxim Integrated Products.

BASIS OF PRESENTATION

The Company’s fiscal year ends on the Friday closest to September 30 of each year. Fiscal years 2011, 2010 and 2009 each consisted of 52 weeks and ended on September 30, 2011, October 1, 2010 and October 2, 2009, respectively.

Effective October 3, 2009, we adopted ASC 470-20- Debt, Debt with Conversion and Other Options (“ASC 470-20”) in accordance with GAAP. Our financial statements and the accompanying footnotes for all prior periods presented have been adjusted to reflect the retrospective adoption of this new accounting principle.

Net revenue and net income for acquisitions completed during the fiscal year ended September 30, 2011 have been included in the consolidated statements of operations from their respective acquisition dates. SiGe Semiconductor, Inc. ("SiGe") contributed approximately $39.7 million of net revenue to the consolidated results of operations for the fiscal year ended September 30, 2011. The impact of SiGe's ongoing operations on the Company's net income was insignificant to the fiscal year ended September 30, 2011. The transaction related costs associated to the SiGe acquisition were considered immaterial and included within selling, general and administrative expense for the fiscal year ended September 30, 2011.

RESULTS OF OPERATIONS

FISCAL YEARS ENDED SEPTEMBER 30, 2011, OCTOBER 1, 2010, AND OCTOBER 2, 2009.

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

	2011		2010		2009	
Net revenue	100.0	%	100.0	%	100.0	%
Cost of goods sold	56.3		57.4		60.4	
Gross profit	43.7		42.6		39.6	
Operating expenses:						
Research and development	11.9		12.5		15.4	
Selling, general and administrative	9.7		11.0		12.5	
Amortization of intangible assets	1.2		0.6		0.8	
Restructuring and other charges (credits)	0.1		(0.1	)	2.0	
Total operating expenses	22.9		24.0		30.7	
Operating income	20.8		18.6		8.9	

Interest expense	(0.1)	(0.4)	(1.0)
(Loss) gain on early retirement of convertible debt	—	—	0.6
Other income, net	—	—	0.2
Income before income taxes	20.7	18.2	8.7
Provision (benefit) for income taxes	4.7	5.4	(3.1)
Net income	16.0 %	12.8 %	11.8 %

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GENERAL

During fiscal year 2011, certain key factors contributed to our overall results of operations and cash flows from operations. More specifically:

- Smart phones are entering the stage of mass market adoption and becoming a more integral part of consumers' daily lives. These devices increasingly incorporate mobile internet connectivity, social networking, portable gaming, digital cameras, high definition camcorders and mobile payment systems in addition to the functionality of traditional mobile phones. This trend creates a higher dollar content per handset which results in an expanded market opportunity for Skyworks' devices. Our growing addressable market, coupled with increasing market share and strategic acquisitions made during the year are the primary drivers of the approximately 32.4% revenue growth to $1.4 billion in fiscal year 2011.

- Gross profit increased by $163.5 million or 110 basis points to 43.7% of net revenue for the fiscal year ended September 30, 2011 as compared to fiscal year 2010. The increase in gross profit in aggregate dollars and as a percentage of net revenue is primarily the result of enhanced product mix, lower manufacturing costs as a result of higher factory utilization, and the aforementioned increase in net revenue.

- Operating income increased by $95.6 million or 47.9% over the prior year to 20.8% of revenue for fiscal year 2011. The increase is primarily due to the aforementioned increases in net revenue and gross margin along with a higher degree of operating leverage as the Company maintained relatively constant operating expenditures.

- We generated $365.8 million in cash from operations during fiscal year 2011 resulting in an ending cash, cash equivalents and restricted cash balance of $410.8 million at September 30, 2011 even after factoring in the use of $249.3 million of cash for acquisitions, net of cash received, $100.7 million of cash on capital expenditures and $70.0 million of cash for shares repurchased.

- In June 2011, we acquired SiGe for $278.9 million in total consideration. SiGe is a leading global supplier of RF front-end solutions that facilitate wireless multimedia across a wide range of applications. The acquisition of SiGe complements the Company’s leadership in wide area front-end solutions by adding SiGe's innovative short range, silicon-based products. As a result, the Company now offers customers a more comprehensive wireless networking product portfolio, supporting all key operating frequencies with greater architectural flexibility to address a variety of high growth applications. SiGe contributed approximately 2.8% to our 32.4% revenue growth in fiscal year 2011.

