



**2013 Annual Report
Notice of 2014 Annual Meeting and Proxy Statement**

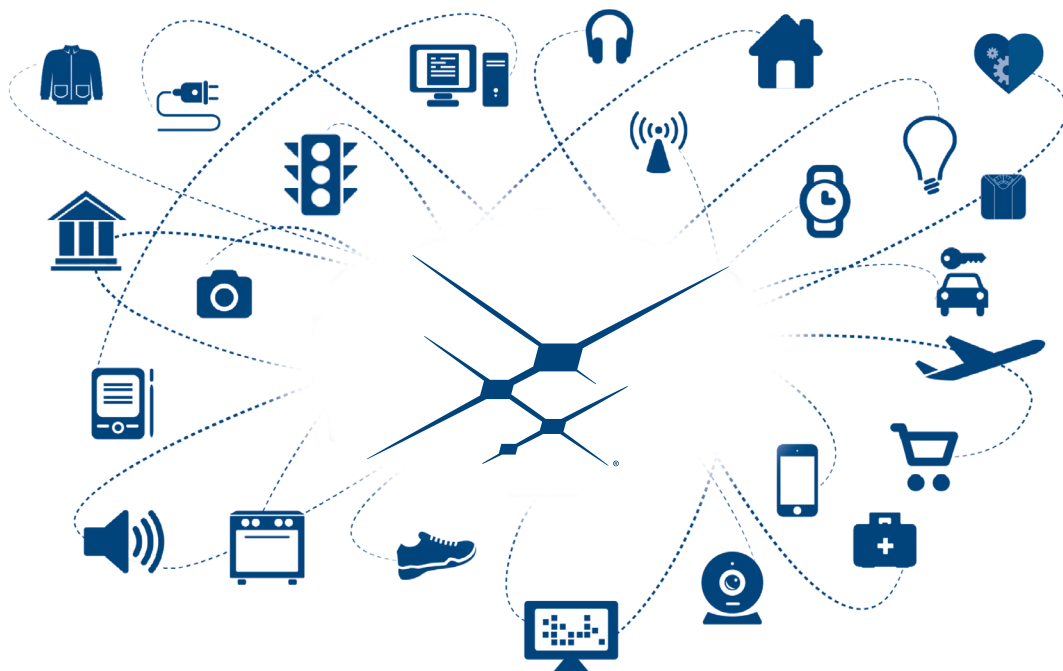




We are an innovator of
high performance analog
semiconductors. Leveraging core
technologies, Skyworks supports
automotive, broadband, wireless
infrastructure, energy management,
GPS, industrial, medical, military,
wireless networking, smartphone
and tablet applications.

“The billions of connected devices that make up the Internet of Things will be enabled by a combination of sensors, microcontrollers, and most importantly for Skyworks—connectivity and power management solutions—dramatically expanding the markets we currently serve.”

—David J. Aldrich



Capitalizing on the Internet of Things



David J. Aldrich
President & Chief Executive Officer

Dear Stockholders,

I am delighted to report that Skyworks delivered record results in fiscal 2013 with solid year-over-year revenue and profitability growth placing us among the best in class within our peer group and further highlighting the sustainability of our business model. Our success is being driven by the proliferation of connectivity across a broad range of end markets and applications. This powerful global trend to connect everything, coupled with our complete systems approach, strong customer relationships and operational execution, are all solidifying Skyworks' position as a diversified market leader.

Connecting Everyone and Everything

Consumer demand for wireless ubiquity and the trend towards linking people, places and things in ways previously not imagined is driving connectivity across a growing number of markets and applications. This explosive demand for connectivity and consumers' desire for anytime, anywhere access is helping fuel our growth and expand our served markets. In fact, a recent report by Morgan Stanley estimates that by 2020 the total number of connected devices could reach a staggering 75 billion. General Electric, for example, has announced it will incorporate machine-to-machine communications across its entire industrial portfolio,

including jet engines, locomotives, turbines and medical devices. This is just one example of how analog end markets are incorporating connectivity—in many cases for the first time.

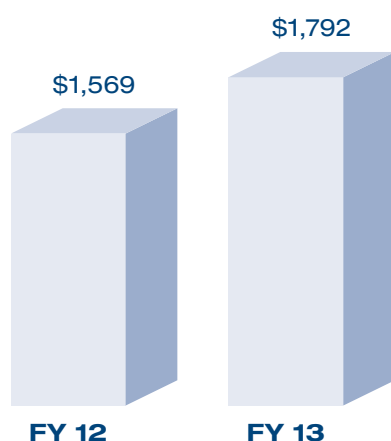
In addition to the more traditional analog segments, we are embracing an entirely new generation of connected devices such as home automation systems, fitness gear and a variety of health and wellness products. While many of these products are still in the early stages of deployment, we have already captured strong positions in these new growth sectors. In fiscal 2013, this included design wins in set-top boxes, Blu-ray players and LED/4K TVs, wireless home lighting and wearable technologies.

The billions of connected devices that make up the Internet of Things will be enabled by a combination of sensors, microcontrollers, and most importantly for Skyworks—connectivity and power management solutions—dramatically expanding the markets we currently serve.

At the same time, these connected devices are also incorporating more and more network standards. In the connected home, for example, we have an exciting

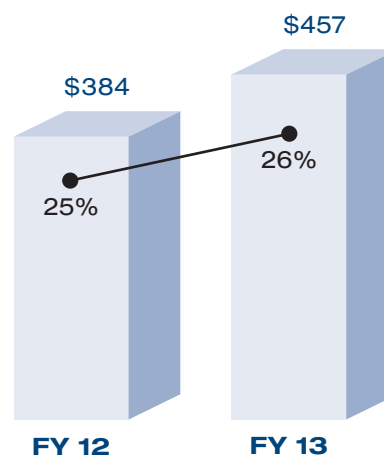
Total Revenue

(Dollars in Millions)



Non-GAAP Operating Income* (Dollars in Millions)

and Operating Margin* (Percent of Sales)



*Please see table on page 134 for a full reconciliation of non-GAAP results to GAAP results.

and diverse pipeline of opportunities. In one particular application, we are engaged on a media gateway design that provides not only the functionality of a traditional set-top box, but also enhanced connectivity capabilities to support home networking and streaming on-demand video. This product incorporates Skyworks' ZigBee®, WiFi and GPS solutions along with a number of our power management products. We have additional opportunities within the home spanning gaming, entertainment, security and automation.

And in the broadest sense, we are seeing increased global demand for higher data rate services, like 802.11ac and Long Term Evolution (LTE) for mobile devices such as smartphones and tablets, which are enabling seamless connections, faster download speeds, improved signal range and longer battery life. Smartphone manufacturers and network operators are rapidly rolling out these technologies to provide users with the best possible experience.

Solving RF Challenges

This transition to ubiquitous connectivity, however, does not come without its challenges. RF solutions in ultra-thin, high performance consumer products must preserve battery life, increase data rates and solve signal interference problems while occupying minimal

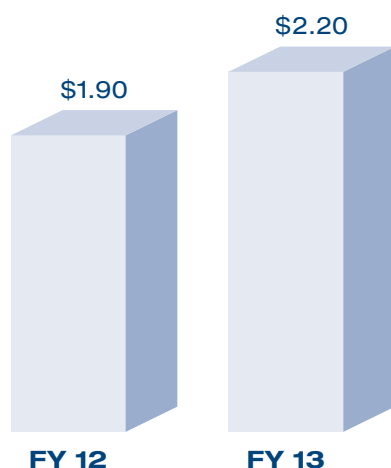
board space. Meeting these design challenges requires broad competencies including signal transmission and conditioning, the ability to ensure seamless handoffs between multiple standards, power management, voltage regulation, battery charging, filtering and tuning, among others. This complexity plays directly to Skyworks' strengths. We have a strong heritage in analog systems design and have spent the last decade investing in key technologies and resources. We are at the forefront of advanced multi-chip module integration and offer unmatched technology breadth—providing deep expertise in CMOS, SOI, GaAs and filters, and maintaining strategic partnerships with outside foundries.