NET REVENUE

	Fiscal Years Ended				
	September 30, 2011	Change	October 1, 2010	Change	October 2, 2009
(dollars in thousands)					
Net revenue	$1,418,922	32.4 %	$1,071,849	33.6 %	$802,577

We market and sell our products directly to Original Equipment Manufacturers (“OEMs”) of communication electronic products, third-party Original Design Manufacturers (“ODMs”), contract manufacturers, and indirectly through electronic components distributors. We periodically enter into revenue generating arrangements that leverage our broad intellectual property portfolio by licensing or selling our non-core patents or other intellectual property. We anticipate continuing this intellectual property strategy in future periods.

Overall revenue in fiscal year 2011 increased by $347.1 million, or 32.4%, from fiscal year 2010. This revenue increase was principally driven by an increase in our growing addressable market, coupled with increasing market share and the higher overall demand for our products used in mobile internet, wireless infrastructure, energy management and diversified analog applications. In addition, we benefited from the incremental revenue associated with the acquisition of SiGe during the fiscal year.

Overall revenue in fiscal year 2010 increased by $269.3 million, or 33.6%, from fiscal year 2009. This revenue increase was principally driven by market share gains and higher overall demand for our products used in mobile internet, wireless infrastructure, energy management and diversified analog devices.

For information regarding net revenue by geographic region and customer concentration, see Note 18 of Item 8 of this Annual Report on Form 10-K.

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GROSS PROFIT

	Fiscal Years Ended September 30, 2011	Change	October 1, 2010	Change	October 2, 2009
(dollars in thousands)					
Gross profit	$620,304	35.8 %	$456,833	43.6 %	$318,220
% of net revenue	43.7 %		42.6 %		39.6 %

Gross profit represents net revenue less cost of goods sold. Cost of goods sold consists primarily of purchased materials, labor and overhead (including depreciation and share-based compensation expense) associated with product manufacturing.

We increased our gross profit by $163.5 million for the fiscal year ending September 30, 2011 as compared to the prior fiscal year, resulting in a 110 basis point expansion in gross profit margin to 43.7%. This increase was principally the result of enhanced product mix, lower manufacturing costs as a result of higher factory utilization, and the aforementioned increase in net revenue. During fiscal 2011 we continued to benefit from higher contribution margins associated with the licensing and/ or sale of intellectual property.

We increased our gross profit by $138.6 million for the fiscal year ended October 1, 2010 as compared to the prior fiscal year, resulting in a 300 basis point expansion in gross profit margin to 42.6%. This was principally the result of continued factory process and productivity enhancements, product end-to-end yield improvements, year-over-year material cost reductions, targeted capital expenditure investments and the aforementioned increase in net revenue. During fiscal 2010 we continued to benefit from higher contribution margins associated with the licensing and/ or sale of intellectual property.

RESEARCH AND DEVELOPMENT

	Fiscal Years Ended September 30, 2011	Change	October 1, 2010	Change	October 2, 2009
(dollars in thousands)					
Research and development	$168,637	25.7 %	$134,140	8.2 %	$123,996
% of net revenue	11.9 %		12.5 %		15.4 %

Research and development expenses consist primarily of direct personnel costs, costs for pre-production evaluation and testing of new devices, masks and engineering prototypes, share-based compensation expense and design and test tool costs.

The 25.7% increase in research and development expenses in fiscal year 2011 when compared to fiscal year 2010 is principally attributable to higher head count and related employee and share-based compensation costs including those related to the SiGe acquisition. In addition, we increased design activity and expense in support of increased product development for our target markets. Research and development expenses decreased as a percentage of net revenue for fiscal year 2011 as a result of the aforementioned increase in net revenue.

The 8.2% increase in research and development expenses in fiscal year 2010 when compared to fiscal year 2009 is principally attributable to higher head count and related compensation costs. In addition, the Company had increased design activity resulting in higher mask, prototype and materials costs in support of increased product development for our target markets. Research and development expenses decreased as a percentage of net revenue for fiscal year 2010 as a result of the aforementioned increase in net revenue.

SELLING, GENERAL AND ADMINISTRATIVE

	Fiscal Years Ended				
	September 30, 2011	Change	October 1, 2010	Change	October 2, 2009
(dollars in thousands)					
Selling, general and administrative	$137,238	16.4 %	$117,853	17.4 %	$100,421
% of net revenue	9.7 %		11.0 %		12.5 %

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Selling, general and administrative expenses include legal, accounting, treasury, human resources, information systems, customer service, bad debt expense, sales commissions, share-based compensation expense, advertising, marketing and other costs.