How We Are Winning

By providing custom solutions that help our customers navigate increasingly complex analog design challenges, Skyworks is leading this connectivity revolution. We leverage our comprehensive portfolio of technologies and leading-edge integration capabilities to innovate and create system improvements that deliver best-in-class data rates with superior efficiency. Our broad product portfolio spans numerous connectivity standards, includes power management, panel lighting and display modules, switching solutions, along with more traditional analog products. We listen closely to our customers and seek to gain insight into their product challenges and

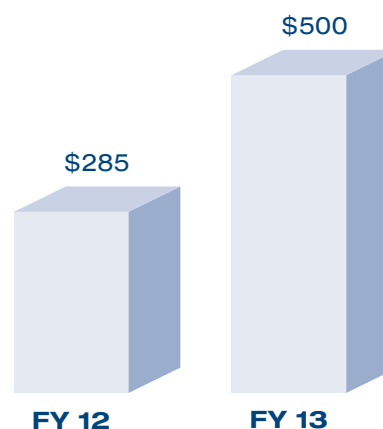
Non-GAAP Earnings Per Share*

(In Dollars)



Cash Flow From Operations

(Dollars in Millions)



needs. And we remain committed to achieving perfect quality, ensuring our solutions contain zero defects and operate flawlessly in the real-world environment.

The net result is that Skyworks is capitalizing on the global demand for connectivity and capturing more dollar content per platform. In fact, it is not uncommon for us to address opportunities within leading platforms totaling 2x that of just a few years ago.

Operational Execution

Our market success coupled with strong operational execution helped us deliver Skyworks' strongest financial performance yet. Specifically, in fiscal 2013 we grew year-over-year revenue 14 percent to \$1.792 billion and non-GAAP operating income by 19 percent to \$457 million, or 26 percent of sales, which translated into non-GAAP diluted earnings per share of \$2.20. With our strong cash position, we generated half a billion dollars in cash flow from operations, allowing us to repurchase over eight million shares of our common stock while remaining debt free. The growth, profitability and cash flow performance we achieved in fiscal 2013 highlight our truly differentiated business model and place us among the best-in-class semiconductor companies within our broader peer group.

Looking Ahead

We are quite optimistic about our prospects for 2014 and beyond, with the powerful underlying market demand for connectivity just beginning. We are continuing to partner with our customers, helping to solve their increasingly complex analog design challenges. Our strategy of aggressively investing in diversified markets while capturing more value through custom system solutions will enable us to continue to deliver above-market growth while creating shareholder value.

We give sincere thanks to our employees who are committed to developing the best solutions and delivering perfect quality to our customers. We thank our customers who invite us to work side by side to provide consumers enhanced user experiences. We also thank our shareholders who have placed their confidence in us to be the enabler of all things connected.

David J. Aldrich
President and Chief Executive Officer

Executive Management



David J. Aldrich
*President &
Chief Executive Officer*



Bradley C. Byk
*Senior Vice President,
Worldwide Sales*



Bruce J. Freyman
*Senior Vice President,
Worldwide Operations*



Peter L. Gammel
Chief Technology Officer



Liam K. Griffin
*Executive Vice President and
Corporate General Manager*



Kenneth J. Huening
Vice President, Quality



Donald W. Palette
*Vice President &
Chief Financial Officer*



Thomas S. Schiller
*Vice President,
Corporate Development*



Mark V.B. Tremallo
*Vice President,
General Counsel & Secretary*



Victoria Vezina
*Vice President,
Human Resources*

March 26, 2014

Dear Stockholder:

I am pleased to invite you to attend the 2014 Annual Meeting of stockholders of Skyworks Solutions, Inc. to be held at 2:00 p.m., local time, on Tuesday, May 6, 2014, at the Boston Marriott Burlington, 1 Burlington Mall Road, Burlington, Massachusetts (the “Annual Meeting”). We look forward to your participation in person or by proxy. The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the matters that we expect to be acted upon at the Annual Meeting.

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

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

Sincerely yours,



David J. McLachlan
Chairman of the Board

Skyworks Solutions, Inc.

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

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON TUESDAY, MAY 6, 2014

To the Stockholders of Skyworks Solutions, Inc.:

The 2014 Annual Meeting of stockholders of Skyworks Solutions, Inc., a Delaware corporation (the “Company”), will be held at 2:00 p.m., local time, on Tuesday, May 6, 2014, at the Boston Marriott Burlington, 1 Burlington Mall Road, Burlington, Massachusetts (the “Annual Meeting”) to consider and act upon the following proposals:

1. To elect eight individuals nominated to serve as directors of the Company with terms expiring at the 2015 Annual Meeting of stockholders and named in the Proxy Statement;
2. To ratify the selection by the Company’s Audit Committee of KPMG LLP as the independent registered public accounting firm for the Company for fiscal year 2014;
3. To approve, on an advisory basis, the compensation of the Company’s named executive officers; and
4. To transact such other business as may properly come before the Annual Meeting.

Only stockholders of record at the close of business on March 19, 2014, are entitled to notice of and to vote at the Annual Meeting. **To ensure your representation at the Annual Meeting, we urge you to submit a proxy promptly in one of the following ways whether or not you plan to attend the Annual Meeting:** (a) by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose; (b) by completing and submitting your proxy using the toll-free telephone number listed on the proxy card; or (c) by completing and submitting your proxy via the Internet by visiting the website address listed on the proxy card. The Proxy Statement accompanying this notice describes each of the items of business listed above in more detail. Our Board of Directors recommends: a vote “**FOR**” the election of the nominees for director named in Proposal 1 of the Proxy Statement; a vote “**FOR**” Proposal 2, ratifying the selection of KPMG LLP as the independent registered public accounting firm of the Company for fiscal year 2014; and a vote “**FOR**” Proposal 3, approving, on an advisory basis, the compensation of the Company’s named executive officers.

By Order of the Board of Directors,



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

*Woburn, Massachusetts
March 26, 2014*

SKYWORKS®

2014 Proxy Statement

Skyworks Solutions, Inc.

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

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

Proxy Statement 2014 Annual Meeting of Stockholders

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General Information

How do we refer to Skyworks in this Proxy Statement?

The terms “Skyworks,” “the Company,” “we,” “us” and “our” refer to Skyworks Solutions, Inc., a Delaware corporation, and its consolidated subsidiaries.

When and where is our Annual Meeting?

The Company’s 2014 Annual Meeting of stockholders is to be held on Tuesday, May 6, 2014, at the Boston Marriott Burlington, 1 Burlington Mall Road, Burlington, Massachusetts at 2:00 p.m., local time, or at any adjournment or postponement thereof (the “Annual Meeting”).

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will consider and vote on the following matters:

1. The election of the eight nominees named in this Proxy Statement to our Board of Directors to serve until the 2015 Annual Meeting of stockholders.
2. The ratification of the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending October 3, 2014 (“fiscal year 2014”).
3. The approval, on a non-binding basis, of the compensation of our Named Executive Officers, as described below under “*Compensation Discussion and Analysis*,” and in the executive compensation tables and accompanying narrative disclosures in this Proxy Statement.

The stockholders will also act on any other business that may properly come before the meeting.

What is included in our proxy materials?

The Company’s Annual Report, which includes financial statements and “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” for the fiscal year ended September 27, 2013 (“fiscal year 2013”), is being mailed together with this Proxy Statement to all stockholders of record entitled to vote at the Annual Meeting. This Proxy Statement and form of proxy are being first mailed to stockholders on or about March 26, 2014. The Proxy Statement and the Company’s Annual Report are available at www.skyworksinc.com/annualreport.

Who can vote at our Annual Meeting?

Only stockholders of record at the close of business on March 19, 2014 (the “Record Date”), are entitled to notice of and to vote at the Annual Meeting. As of March 19, 2014, there were 189,314,466 shares of Skyworks’ common stock issued and outstanding. Pursuant to Skyworks’ Restated Certificate of Incorporation and By-laws, and applicable Delaware law, each share of common stock entitles the holder of record at the close of business on the Record Date to one vote on each matter considered at the Annual Meeting.

Is my vote important?

Yes. Your vote is important no matter how many shares you own. Please take the time to vote in the way that is easiest and most convenient for you, and cast your vote as soon as possible.

How do I vote if I am a stockholder of record?