The increase in selling, general and administrative expenses for fiscal year 2011 as compared to fiscal year 2010 is principally due to the growth in the number of employees and related compensation expense (including share-based compensation), and to a lesser extent the increase related to professional fees associated with completed and pending acquisitions and a settlement of a contractual dispute. Selling, general and administrative expenses as a percentage of net revenue decreased for fiscal year 2011, as compared to fiscal year 2010, due to the aforementioned increase in fiscal year 2011 revenue.

The increase in selling, general and administrative expenses for fiscal year 2010 as compared to fiscal year 2009 is principally due to share-based compensation which increased primarily as a result of our increased stock price in fiscal year 2010 as compared to 2009. Selling, general and administrative expenses as a percentage of net revenue decreased for fiscal year 2010, as compared to fiscal year 2009, due to the aforementioned increase in fiscal year 2010 revenue.

AMORTIZATION OF INTANGIBLE ASSETS

	Fiscal Years Ended				
	September 30, 2011	Change	October 1, 2010	Change	October 2, 2009
(dollars in thousands)					
Amortization	$16,742	172.8 %	$6,136	0.3 %	$6,118
% of net revenue	1.2 %		0.6 %		0.8 %

The increase in amortization expense for the fiscal year 2011 is related to the acquired intangible assets during the year which are primarily due to the acquisition of SiGe.

For additional information regarding the acquisitions and goodwill and intangible assets, see Note 3 and Note 8 of Item 8 of this Annual Report on Form 10-K, respectively.

PROVISION (BENEFIT) FOR INCOME TAXES

	Fiscal Years Ended				
	September 30, 2011	Change	October 1, 2010	Change	October 2, 2009
(dollars in thousands)					
Provision (benefit) for income taxes	$67,301	16.5 %	$57,780	329.0 %	$(25,227)
% of net revenue	4.7 %		5.4 %		(3.1)%

Income tax expense was $67.3 million for fiscal 2011, compared to $57.8 million for fiscal year 2010. The annual effective tax rate for fiscal year 2011 was 22.9% as compared to a tax rate of 29.6% for fiscal year 2010.
As a result of the United States Government enactment of the Tax Relief Act of 2010 which retroactively reinstated and extended the research and development tax credit, $6.2 million of federal research and development tax credits which were earned in fiscal year 2010 reduced our tax rate during the year ended September 30, 2011.
The annual effective tax rate for fiscal 2011 of 22.9% was less than the United States federal statutory rate of 35% primarily due to benefits of 8.3% related to foreign earnings taxed at a less than the United States federal rate, benefits of 6.0% related to the research and development tax credits and benefits of 2.1% related to a domestic production activities deduction partially offset by income tax expense of 3.2% related to a change in our tax reserves.
On October 2, 2010, we expanded our presence in Asia by launching operations in Singapore. We operate under a tax holiday in Singapore, which is effective through September 30, 2020. The tax holiday is conditional upon our

compliance in meeting certain employment and investment thresholds in Singapore.

Income tax expense was $57.8 million for fiscal 2010, compared to benefit of $25.2 million for fiscal year 2009. The annual effective tax rate for fiscal year 2010 was 29.6% as compared to a tax benefit of 36.2% for fiscal 2009.

The annual effective tax rate for fiscal 2010 of 29.6% was less than the United States federal statutory rate of 35% primarily due to benefits of 4.6% related to foreign earnings taxed at a less than the United States federal rate, benefits of 3.0% related to the research

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and development tax credits, benefits of 1.8% related to an international restructuring to a lower tax jurisdiction and benefits of 1.2% related to a domestic production activities deduction partially offset by income tax expense of 2.3% and 1.5% related to changes in our tax reserves and valuation allowance, respectively.

During fiscal year 2010, we restructured our international operations resulting in a tax benefit of $3.5 million. This consisted of a tax benefit of $6.3 million due to reassessing the United States income tax required to be recorded on earnings of our operations in Mexico, offset by $2.8 million of tax provision related to the transfer of assets to an affiliated foreign company. As a result of this restructuring, we are no longer required to assess United States income tax on the earnings of our Mexican business.

LIQUIDITY AND CAPITAL RESOURCES

(dollars in thousands)	Fiscal Years Ended September 30, 2011	October 1, 2010	October 2, 2009
Cash and cash equivalents at beginning of period (1)	$453,257	$364,221	$225,104
Net cash provided by operating activities	365,818	222,962	218,805
Net cash used in investing activities	(349,944)	(95,329)	(49,528)
Net cash used in financing activities	(59,044)	(38,597)	(30,160)
Cash and cash equivalents at end of period (1)	$410,087	$453,257	$364,221

(1) Does not include restricted cash balances

Cash Flow from Operating Activities:

Cash provided from operating activities is net income adjusted for certain non-cash items and changes in certain operating assets and liabilities. For fiscal year 2011 we generated $365.8 million in cash flow from operations, an increase of $142.8 million when compared to $223.0 million generated in fiscal year 2010. The increase was primarily due to the increase in net income of $89.3 million for fiscal year 2011, and the increase in non-cash expenses such as depreciation of $59.8 million, share based compensation of $58.3 million, amortization of intangibles of $16.7 million, offset by the change in net working capital.

Cash Flow from Investing Activities:

Cash used in investing activities consists of cash paid for acquisitions, net of cash acquired, and capital expenditures. We had net cash outflows of $349.9 million in fiscal year 2011, compared to $95.3 million in fiscal year 2010. The increase resulted from cash paid for acquisitions of $249.3 million (net of cash received), primarily for SiGe and $100.7 million in capital expenditures during the year.

Cash Flow from Financing Activities:

Cash flows from financing activities consist primarily of cash transactions related to debt and equity. During fiscal year 2011, we had net cash outflows of $59.0 million, compared to $38.6 million in fiscal year 2010. During fiscal year 2011 we had the following significant uses of cash:

- $70.0 million related to our repurchase of approximately 2.8 million shares of our common stock pursuant to the share repurchase program approved by our Board of Directors on August 3, 2010;
- $50.0 million related to the repayment and termination of the Credit Facility; and
- $20.1 million related to payroll tax withholdings on the vesting of employee performance and restricted stock awards.

These uses of cash were partially offset by the net proceeds from employee stock option exercises of $63.2 million, tax benefit from stock option exercises of $12.5 million and a decrease in restricted cash of $5.4 million during fiscal 2011.

Liquidity:

Cash and cash equivalent balances (excluding restricted cash) decreased $43.2 million to $410.1 million at September 30, 2011 from $453.3 million at October 1, 2010. This decrease was primarily due to the $249.3 million in cash paid for acquisitions, $100.7 million in capital expenditures and $70.0 million for share repurchases during the year offset by our cash provided by operations of $365.8 million. Our net cash position, after deducting our debt, increased by $5.5 million to $384.0 million at September 30, 2011 from $378.5 million at October 1, 2010. On May 26, 2011, we announced that we had entered into a definitive agreement under which we intend to acquire all the outstanding shares of AATI for $6.13 per share in a combination of cash and stock. In the event that the Company's stock price is below $21.00 per share on the date of acquisition and elects an all cash transaction, the Company expects to pay approximately $190.0 million and $200.0 million net of approximately $80.0 million to $90.0 million of cash expected to be received in the transaction. Based on our historical results of operations, we expect our existing sources of liquidity, together with

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cash expected to be generated from operations, will be sufficient to fund our research and development, capital expenditures, debt obligations including the cash premium, contingent consideration for our completed acquisitions, pending and future acquisitions, working capital and other cash requirements for at least the next 12 months. However, we cannot be certain 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 may require additional capital resources. If we are unable to obtain sufficient capital to meet our capital needs on a timely basis and on favorable terms, our business and operations could be materially and adversely affected.

Our invested cash balances primarily consist of money market funds where the underlying securities primarily consist of United States treasury obligations, United States agency obligations and repurchase agreements collateralized by United States Government and agency obligations. Our invested cash balances also include time deposits and certificates of deposit. At September 30, 2011, we also held a $3.2 million par value auction rate security with a fair value of $2.3 million on which we continue to receive the scheduled interest payments. We continue to monitor the liquidity and accounting classification of this security. If in a future period we determine that the impairment is other than temporary, we will impair the security to its fair value and charge the loss to earnings.

OFF-BALANCE SHEET ARRANGEMENTS

We have no significant contractual obligations not fully recorded on our consolidated balance sheet or fully disclosed in the notes to our consolidated financial statements. We have no material off-balance sheet arrangements as defined in SEC Regulation S-K- 303(a)(4)(ii).