As a stockholder of record, you may vote in one of the following three ways whether or not you plan to attend the Annual Meeting: (a) by completing, signing and dating the accompanying proxy card and returning it in the postage-prepaid envelope enclosed for that purpose, (b) by completing and submitting your proxy using the toll-free telephone number listed on the proxy card, or (c) by completing and submitting your proxy via the Internet at the website address listed on the proxy card. If you attend the Annual Meeting, you may vote in person at the Annual Meeting even if you have previously submitted your proxy by mail, telephone or via the Internet (and your vote at the Annual Meeting will automatically revoke your previously submitted proxy, although mere attendance at the meeting without voting in person will not have that result).

How do I vote if I am a beneficial owner of shares held in “street name”?

If your shares are held on your behalf by a third party such as your broker or another person or entity who holds shares of the Company on your behalf and for your benefit, which person or entity we refer to as a “nominee,” and your broker (or other nominee) is the stockholder of record of such shares, then you are the beneficial owner of such shares and we refer to those shares as being held in “street name.” As the beneficial owner of your “street name” shares, you are entitled to instruct your broker (or other nominee) as to how to vote your shares. Your broker (or other nominee) will provide you with information regarding how to instruct your broker (or other nominee) as to the voting of your “street name” shares.

How do I vote if I am a participant in the Skyworks 401(k) Savings and Investment Plan?

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

Can I change my vote after I have voted?

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

Can I attend the Annual Meeting?

If you plan to attend the Annual Meeting, please be sure to indicate your intent to attend by checking the designated box on your proxy card if you are submitting a proxy via mail, or by indicating when prompted if you are submitting a proxy through either Skyworks' telephone or Internet proxy submission procedures. In either case, save the admission ticket attached to your proxy (the top half) and bring that with you to the Annual Meeting. If your shares are held in "street name" by your broker (or other nominee), you should consult your instruction card to determine how to indicate your intent to attend the Annual Meeting. If your instruction card does not provide any such indication, you should contact your broker (or other nominee) to determine what you will need to do to be able to attend and vote at the Annual Meeting. In order to be admitted to the Annual Meeting, you will need to present your admission ticket or the appropriate documentation from your broker (or other nominee), as well as provide valid picture identification, such as a driver's license or passport.

If I vote by proxy, how will my vote be cast?

The persons named as attorneys-in-fact in this Proxy Statement, David J. Aldrich and Mark V.B. Tremallo, were selected by the Board of Directors and are officers of the Company. As attorneys-in-fact, Messrs. Aldrich and Tremallo will vote any shares represented at the meeting by proxy. Each executed proxy card returned by a stockholder of record or proxy vote recorded via telephone or the Internet by a stockholder of record in the manner provided for on the proxy card prior to the taking of the vote at the Annual Meeting will be voted. Where a choice has been specified in an executed proxy with respect to the matters to be acted upon at the Annual Meeting, the shares represented by the proxy will be voted in accordance with the choices specified.

How will my shares be voted if I do not give specific voting instructions when I deliver my proxy?

If you are a stockholder of record and deliver a proxy but do not give specific voting instructions, then the proxy holders will vote your shares "**FOR**" the election of the eight nominees for director named in this Proxy Statement, "**FOR**" the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2014, and "**FOR**" the approval, on a non-binding basis, of the compensation of our Named Executive Officers.

If your shares are held in "street name," your broker (or other nominee) is required to vote those shares in accordance with your instructions. If you do not give instructions to your broker (or other nominee), your broker (or other nominee) will only be entitled to vote your shares with respect to "discretionary" matters, as described below, but will not be permitted to vote the shares with respect to "non-discretionary" matters. If you beneficially own shares that are held in "street name" by your broker (or other nominee), we strongly encourage you to provide instructions to your broker (or other nominee) as to how to vote on the election of directors and all of the Proposals by signing, dating and returning to your broker (or other nominee) the instruction card provided by your broker (or other nominee).

If you are a participant in the 401(k) Plan, the trustee of the 401(k) Plan will not vote your 401(k) Plan shares if the trustee does not receive voting instructions from you by 11:59 p.m. Eastern Time on May 1, 2014, unless otherwise required by law.

What is a “broker non-vote”?

A “broker non-vote” occurs when your broker (or other nominee) submits a proxy for your shares (because the broker (or other nominee) has either received instructions from you on one or more proposals, but not all, or has not received instructions from you but is entitled to vote on a particular “discretionary” matter) but does not indicate a vote “**FOR**” a particular proposal because the broker (or other nominee) either does not have authority to vote on that proposal and has not received voting instructions from you or has “discretionary” authority on the proposal but chooses not to exercise it. “Broker non-votes” are not counted as votes “**FOR**” or “**AGAINST**” the proposal in question or as abstentions, nor are they counted to determine the number of votes present for the particular proposal. We do, however, count “broker non-votes” for the purpose of determining a quorum for the Annual Meeting. If your shares are held in “street name” by your broker (or other nominee), please check the instruction card provided by your broker (or other nominee) or contact your broker (or other nominee) to determine whether you will be able to vote by telephone or via the Internet.

What vote is required for each matter?

Election of Directors. Pursuant to the Company’s By-laws, a nominee will be elected to the Board of Directors if the votes cast “**FOR**” the nominee’s election at the Annual Meeting exceed the votes cast “**AGAINST**” the nominee’s election (as long as the only director nominees are those individuals set forth in this Proxy Statement). Abstentions and “broker non-votes” will not count as votes “**FOR**” or “**AGAINST**.” If the shares you own are held in “street name,” your broker (or other nominee), as the record holder of your shares, is required to vote your shares according to your instructions. Because Proposal 1 constitutes an

uncontested election of directors (an election where the number of nominees for election as directors is equal to or less than the number of directors to be elected), it is *not* considered to be a “discretionary” matter for certain brokers. **If you do not instruct your broker how to vote with respect to this item, your broker may not vote your shares with respect to the election of directors.** In such case, a “broker non-vote” may occur, which will have no effect on the outcome of Proposal 1.

Ratification of Independent Registered Public Accounting Firm. The affirmative vote of a majority of the shares present in person, or represented by proxy at the Annual Meeting, and entitled to vote on such matter at the Annual Meeting, is required to approve Proposal 2. Proposal 2 involves a matter on which a broker (or other nominee) *does* have “discretionary” authority to vote. **Even if you do not instruct your broker how to vote with respect to this item, your broker may vote your shares with respect to this proposal in its discretion.** With respect to Proposal 2, a vote of “**ABSTAIN**” will have the same effect as a vote of “**AGAINST**.”

Say-on-Pay Vote. The affirmative vote of a majority of the shares present in person, or represented by proxy at the Annual Meeting, and entitled to vote on such matter at the Annual Meeting, is required to approve Proposal 3. Proposal 3 is *not* considered to be a “discretionary” matter for certain brokers. **If you do not instruct your broker how to vote with respect to this item, your broker may not vote your shares with respect to this proposal.** In such case, a “broker non-vote” may occur, which will have no effect on the outcome of Proposal 3. Votes that are marked “**ABSTAIN**” are counted as present and entitled to vote with respect to Proposal 3 and will have the same impact as a vote that is marked “**AGAINST**” for purposes of Proposal 3.

How does the Board of Directors recommend that I vote?

The Board of Directors recommends that you vote:

FOR the election of each of the eight director nominees (Proposal 1).

FOR the ratification of the selection of KPMG LLP as our independent registered public accounting firm for fiscal year 2014 (Proposal 2).

FOR the approval, on a non-binding basis, of the compensation of our Named Executive Officers, as described below under “*Compensation Discussion and Analysis*,” and in the executive compensation tables and accompanying narrative disclosures (Proposal 3).

How will the votes cast at our Annual Meeting be counted?

An automated system administered by the Company’s transfer agent tabulates the votes at the Annual Meeting. The vote on each matter submitted to stockholders will be tabulated separately.

Where can I find the voting results of our Annual Meeting?

We expect to announce the preliminary voting results at our Annual Meeting. The final voting results will be reported in a Current Report on Form 8-K that will be filed with the Securities and Exchange Commission (the “SEC”) within four business days after the end of our Annual Meeting and will be posted on our website.

Will my vote be kept confidential?