CONTRACTUAL CASH FLOWS

Following is a summary of our contractual payment obligations related to our consolidated debt, contingent consideration, operating leases, other commitments and long-term liabilities at September 30, 2011 (see Notes 9 and 13 of Item 8 of this Annual Report on Form 10-K), (in thousands):

	Payments Due By Period				
Obligation	Total	Less Than 1Year	1-3 years	3-5 Years	Thereafter
Short-term debt obligations	$26,677	$26,677	$—	$—	$—
Cash premium on convertible notes due March 2012 (1)	23,558	23,558	—	—	—
Other commitments (2)	5,170	3,398	1,772	—	—
Operating lease obligations	37,788	8,247	13,819	9,780	5,942
Contingent consideration for business combinations (3)	59,400	58,400	1,000	—	—
Other long-term liabilities (4)	34,199	2,683	769	146	30,601
Total (5)	$186,792	$122,963	$17,360	$9,926	$36,543

(1) Cash premiums related to the "if converted" value of the 2007 Convertible Notes that exceed aggregate principal balance using the closing stock price of $17.96 on September 30, 2011. The actual amount of the cash premium will be calculated based on the 20 day average stock price prior to maturity. A $1.00 change in our stock price would change the "if converted" value of the cash premium of the total aggregate principle amount of the remaining convertible notes by approximately $2.8 million. See Note 9 of Item 8 of this Annual Report on Form 10-K for further detail.

(2) Other commitments consist of contractual license and royalty payments, and other purchase obligations.

(3) Contingent consideration related to business combinations is recorded at fair value and actual results could differ. See Note 3 of Item 8 of this Annual Report on Form 10-K for further detail.

(4) Other long-term liabilities includes our gross unrecognized tax benefits, as well as executive deferred compensation which are both classified as beyond five years due to the uncertain nature of the commitment.

(5) Amounts do not include potential cash payments for the pending acquisition of AATI. See Note 3 of Item 8 of this Annual Report on form 10-K for further detail.

CRITICAL ACCOUNTING ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent

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assets and liabilities. The SEC has defined critical accounting policies as those that are both most important to the portrayal of our financial condition and results and which require our most difficult, complex or subjective judgments or estimates. Based on this definition, we believe our critical accounting policies include the policies of revenue recognition, allowance for doubtful accounts, inventory valuation, business combinations, valuation of long-lived assets, share-based compensation, income taxes, goodwill and intangibles, and loss contingencies.

On an ongoing basis, we evaluate the judgments and estimates underlying all of our accounting policies. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures, and reported amounts of revenues and expenses. These estimates and assumptions are based on our best judgments. We evaluate our estimates and assumptions using historical experience and other factors, including the current economic environment, which we believe to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

Our significant accounting policies are discussed in detail in Note 2 of Item 8 In this Annual Report on Form 10-K. We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Revenue Recognition		
We recognize revenue in accordance with ASC 605 Revenue Recognition net of estimated reserves. We maintain revenue reserves for product returns and allowances for price protection / stock rotation for certain electronic component distributors. These reserves are based on historical experience or specific identification of a contractual arrangement necessitating a revenue reserve.	Our revenue recognition accounting methodology contains uncertainties because it requires management to make assumptions and to apply judgment to estimate the value of future credits to customers for product returns, price protection and stock rotation. Our estimates of the amount and timing of the reserves is based primarily on historical experience and specific contractual arrangements.	We have not made any material changes in our accounting methodology used to record revenue reserves during the last three fiscal years. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that would have a material impact to earnings.
Allowance for Doubtful Accounts		
We record an allowance for doubtful accounts for amounts that we estimate will arise from customers' inability to make required payments against amounts owed on credit sales. The reserve is based on the analysis of credit risk and aged receivable balances.	Our allowance for doubtful accounts methodology contains uncertainties because it requires management to apply judgment to evaluate credit risk and collectability of aged accounts receivables based on historical experience and forward looking assumptions.	There have been no material changes in our accounting methodology used to calculate the allowance for doubtful accounts during the year. The process by which we evaluate customer creditworthiness was modified in fiscal year 2010 for purposes of establishing our allowance. This did not have a material effect on our balance. We do not believe there is a reasonable likelihood that there will be a material change in future estimates or assumptions that would have a material impact to earnings.
Inventory Valuation		