Yes. We will not disclose your vote, unless (1) we are required to do so by law (including in connection with the pursuit or defense of a legal or administrative action or proceeding), or (2) there is a contested election for the Board of Directors. The inspector of elections will forward any written comments that you make on the proxy card to management without providing your name, unless you expressly request on your proxy card that your name be disclosed.

What is the quorum requirement for our Annual Meeting?

The holders of a majority of the issued and outstanding stock of the Company present either in person or by proxy at the Annual Meeting constitute a quorum for the transaction of business at the Annual Meeting. Shares that abstain from voting on any proposal and “broker non-votes” will be counted as shares that are present for purposes of determining whether a quorum exists at the Annual Meeting. If a “broker non-vote” occurs with respect to any shares of the Company’s common stock on any matter, then those shares will be treated as not present and not entitled to vote with respect to that matter (even though those shares are considered entitled to vote for purposes of determining whether a quorum exists because they are entitled to vote on other matters) and will not be voted.

When will Skyworks next hold an advisory vote on the frequency of say-on-pay votes?

The next advisory vote on the frequency of say-on-pay votes will be held no later than our 2017 Annual Meeting of stockholders.

What is “householding”?

Some brokers (or other nominees) may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of this Proxy Statement and our Annual Report may have been sent to multiple stockholders in your household. If you are a stockholder and your household or address has received only one Annual Report and one Proxy Statement, the Company will promptly deliver a separate copy of the Annual Report and the Proxy Statement to you, upon your written request to Skyworks Solutions, Inc., 5221 California Avenue, Irvine, CA 92617, Attention: Investor Relations, or oral request to Investor Relations at (949) 231-4700. If you would like to receive separate copies of

our Annual Report and Proxy Statement in the future, you should direct such request to your broker (or other nominee). Even if your household or address has received only one Annual Report and one Proxy Statement, a separate proxy card should have been provided for each stockholder account. Each individual proxy card should be signed, dated, and returned in the enclosed postage-prepaid envelope (or completed and submitted by telephone or via the Internet, as described on the proxy card). If your household has received multiple copies of our Annual Report and Proxy Statement, you can request the delivery of single copies in the future by contacting your broker (or other nominee), or the Company at the address or telephone number above.

Proposal 1: Election of Directors

Election of Directors

Under this Proposal 1, you are being asked to consider eight nominees for election to our Board of Directors (all of our currently serving directors) to serve until the 2015 Annual Meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal. The names of the eight nominees for election as directors, their current positions and offices, the year such nominees were first elected as directors of the Company and their Board committee memberships are set forth in the table below. All of such nominees are current Skyworks directors. Each nominee for election has agreed to serve if elected, and the Board of Directors knows of no reason why any nominee should be unable or unwilling to serve. If a nominee is unable or unwilling to serve, the attorneys-in-fact named in this Proxy Statement will vote any shares represented at the meeting by proxy for the election of another individual nominated by the Board of Directors, if any. No nominee or executive officer is related by blood, marriage or adoption to any other director, nominee or executive officer. No arrangements or understandings exist between any director or person nominated for election as a director and any other person pursuant to which such person is to be selected as a director or nominee for election as a director.

Nominee	Position(s) with the Company	First Year of Service	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
David J. Aldrich	President, Chief Executive Officer and Director	2000			
David J. McLachlan	Chairman of the Board	2000	M		M
Kevin L. Beebe	Director	2004	M	M	
Timothy R. Furey	Director	1998		C	M
Balakrishnan S. Iyer	Director	2002	M		C
Christine King	Director	2014			
David P. McGlade	Director	2005		M	M
Robert A. Schriesheim	Director	2006	C	M	

“C” indicates Chair and “M” indicates Member of the respective committee

Immediately below this proposal is biographical information about each of the director nominees, including information regarding each nominee’s business experience for the past five years, and the names of other public companies for which each nominee has served as a director during the past five years. The information presented below regarding the specific experience, qualifications, attributes and skills of each nominee led our Nominating and Corporate Governance Committee and our Board of Directors to conclude that he or she should serve as a director. In addition, we believe that all of our nominees have integrity, business acumen, good judgment, knowledge of our business and industry, experience in one or more areas relevant to our business and strategy, and the willingness to devote the time needed to be an effective director.

Adoption of Majority Vote Standard for Election of Directors

In January 2014, our Board of Directors approved an amendment to our By-laws to require that a nominee for election as a director in an uncontested election (an election where the number of nominees for election as directors is equal to or less than the number of directors to be elected) will be elected if the

votes cast “**FOR**” such nominee’s election exceed the number of votes cast “**AGAINST**” the nominee’s election. In a contested election (in which the number of nominees for election as directors exceeds the number of directors to be elected at such meeting), directors are elected by a plurality of all votes cast in such election.

The election of directors at this Annual Meeting will be uncontested. As a result, each nominee for election as a director at the Annual Meeting will only be elected if the votes cast “**FOR**” such nominee exceed the number of votes cast “**AGAINST**” such nominee. As required by our corporate governance guidelines, which are available on the Investor Relations portion of the Company’s website at <http://www.skyworksinc.com>, each incumbent director who is a nominee for election as a director at the Annual Meeting submitted to the Board of Directors an irrevocable resignation that would become effective if the votes cast “**FOR**” such nominee’s election do not exceed the votes cast “**AGAINST**” such nominee’s election and our Board of Directors determines to accept his or her resignation, pursuant to the procedures set forth in the corporate governance guidelines.

Shares represented by all proxies received by the Board of Directors that are properly completed, but do not specify a choice as to the election of directors and are not marked as to withhold authority to vote for the nominees, will be voted “**FOR**” the election of all eight of the nominees.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
A VOTE “FOR” THE ELECTION OF EACH OF THE EIGHT NOMINEES IN PROPOSAL 1**

Nominees for Election

David J. McLachlan, age 75, has been a director since 2000 and Chairman of the Board since May 2008. Mr. McLachlan served as a senior advisor to the Chairman and Chief Executive Officer of Genzyme Corporation (a publicly traded biotechnology company) from 1999 to 2004. He also was the Executive Vice President and Chief Financial Officer of Genzyme from 1989 to 1999. Prior to joining Genzyme, Mr. McLachlan served as Vice President and Chief Financial Officer of Adams-Russell Company (an electronic component supplier and cable television franchise owner). Mr. McLachlan also serves on the Board of Directors of Dyax Corp. (a publicly traded biotechnology company) and Deltagen, Inc. (a publicly traded provider of drug discovery tools and services to the biopharmaceutical industry).

We believe that Mr. McLachlan, the current Chairman of the Board, is qualified to serve as a director because he possesses a broad range of business experience as a result of his service as both chief financial officer and director for several public companies. In particular, Mr. McLachlan has in-depth experience handling complex accounting and finance issues for a broad range of companies. He has also served on the boards and audit and governance committees of other public companies (including as chairman of the audit committee), and serves as a designated “audit committee financial expert” for Skyworks’ Audit Committee. In addition, Mr. McLachlan has extensive knowledge regarding Skyworks’ business, which he has acquired by serving for more than 13 years on its Board of Directors.

David J. Aldrich, age 57, has served as President and Chief Executive Officer, and as a director of the Company since April 2000. From September 1999 to April 2000, Mr. Aldrich served as President and Chief Operating Officer. From May 1999 to September 1999, Mr. Aldrich served as Executive Vice President of the Company, and from May 1996 to May 1999, Mr. Aldrich served as Vice President and General Manager of the semiconductor products business unit. Mr. Aldrich joined the Company in 1995 as Vice President, Chief Financial Officer and Treasurer. From 1989 to 1995, Mr. Aldrich held senior management positions at M/A-COM, Inc. (a developer and manufacturer of radio frequency and microwave semiconductors, components and IP networking solutions), including Manager of Integrated Circuits Active Products, Corporate Vice President of Strategic Planning, Director of Finance and Administration and Director of Strategic Initiatives with the Microelectronics Division. Mr. Aldrich has also served since February 2007 as a director of Belden Inc. (a publicly traded designer and manufacturer of cable products and transmission solutions).