We value our inventory at the lower of cost of the inventory or fair market value through the establishment of excess and obsolete inventory reserves. Our reserve is based on a detailed analysis of forecasted demand in relation to on-hand inventory, salability of our inventory, general market conditions, and product life cycles.	Our inventory reserves contain uncertainties because the calculation requires management to make assumptions and to apply judgment regarding historical experience, forecasted demand and technological obsolescence.	We have not made any material changes to our inventory reserve methodology during the last three fiscal years. We do not believe that significant changes will be made in future estimates or assumptions we use to calculate these reserves. However, if our estimates are inaccurate or changes in technology affect consumer demand we may be exposed to unforeseen gains or losses. A 10% difference in our inventory reserves as of September 30, 2011 would affect fiscal year 2011 earnings by approximately $1.1 million.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Business Combinations The Company has applied significant estimates and judgments in order to determine the fair value of the identified assets acquired, liabilities assumed, goodwill recognized and the contingent consideration recorded as part of business combinations. The value of the assets and liabilities are recognized at fair value as of the acquisition date. In measuring the fair value, the Company utilizes valuation techniques consistent with the market approach, income approach and/ or cost approach.	The valuation of the identifiable assets and liabilities includes assumptions made in performing the valuation such as, projected revenue, royalty rates, weighted average cost of capital, discount rates, estimated useful lives, etc. These assessments can be significantly affected by management's judgments.	We do not believe that there is a reasonable likelihood that there will be material changes to our estimates or assumptions. However, if actual results are not consistent with our evaluation or assumptions, additional and/or new information arises in the future that affects the fair value estimates could result in adjustments that may have a material impact to the purchase accounting or results of operations.
Valuation of Long-Lived Assets Long-lived assets other than goodwill and indefinite-lived intangible assets, which are separately tested for impairment, are evaluated for impairment whenever events or circumstances arise that may indicate that the carrying value of the asset may not be recoverable. When evaluating long-lived assets for potential impairment, we first compare the carrying value of the assets to the asset’s estimated undiscounted future cash flows (excluding interest). If the estimated undiscounted future cash flows are less than the carrying value of the asset or asset group, we would recognize an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset or asset group.	Our impairment loss calculations contain uncertainties because they require management to make assumptions and to apply judgment to estimate asset fair values, including estimating future cash flows, useful lives and selecting an appropriate discount rate that reflects the risk inherent in future cash flows.	We have not made any material changes in the accounting methodology we use to assess impairment loss during the past three fiscal years. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to calculate long-lived asset impairment losses. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we may incur material losses.
Share-Based Compensation We have a share-based compensation plan which includes non-qualified stock options, share awards, and an employee stock purchase plan. See Note 11 of Item 8 of this Annual Report on Form 10-K for a detailed listing and complete discussion of our share-based compensation programs.	Option-pricing models and generally accepted valuation techniques require management to make assumptions and to apply judgment to determine the fair value of our awards. These assumptions and judgments include estimating the future volatility of our stock price, future employee turnover rates and future employee stock	We have not made any material changes in the accounting methodology we used to calculate share-based compensation during the past three fiscal years. We do not believe that there is a reasonable likelihood there will be a material change in future estimates or assumptions used to determine

We determine the fair value of our non-qualified share-based compensation at the date of grant using the Black-Scholes options-pricing model. Our determination of fair value of share-based payment awards on the date of grant contains assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to; our expected stock price volatility over the term of the award, risk-free rate, and the expected life. The Black-Scholes value, combined with our estimated forfeiture rate, is used to determine the compensation expense to be recognized over the life of the options. For performance based awards, we determine the fair value based on the grant date value of the Company's stock. These awards are expensed based on an estimate of the most probably outcome of the underlying performance metric. Management periodically evaluates these assumptions and updates stock based compensation expense accordingly. option exercise behaviors. Changes in these assumptions can materially affect the fair value estimate and stock based compensation recognized by the Company. share-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to a material change in share-based compensation expense. A 10% difference in our share-based compensation expense for the year ended September 30, 2011 would affect fiscal year 2011 earnings by approximately $5.8 million.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Loss Contingencies The outcomes of legal proceedings and claims brought against us are subject to significant uncertainties. Estimated loss from a loss contingency such as a legal proceeding or claim should be accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a material loss contingency is required if there is at least a reasonable possibility that a loss has been incurred.	Our analysis contains uncertainties because it requires management to assess the degree of probability of an unfavorable outcome and to make a reasonable estimate of the amount of potential loss.	We have not made any material changes in the accounting methodology we use to assess loss contingencies in the past three years. We do not believe there is a reasonable likelihood that there will be material changes to our estimates or assumptions. However, if actual results are not consistent with our evaluation or assumptions, there could be a material impact to earnings.
Income Taxes We account for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between tax and financial reporting. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized. Significant management judgment is required in developing our provision for income taxes, including the determination of deferred tax assets and liabilities and any valuation allowances that might be required against the deferred tax assets. ASC 740-Income Taxes, clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with GAAP. ASC 740 prescribes a recognition threshold and measurement attribute for the	The application of tax laws and regulations to calculate our tax liabilities is subject to legal and factual interpretation, judgment, and uncertainty in a multitude of jurisdictions. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations, and court rulings. We recognize potential liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and interest will be due. We record an amount as an estimate of probable additional income tax liability at the largest amount that we feel is more likely than not, based upon the technical merits of the position, to be sustained upon audit by the relevant tax authority. We record a valuation allowance against deferred tax assets that we feel are more likely than not to not be realized.	We have not made any material changes in the accounting methodology we used to measure our deferred tax assets and liabilities or reserves for additional income tax liabilities. If our estimate of income tax liabilities proves to be less than the ultimate assessment, or events cause us to change our estimate of probable additional income tax liability, a further charge to expense would be required. The Company expects to continue to be profitable and therefore has determined that a valuation allowance is not required against our deferred tax assets, except for certain state and foreign tax credits. If certain events cause us to change our estimate of the realizability of our deferred tax assets and liabilities, a further charge to expense would be required.

financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This statement also provides guidance on derecognition, classification, interest and penalties, accounting in the interim periods and disclosure.

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Description	Judgments and Uncertainties	Effect if Actual Results Differ From Assumptions
Goodwill and Intangible Assets We evaluate goodwill and other indefinite-lived intangible assets for impairment annually on the first day of the fiscal fourth quarter and whenever events or circumstances arise that may indicate that the carrying value of the goodwill or other intangibles may not be recoverable. Intangible assets with indefinite useful lives comprise an insignificant portion of the total book value of our goodwill and intangible assets. Pursuant to the guidance provide under ASC 280-Segment Reporting, we have determined that we have only one reporting unit for the purposes of allocating and testing goodwill. The impairment evaluation involves comparing the fair value to the carrying value of the reporting unit. We use the market price of the Company's stock adjusted for a market premium to calculate the fair value of the reporting unit. If the fair value exceeds the carrying value, then it is concluded that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, a second step is required to measure the possible goodwill impairment loss. In the second step, we would use a discounted cash flow methodology to determine the implied fair value of our goodwill. The implied fair value of the reporting unit's goodwill would then be compared to the carrying value of the goodwill. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, we would recognize a loss equal to the excess.	Our impairment analysis contains uncertainties because it requires management to make assumptions and to apply judgment to estimate control premiums, discount rate, future cash flows and the profitability of future business strategies.	We have not made any material changes in the accounting methodology we use to assess impairment loss during the past three fiscal years. The carrying value of goodwill and indefinite-lived intangible assets at September 30, 2011 were $663.0 million and $3.9 million, respectively. Based on the results of our impairment test, we had a significant excess fair value over the carrying value. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions we use to calculate goodwill and intangible asset impairment losses. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and asset fair values, we may be exposed to losses that could be material.

OTHER MATTERS

Inflation did not have a material impact upon our results of operations during the three-year period ended September 30, 2011.

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

We are subject to investment risk, interest rate risk, and foreign exchange rate risk as described below.

Investment and Interest Rate Risk

Our exposure to interest rate and general market risks relates principally to our investment portfolio, which as of September 30, 2011 consisted of the following (in thousands):

Cash and cash equivalents (time deposits and money market funds)	$410,087
Restricted cash (time deposits and certificates of deposit)	712
Available for sale securities (auction rate securities)	2,288
	$413,087

The main objective of our investment activities is the liquidity and preservation of capital. In general, our cash and cash equivalent investments have short-term maturity periods which dampen the impact of significant market or interest rate risk. Credit risk associated with our investments is not material as our investment policy prescribes high credit quality standards and limits the amount of credit exposure to any one issuer. We currently do not use derivative instruments for trading, speculative or investment purposes; however, we may use derivatives in the future.

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We are subject to overall financial market risks, such as changes in market liquidity, credit quality and interest rates. Available for sale securities carry a longer maturity period (contractual maturities exceed ten years).

Our short-term debt at September 30, 2011 consists of $26.7 million aggregate principal amount of our remaining 2007 Convertible Notes which are due in March 2012. The 2007 Convertible Notes contain cash settlement provisions should the share price of the Company's common stock exceed $9.52. It has been the Company's historical practice to cash settle the principal and interest components of convertible debt instruments, and it is our intention to continue to do so in the future. As of September 30, 2011, based on the closing stock price on September 30, 2011 of $17.96, the actual "if converted" value of the remaining Convertible Notes was $50.3 million which exceeds the related principal amount by approximately $23.6 million. The actual amount of the cash premium will be calculated based on the 20 day average stock price prior to maturity. A $1.00 change in our stock price would change the "if converted" value of the cash premium of the total aggregate principle amount of the remaining convertible notes by approximately $2.8 million.

We do not believe that investment or interest rate risk is material to our business or results of operations.