We believe that Mr. Aldrich, who has led Skyworks for more than 13 years, is qualified to serve as a director because of his leadership experience, his strategic decision making ability, his knowledge of the semiconductor industry and his in-depth knowledge of Skyworks’ business. Mr. Aldrich brings to the Board of Directors his thorough knowledge of Skyworks’ business, strategy, people, operations, competition, financial position and investors. Further, as a result of his service as a director for Belden, Inc., a multi-national public company, Mr. Aldrich provides the Board of Directors with another organizational perspective and other cross-board experience.

Kevin L. Beebe, age 55, has been a director since January 2004. Since November 2007, he has been President and Chief Executive Officer of 2BPartners, LLC (a partnership that provides strategic, financial and operational advice to private equity investors and management). Previously, beginning in 1998, he was Group President of Operations at ALLTEL Corporation, a telecommunications services company. From 1996 to 1998, Mr. Beebe served as Executive Vice President of Operations for 360° Communications Co., a wireless communication company. He has held a variety of executive and senior management positions at several divisions of Sprint, including Vice President of Operations and Vice

President of Marketing and Administration for Sprint Cellular, Director of Marketing for Sprint North Central Division, Director of Engineering and Operations Staff and Director of Product Management and Business Development for Sprint Southeast Division, as well as Staff Director of Product Services at Sprint Corporation. Mr. Beebe began his career at AT&T/Southwestern Bell as a Manager. Mr. Beebe also serves as a director for SBA Communications Corporation (a publicly traded operator of wireless communications towers in North, South and Central America), NII Holdings, Inc. (a publicly traded provider of wireless telecommunications services in Latin America) and Syniverse Technologies, Inc. (a privately held provider of support services for wireless carriers).

We believe that Mr. Beebe is qualified to serve as a director because of his 17 years of experience as an operating executive in the wireless telecommunications industry. For example, as Group President of Operations at ALLTEL, he was instrumental in expanding ALLTEL's higher margin retail business, which significantly enhanced ALLTEL's competitive position in a dynamic, consolidating industry. In addition, as Chief Executive Officer of 2BPartners, LLC, Mr. Beebe continues to gain a broad range of business experience and to build business relationships by advising leading private equity firms that are transacting business in the global capital markets. Mr. Beebe provides cross-board experience by serving as a director for several public and private companies (including service on both audit and governance committees). Further, Mr. Beebe has served as a director of Skyworks since 2004 and has gained significant familiarity with Skyworks' business.

Timothy R. Furey, age 55, has been a director since 1998. He has been Chief Executive Officer of MarketBridge, a privately owned digital marketing software and services firm, since 1991. MarketBridge provides digital marketing, predictive analytics, and sales effectiveness solutions to Fortune 1000 companies in the software, communications, financial services, life sciences, and consumer products sectors. Mr. Furey also serves as Managing Partner of the Technology Marketing Group which advises and invests in emerging growth companies in the social media, mobile, and marketing automation markets. Prior to 1991, Mr. Furey worked with the Boston Consulting Group, Strategic Planning Associates, Kaiser Associates, and the Marketing Science Institute.

We believe that Mr. Furey is qualified to serve as a director because his experience as Chief Executive Officer of MarketBridge, as well as his engagements with MarketBridge's clients (many of which are Fortune 1000 companies), provide him with a broad range of knowledge regarding business operations and growth strategies. In addition, Mr. Furey has extensive knowledge regarding Skyworks' business, which he has acquired through over 15 years of service on the Board of Directors, including, for the past 10 years, as the Chairman of the Compensation Committee.

Balakrishnan S. Iyer, age 57, has been a director since June 2002. He served as Senior Vice President and Chief Financial Officer of Conexant Systems, Inc. from October 1998 to June 2003. Prior to joining Conexant, Mr. Iyer served as Senior Vice President and Chief Financial Officer of VLSI Technology Inc. Prior to that, he was Corporate Controller for Cypress Semiconductor Corp. and Director of Finance for Advanced Micro Devices, Inc. Mr. Iyer serves on the Board of Directors of Power Integrations, Inc., QLogic Corporation, and IHS Inc. (each a publicly traded company). He served as a Director of Conexant from February 2002 until April 2011, and as a Director of Life Technologies Corp. from July 2001 until February 2014, when it was acquired by Thermo Fisher Scientific Inc.

We believe that Mr. Iyer is qualified to serve as a director because his experience as an executive officer of companies in the technology industry provides him with leadership, strategic and financial experience. Through his experiences as a director at the public companies listed above (including as a member of certain audit, governance and compensation committees) he provides the Board of Directors

with significant financial expertise as a designated “audit committee financial expert” for Skyworks’ Audit Committee, bringing specific application to our industry, as well as a broad understanding of corporate governance topics.

Christine King, age 64, has been a director since January 2014. She served as a Director and Chief Executive Officer of Standard Microsystems Corporation, a developer of silicon-based integrated circuits utilizing analog and mixed-signal technologies, from 2008 until the company’s acquisition by Microchip Technology, Inc., in 2012. Prior to Standard Microsystems, Ms. King was Chief Executive Officer of AMI Semiconductor, Inc., from 2001 until it was acquired by ON Semiconductor Corp. in 2008. From 1973 to 2001, Ms. King held various engineering, business, and management positions at IBM Corp., including Vice President of Semiconductor Products. Ms. King serves on the Boards of Directors of Cirrus Logic, Inc., IDACORP, Inc., and QLogic Corporation, each a publicly traded company, and on the Board of Directors of Idaho Power Company, a subsidiary of IDACORP. She previously served as a Director of Analog Devices, Inc., and Atheros Communications, Inc., prior to its acquisition by Qualcomm, Inc.

We believe that Ms. King is qualified to serve as a director because of her extensive management and operational experience in the high-tech and semiconductor industries. In particular, through her experience as Chief Executive Officer of Standard Microsystems and AMI Semiconductor, as well as her service as a director of other public companies, Ms. King provides the Board of Directors with significant strategic, operational and financial expertise.

David P. McGlade, age 53, has been a director since February 2005. He currently serves as the Chairman and Chief Executive Officer of Intelsat S.A. (a publicly traded worldwide provider of fixed satellite services) and was the Deputy Chairman of Intelsat from August 2008 until April 2013. Previously, Mr. McGlade served as an Executive Director of mmO2 PLC and as the Chief Executive Officer of O2 UK (a subsidiary of mmO2), a position he held from October 2000 until March 2005. Before joining O2 UK, Mr. McGlade was President of the Western Region for Sprint PCS.

We believe that Mr. McGlade is qualified to serve as a director because of his 30 years of experience in the telecommunications business, which have allowed him to acquire significant operational, strategic and financial business acumen. Most recently, as a result of his work as the Chief Executive Officer of Intelsat, a publicly traded operator of a network of commercial communications satellites and terrestrial connections, Mr. McGlade gained significant leadership and operational experience, as well as knowledge about the global capital markets.

Robert A. Schriesheim, age 53, has been a director since May 2006. He has been Executive Vice President and Chief Financial Officer of Sears Holdings since August 2011. From January 2010 to October 2010, Mr. Schriesheim was Chief Financial Officer of Hewitt Associates, Inc. (a global human resources consulting and outsourcing company that was acquired by Aon Corporation). From October 2006 until December 2009, he was the Executive Vice President and Chief Financial Officer of Lawson Software, Inc. (a publicly traded ERP software provider). From August 2002 to October 2006, he was affiliated with ARCH Development Partners, LLC, a seed stage venture capital fund. Before joining ARCH, Mr. Schriesheim held executive positions at Global TeleSystems, SBC Equity Partners, Ameritech, AC Nielsen, and Brooke Group Ltd. Mr. Schriesheim was also a director of Lawson Software until its sale in July of 2011. In addition, from 2004 until 2007, he was also a director of Dobson Communications Corp. (a former publicly traded wireless services communications company that was acquired by AT&T Inc.) and from 2007 until 2009 he served as a director of MSC Software Corp. (a former

publicly traded provider of integrated simulation solutions for designing and testing manufactured products that was acquired by Symphony Technology Group).

We believe that Mr. Schriesheim is qualified to serve as a director because of his extensive knowledge of the capital markets, experience with corporate financial capital structures and long history of evaluating and structuring merger and acquisition transactions within the technology sector. Mr. Schriesheim also has significant experience, as a senior executive and director in both public and private companies in the technology sector, leading companies through major strategic and financial corporate transformations while doing business in the global marketplace. He also serves as a designated “audit committee financial expert” for Skyworks’ Audit Committee.