Our cash and cash equivalents at September 30, 2011 consisted of $335.3 million held domestically, with the remaining balance of $75.5 million held by foreign subsidiaries. There may be adverse tax effects upon repatriation of these funds to the United States.

Exchange Rate Risk

Substantially all sales to customers and arrangements with third-party manufacturers provide for pricing and payment in United States dollars, thereby reducing the impact of foreign exchange rate fluctuations on our results. A small percentage of our international operational expenses are denominated in foreign currencies. Exchange rate volatility could negatively or positively impact those operating costs. For the fiscal years ended September 30, 2011, October 1, 2010, and October 2, 2009, the Company had foreign exchange gains/(losses) of $0.3 million, $(0.6) million, and $0.7 million, respectively. Increases in the value of the U.S. dollar relative to other currencies could make our products more expensive, which could negatively impact our ability to compete. Conversely, decreases in the value of the U.S. dollar relative to other currencies could result in our suppliers raising their prices to continue doing business with us. Fluctuations in currency exchange rates could have a greater effect on our business in the future to the extent our expenses increasingly become denominated in foreign currencies.

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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, 2011 are included herewith:

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, 2011 and October 1, 2010, and the related consolidated statements of operations, cash flows, and stockholders' equity and comprehensive income (loss) for each of the years in the three-year period ended September 30, 2011. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule listed in Item 15 of the 2011 Form 10-K. We also have audited Skyworks Solutions Inc.'s internal control over financial reporting as of September 30, 2011, 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 these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule, and an opinion on the Company's internal control over financial reporting 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Skyworks Solutions, Inc. and subsidiaries as of September 30, 2011 and October 1, 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2011, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule, 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. Also in our opinion, Skyworks Solutions, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Skyworks Solutions, Inc. acquired SiGe Semiconductor, Inc. during 2011, and management excluded from its assessment of the effectiveness of Skyworks Solutions, Inc. internal control over financial reporting as of September 30, 2011, SiGe Semiconductor, Inc's internal control over financial reporting associated with total assets of 15.9% (of which 12.5% represented goodwill and intangible assets included within the scope of the assessment) and total revenues of 2.8% included in the consolidated financial statements of Skyworks Solutions, Inc. as of and for the year ended September 30, 2011. Our audit of internal control over financial reporting of Skyworks Solutions, Inc. also excluded an evaluation of the internal control over financial reporting of SiGe Semiconductor, Inc.

/s/ KPMG LLP

Boston, Massachusetts
November 28, 2011

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SKYWORKS SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Fiscal Years Ended		
	September 30, 2011	October 1, 2010	October 2, 2009
Net revenue	$1,418,922	$1,071,849	$802,577
Cost of goods sold	798,618	615,016	484,357
Gross profit	620,304	456,833	318,220
Operating expenses:			
Research and development	168,637	134,140	123,996
Selling, general and administrative	137,238	117,853	100,421
Amortization of intangibles	16,742	6,136	6,118
Restructuring and other charges (credits)	2,363	(1,040)	15,982
Total operating expenses	324,980	257,089	246,517
Operating income	295,324	199,744	71,703
Interest expense	(1,936)	(4,246)	(8,290)
(Loss) gain on early retirement of convertible debt	—	(79)	4,590
Other income (loss), net	498	(345)	1,753
Income before income taxes	293,886	195,074	69,756
Provision (benefit) for income taxes	67,301	57,780	(25,227)
Net income	$226,585	$137,294	$94,983
Earnings per share:			
Basic	$1.24	$0.78	$0.57
Diluted	$1.19	$0.75	$0.56
Weighted average shares:			
Basic	182,879	175,020	167,047
Diluted	190,667	182,738	169,663

See the accompanying notes to the consolidated financial statements.

SKYWORKS SOLUTIONS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	As of September 30, 2011	October 1, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$410,087	$453,257
Restricted cash	712	6,128
Receivables, net of allowance for doubtful accounts of $785 and $1,177, respectively	177,940	175,232
Inventory	198,183	125,059
Other current assets	29,412	30,189
Total current assets	816,334	789,865
Property, plant and equipment, net	251,365	204,363
Goodwill	663,041	485,587
Intangible assets, net	86,808	12,509
Deferred tax assets, net	60,863	60,569
Other assets	11,978	11,159
Total assets	$1,890,389	$1,564,052
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Short-term debt	$26,089	$50,000
Accounts payable	115,290	111,967
Accrued compensation and benefits	35,684	35,695
Other current liabilities	70,033	6,662
Total current liabilities	247,096	204,324
Long-term debt, less current maturities	—	24,743
Other long-term liabilities	34,198	