In addition to the information presented above regarding each director’s specific experience, qualifications, attributes and skills that led our Board of Directors to conclude that he or she should serve as a director, we also believe that each of our directors has a reputation for integrity, honesty and adherence to high ethical standards. They have each demonstrated business acumen, an ability to exercise sound judgment and a commitment of service to Skyworks.

Corporate Governance

General

Board of Director Meetings

The Board of Directors met five (5) times during fiscal year 2013. During fiscal year 2013 (or the portion thereof during which the director served), each director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the Board of Directors on which he served. The Company's policy with respect to directors' attendance at the Annual Meeting is available on the Investor Relations portion of the Company's website at <http://www.skyworksinc.com> (see Corporate Governance Guidelines). At the 2013 Annual Meeting, each director then in office was in attendance.

Director Independence

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

Corporate Governance Guidelines

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

In accordance with these Corporate Governance Guidelines, independent members of the Board of Directors of the Company met in executive session without management present four (4) times during fiscal year 2013. The Chairman of the Board serves as presiding director for these meetings.

Stockholder Communications

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

Code of Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We make available our code of business conduct and ethics free of charge through our website at <http://www.skyworksinc.com>. We intend to disclose any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed by posting any such amendment or waivers on our website pursuant to SEC requirements and NASDAQ Rules.

Executive Officer and Director Stock Ownership Requirements

As described in detail below under "*Compensation Discussion and Analysis*," we have adopted Executive Officer and Director Stock Ownership programs that require our executive officers (including our Named Executive Officers) and non-employee directors to hold a significant equity interest in Skyworks with the objective of more closely aligning the interests of our executive officers and directors with those of our stockholders. As of March 19, 2014, all of our Named Executive Officers and directors were in compliance with the stock ownership requirements (with the exception of Ms. King, who is not required to comply with the guidelines until the fifth anniversary of her appointment to the Board of Directors).

Board Leadership Structure

Our Board of Directors, upon the recommendation of our Nominating and Corporate Governance Committee, has determined that the roles of Chairman of the Board and Chief Executive Officer should be separated at the current time. Accordingly, our Board of Directors has appointed Mr. McLachlan, an independent director within the meaning of applicable NASDAQ Rules (see above under "*Director Independence*"), as the Chairman of the Board of Directors. Mr. McLachlan's duties as Chairman of the Board include the following:

- Chairing meetings of the independent directors in executive session.
- Facilitating communications between other members of our Board of Directors and the Chief Executive Officer.
- Preparing or approving the agenda for each Board meeting.
- Determining the frequency and length of Board meetings and recommending when special meetings of our Board of Directors should be held.
- Reviewing and, if appropriate, recommending action to be taken with respect to written communications from stockholders submitted to our Board of Directors.

Our Board of Directors decided to separate the roles of Chairman and Chief Executive Officer because it believes that this leadership structure offers the following benefits:

- Increases the independent oversight of the Company and enhances the objective evaluation by the Board of Directors of our Chief Executive Officer.
- Frees the Chief Executive Officer to focus on company operations instead of Board administration.
- Provides the Chief Executive Officer with an experienced sounding board.
- Provides greater opportunities for communication between stockholders and our Board of Directors.
- Enhances the independent and objective assessment of risk by our Board of Directors.
- Provides an independent spokesman for the Company.

Committees of the Board of Directors

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

Audit Committee

We have established an Audit Committee consisting of the following individuals, each of whom the Board of Directors has determined is “independent” within the meaning of applicable NASDAQ Rules and meets the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act: Messrs. Schriesheim (Chairman), Beebe, Iyer, and McLachlan.

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

The Audit Committee has adopted a formal policy concerning approval of audit and non-audit services to be provided to the Company by its independent registered public accounting firm, KPMG LLP. The policy requires that all services provided by KPMG LLP, including audit services and permitted audit-related and non-audit services, be preapproved by the Audit Committee. The Audit Committee preapproved all audit and non-audit services provided by KPMG LLP for fiscal year 2013. The Audit Committee met nine (9) times during fiscal year 2013.

Audit Committee Financial Expert

The Board of Directors has determined that each of Messrs. Schriesheim (Chairman), Iyer and McLachlan, meets the qualifications of an “audit committee financial expert” under SEC Rules and the qualifications of “financial sophistication” under the applicable NASDAQ Rules, and qualifies as “independent” as defined under the applicable NASDAQ Rules.

Compensation Committee

We have established a Compensation Committee consisting of the following individuals, each of whom the Board of Directors has determined is “independent” within the meaning of applicable NASDAQ Rules: Messrs. Furey (Chairman), Beebe, McClade and Schriesheim. The Compensation Committee met seven (7) times during fiscal year 2013. The functions of the Compensation Committee include establishing the appropriate level of compensation, including short and long-term incentive compensation of the Chief Executive Officer, all other executive officers and any other officers or employees who report directly to the Chief Executive Officer. The Compensation Committee also administers Skyworks’ equity-based compensation plans. The Compensation Committee’s authority to grant equity awards to the Company’s executive officers may not be delegated to the Company’s management or others. The Board of Directors has adopted a written charter for the Compensation

Committee, and it is available on the Investor Relations portion of the Company's website at <http://www.skyworksinc.com>.

The Compensation Committee has engaged Aon/Radford Consulting ("Aon/Radford") to assist it in determining the components and amounts of executive compensation. The consultant reports directly to the Compensation Committee, through its Chairman, and the Compensation Committee retains the right to terminate or replace the consultant at any time.

The process and procedures followed by the Compensation Committee in considering and determining executive and director compensation are described below under "*Compensation Discussion and Analysis*."

Nominating and Corporate Governance Committee

We have established a Nominating and Corporate Governance Committee consisting of the following individuals, each of whom the Board of Directors has determined is "independent" within the meaning of applicable NASDAQ Rules: Messrs. Iyer (Chairman), Furey, McGlade and McLachlan. The Nominating and Corporate Governance Committee met four (4) times during fiscal year 2013. The Nominating and Corporate Governance Committee is responsible for evaluating and recommending individuals for election or reelection to the Board of Directors and its committees, including any recommendations that may be submitted by stockholders, the evaluation of the performance of the Board of Directors and its committees, and the evaluation and recommendation of the corporate governance policies. These and other aspects of the Nominating and Corporate Governance Committee's authority are more particularly described in the Nominating and Corporate Governance Committee Charter, which the Board of Directors adopted and is available on the Investor Relations portion of the Company's website at <http://www.skyworksinc.com>.

Director Nomination Procedures

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

- A director must have substantial or significant business or professional experience or an understanding of technology, finance, marketing, financial reporting, international business or other disciplines relevant to the business of the Company.
- A director (other than an employee-director) must be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Board of Directors or of a Board committee.
- The committee also considers the following qualities and skills, among others, in its selection of directors and as candidates for appointment to the committees of the Board of Directors:
 - economic, technical, scientific, academic, financial, accounting, legal, marketing, or other expertise applicable to the business of the Company;

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- leadership or substantial achievement in their particular fields;
 - demonstrated ability to exercise sound business judgment;
 - integrity and high moral and ethical character;
 - potential to contribute to the diversity of viewpoints, backgrounds, or experiences of the Board of Directors as a whole;
 - capacity and desire to represent the balanced, best interests of the Company as a whole and not primarily a special interest group or constituency;
 - ability to work well with others;
 - high degree of interest in the business of the Company;
 - dedication to the success of the Company;
 - commitment to the responsibilities of a director; and
 - international business or professional experience.

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

Stockholder Nominees

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

Stockholders who wish to recommend individuals for consideration by the Nominating and Corporate Governance Committee to become nominees for election to the Board of Directors in 2015 may do so in accordance with the provisions of our By-laws by submitting a written recommendation to our Corporate Secretary at the address below no earlier than January 6, 2015, and no later than February 5, 2015. In the event that the 2015 Annual Meeting is held more than thirty (30) days before or after the first anniversary of the Company's 2014 Annual Meeting, then the required notice must be delivered in writing to our Corporate Secretary at the address below no earlier than 120 days prior to the date of the 2015 Annual Meeting and no later than the later of 90 days prior to the 2015 Annual Meeting or the 10th day following the day on which the public announcement of the date of the 2015 Annual Meeting is first made by the Company. For nominees for election to the Board of Directors proposed by stockholders to be considered, the recommendation for nomination must be in writing and must include the following information:

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

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

Role of the Board of Directors in Risk Oversight

Our Board of Directors oversees our risk management processes directly and through its committees. Our management is responsible for risk management on a day-to-day basis. The role of our Board of Directors and its committees is to oversee the risk management activities of management. They fulfill this duty by discussing with management the policies and practices utilized by management in assessing and managing risks and providing input on those policies and practices. In general, our Board of Directors oversees risk management activities relating to business strategy, capital allocation, organizational structure, certain operational risks and acquisitions; our Audit Committee oversees risk management activities related to financial controls and legal and compliance risks; our Compensation Committee oversees risk management activities relating to our compensation policies and practices as well as management succession planning; and our Nominating and Corporate Governance Committee oversees risk management activities relating to Board composition. Each committee reports to the Board of Directors on a regular basis, including reports with respect to the committee's risk oversight activities as appropriate. In addition, since risk issues often overlap, committees from time to time request that the Board of Directors discuss particular risks.

Our Compensation Committee does not believe that any risks arising from our employee compensation policies and practices are reasonably likely to have a material adverse effect on our company. Our Compensation Committee believes that any such risks are mitigated by:

- The multiple elements of our compensation packages, including base salary, our annual short-term incentive compensation plan and (for our executive officer and other key employees) equity awards that vest (or are issuable) over multiple years and are intended to motivate employees to take a long-term view of our business.
- The structure of our short-term incentive compensation plan (described in greater detail in this Proxy Statement under "*Compensation Discussion and Analysis*"), which is based on (i) a number of different financial and operating performance metrics to avoid employees placing undue emphasis on any particular performance metric at the expense of other aspects of our business, and (ii) performance targets that we believe are appropriately aggressive yet will not require undue risk-taking to achieve. Our short-term incentive compensation plan provides for payments to be made to participants biannually based on the achievement of certain performance goals, but features a mechanism whereby actual payments for the first six-month performance period are capped at 80% of the award earned, with 20% of the award held back until the end of the fiscal year to ensure sustained financial performance. If the level of financial performance in the first half of the year is not sustained into the second half of the year, then the 20% withheld will not be paid out to the participant. Further, the structure of the short-term incentive compensation plan aids in driving sustained long-term financial performance as the goals and targets from the prior year's plan are significant factors used in determining goals for the current year's plan.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of the Board of Directors currently consists of, and during fiscal year 2013 consisted of, Messrs. Beebe, Furey (Chairman), McGlade and Schriesheim. No member of this committee was at any time during fiscal year 2013 an officer or employee of the Company, was formerly an officer of the Company or any of its subsidiaries, or had any employment relationship with the Company or any of its subsidiaries. No executive officer of Skyworks has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director of or member of the Compensation Committee of Skyworks.

Certain Relationships and Related Person Transactions

Other than compensation agreements and other arrangements described below under “*Information about Executive and Director Compensation,*” since September 29, 2012, there has not been a transaction or series of related transactions to which the Company was or is a party involving an amount in excess of \$120,000 and in which any director, executive officer, holder of more than five percent (5%) of any class of our voting securities, or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest. In January 2008, the Board of Directors adopted a written related person transaction approval policy that sets forth the Company’s policies and procedures for the review, approval or ratification of any transaction required to be reported in its filings with the SEC. The Company’s policy with regard to related person transactions is that all related person transactions between the Company and any related person (as defined in Item 404 of Regulation S-K) or their affiliates, in which the amount involved is equal to or greater than \$120,000, be reviewed by the Company’s General Counsel and approved in advance by the Audit Committee. In addition, the Company’s code of business conduct and ethics requires that employees discuss with the Company’s Compliance Officer any significant relationship (or transaction) that might raise doubt about such employee’s ability to act in the best interest of the Company.

Proposal 2: Ratification of Independent Registered Public Accounting Firm

The Audit Committee has selected KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2014 and has further directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting. KPMG LLP was the independent registered public accounting firm for the Company for fiscal year 2013, and has been the independent registered public accounting firm for the Company's predecessor, Alpha Industries, Inc., since 1975. We are asking the stockholders to ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for fiscal year 2014.

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

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

Audit Fees

KPMG LLP provided audit services to the Company consisting of the annual audit of the Company's 2013 consolidated financial statements contained in the Company's Annual Report on Form 10-K and reviews of the financial statements contained in the Company's Quarterly Reports on Form 10-Q for fiscal year 2013. The following table summarizes the fees of KPMG LLP billed to the Company for the last two fiscal years.

Fee Category	Fiscal Year 2013 (\$)	% of Total	Fiscal Year 2012 (\$)	% of Total
Audit Fees(1)	1,449,000	93	1,622,100	94
Audit-Related Fees(2)	4,000	—	6,000	—
Tax Fees(3)	109,000	7	104,000	6
All Other Fees(4)	1,650	—	2,000	—
Total Fees	1,563,650	100	1,734,100	100

- (1) Audit fees consist of fees for the audit of our annual financial statements, review of the interim financial statements included in our quarterly reports on Form 10-Q, statutory audits and related filings in various foreign locations and audit procedures related to acquisition activity during

fiscal years 2013 and 2012. Fiscal year 2013 and 2012 audit fees also included fees for services incurred in connection with rendering an opinion under Section 404 of the Sarbanes-Oxley Act.

- (2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit and the review of our financial statements and which are not reported under “Audit Fees.” Audit-related fees reported in fiscal years 2013 and 2012 relate to the review of registration statement auditor consents to incorporate by reference in prior year financial statement opinions in Form S-8 filings.
- (3) Tax fees consist of fees for tax compliance, tax advice and tax planning services. Tax compliance services, which primarily relate to the review of our U.S. tax returns and certain trade and customs forms, accounted for \$100,000 and \$79,000 of the total tax fees for fiscal year 2013 and 2012, respectively. Fiscal year 2012 tax fees also include approximately \$25,000 of fees for tax advice and planning services related to acquisition activity during the year.
- (4) All other fees for fiscal years 2013 and 2012 relate to fees incurred for licenses to accounting and research software.

In 2003, the Audit Committee adopted a formal policy concerning approval of audit and non-audit services to be provided to the Company by its independent registered public accounting firm, KPMG LLP. The policy requires that all services to be provided by KPMG LLP, including audit services and permitted audit-related and non-audit services, must be preapproved by the Audit Committee. The Audit Committee preapproved all audit and non-audit services provided by KPMG LLP during fiscal year 2013 and fiscal year 2012.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR”
THE RATIFICATION OF THE SELECTION OF KPMG LLP
AS THE INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM OF THE COMPANY FOR FISCAL YEAR 2014**

Report of the Audit Committee

The Audit Committee of Skyworks' Board of Directors is responsible for providing independent, objective oversight of Skyworks' accounting functions and internal controls. The Audit Committee is composed of four directors, each of whom is independent within the meaning of applicable NASDAQ Rules and meets the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act. The Audit Committee operates under a written charter approved by the Board of Directors.

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

In connection with these responsibilities, the Audit Committee met with management and representatives of KPMG LLP, the Company's independent registered public accounting firm, and reviewed and discussed the audited financial statements for fiscal year 2013, results of the internal and external audit examinations, evaluations of the Company's internal controls and the overall quality of Skyworks' financial reporting. The Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees," issued by the Public Company Accounting Oversight Board. In addition, the Audit Committee has received the written disclosures and the letter from its independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence from the Company and its management, including the matters in the written disclosures and letter which were received by the committee from such firm.

Based upon the Audit Committee's review and discussions described above, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for fiscal year 2013, as filed with the SEC.

THE AUDIT COMMITTEE

Kevin L. Beebe
Balakrishnan S. Iyer
David J. McLachlan
Robert A. Schriesheim, Chairman

Proposal 3: Advisory Vote on the Compensation of Our Named Executive Officers (“Say-on-Pay Vote”)

We are providing our stockholders with the opportunity to vote to approve, on an advisory, non-binding basis, the compensation of our Named Executive Officers as described below under “*Information about Executive and Director Compensation.*” At our 2013 Annual Meeting of stockholders, approximately 94% of the votes cast by our stockholders were in favor of the compensation of our Named Executive Officers.

As we describe below under “*Compensation Discussion and Analysis,*” our executive compensation program embodies a pay-for-performance philosophy that supports our business strategy and aligns the interests of our executives with our stockholders. In addition, our Board of Directors believes that the Company’s financial performance over the last fiscal year demonstrates that our executive compensation program was designed appropriately and is working effectively to support long-term value creation.

Our Board of Directors is asking stockholders to approve a non-binding advisory vote on the following resolution:

RESOLVED, that the Company’s stockholders approve, on an advisory basis, the compensation paid to the Company’s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this Proxy Statement.

As an advisory vote, this proposal is not binding and will not overrule any decision by the Company or the Board of Directors (or any committee thereof), nor will it create or imply any change or addition to the fiduciary duties of the Company or the Board of Directors (or any committee thereof). However, our Compensation Committee and Board of Directors value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for Named Executive Officers. Unless the Board of Directors modifies its policy on the frequency of future say-on-pay votes, the next say-on-pay advisory vote will be held at our 2015 Annual Meeting of stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE
TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS
BY VOTING “FOR” PROPOSAL NO. 3**

Information About Executive and Director Compensation

Summary and Highlights

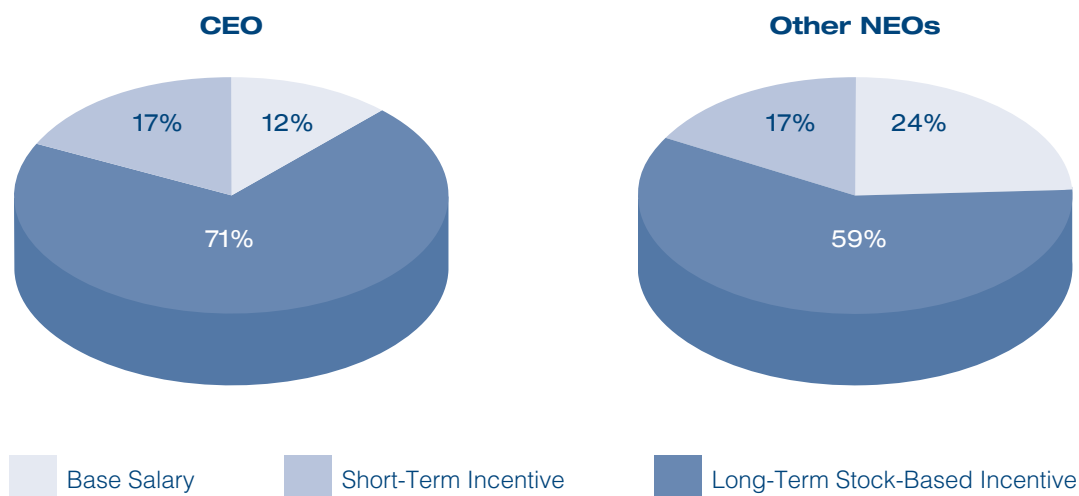
Financial Performance

- Our net revenue increased by 14% to approximately \$1.8 billion during fiscal year 2013 as we continue to experience year-over-year growth as smartphones continue to displace traditional cellular phones, tablet computing increases in popularity and our product portfolio expands to address additional content within handset, tablet and adjacent vertical markets including medical, automotive, military and industrial.
- Our operating expenses decreased to 23.5% for fiscal year 2013 from 26.2% in fiscal year 2012. In absolute terms operating expense increased from \$412 million to \$422 million primarily in connection with increased research and development expense as a result of increased product development activity.
- Our effective tax rate for fiscal year 2013 improved to 19.3% from 20.7% in fiscal year 2012 primarily as a result of a higher percentage of our income being earned and taxed in lower-rate foreign jurisdictions.
- As a result of the aforementioned factors, our overall profitability increased significantly from fiscal year 2012 with both net income and diluted earnings per share increasing 38% year over year.
- Our ending cash and cash equivalents balance increased 66% to \$511 million in fiscal year 2013 from \$307 million in fiscal year 2012. This was the result of a 75% increase in cash from operations to \$500 million in fiscal year 2013 due to higher net income and improvements in working capital. In addition, we invested \$185 million to repurchase over 8 million shares of our common stock and \$124 million on capital expenditures to expand our manufacturing capabilities.
- Total stockholder return (“TSR”) for the five-year period ending September 27, 2013, was 232%, compared with a weighted average TSR of 90% for the 19 publicly traded semiconductor companies in our peer group and a weighted average TSR of 75% for the companies in the S&P 500 Semiconductors Index.

Compensation Program Alignment with Long-Term Interests of Stockholders

- We emphasize pay-for-performance and tie a significant amount of our Named Executive Officers’ annual compensation to our performance in the form of incentive-based compensation, with the majority being in equity-based compensation. We believe that, through the combination of our equity-based incentive compensation program and executive stock ownership guidelines, the interests of our executives are strongly aligned with those of our long-term stockholders—namely, increasing stockholder value over time.

- The charts below show the target total direct compensation mix for fiscal year 2013 for our Chief Executive Officer and the average for the other Named Executive Officers. (The target total direct compensation mix for fiscal year 2013 reflects actual salary, target short-term incentive award and the grant date fair value of stock option and performance share awards.)



- We provide short-term incentive compensation to motivate executives to achieve key near-term (i.e., a year or less) financial and/or operational objectives. Based on the Company's performance under the non-GAAP operating income and non-GAAP gross margin goals established by the Compensation Committee, the total short-term incentive award payment to each of the Named Executive Officers for fiscal year 2013 was approximately 97.23% of the target payment level for such Named Executive Officer.
- We provide longer-term equity-based compensation in the form of performance share awards and stock options to incentivize our executive officers to achieve goals each year that we believe will result in significant increases in stockholder value over the longer term, and to align their interests with those of our stockholders.
 - Stock options closely align the long-term interests of our executives with those of our stockholders because the recipient will only realize a return on the option if our stock price increases over the life of the option. In addition, awards of stock options align with our growth strategy and provide significant financial upside if our growth objectives are achieved, while placing a significant portion of our executives' compensation at risk if our objectives are not achieved.

-
- Shares are received under performance share awards only upon satisfaction of “performance” and “continued employment” conditions (i.e., to receive all shares earned based on actual performance, the executive would typically need to remain employed for three years following the grant of a performance share award). Based on the Company’s non-GAAP operating income achieved and key product design wins obtained during fiscal year 2013, each Named Executive Officer earned 93.55% of the “maximum” level of shares under the performance share awards granted in November 2012.
 - The Compensation Committee of our Board of Directors, with assistance from its independent compensation consultant, annually reviews our executive compensation program to ensure that it is competitive with the companies in our industry with which we compete for executive talent. We generally target the median of our comparison group for our base salary and short-term incentive compensation levels. For fiscal year 2013, we granted equity-based incentive awards with a target incentive level at approximately the median of our comparison group, with the opportunity to earn above the target incentive levels based on performance. We feel that this level of executive compensation, with its emphasis on long-term results, alignment with stockholder interests, and long-term retention, enables us to attract and retain the executive talent necessary to meet our business objectives.

Corporate Governance Best Practices

- As part of its commitment to strong corporate governance and best practices, our Compensation Committee has engaged an independent compensation consultant, Aon/Radford, to perform an annual comprehensive analysis of our executive compensation practices and pay levels, using analytical tools such as market data, tally sheets, compensation history and walk-away analysis for each executive.
- Our Compensation Committee has implemented equity compensation grant procedures, an annual process to assess the efficacy of our company-wide compensation programs and a risk management program, which includes an ongoing evaluation of the relationship between our compensation programs and risk.
- We have adopted Executive Officer and Director Stock Ownership programs that require our executive officers and non-employee directors to hold a significant equity interest in the Company with the objective of more closely aligning the interests of our executive officers and directors with those of our stockholders.
- We prohibit our directors, officers and employees from hedging or pledging their economic interests in Company securities and from engaging in any short-term, speculative securities transactions, including purchasing securities on margin, engaging in short sales or buying or selling put or call options.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis section discusses the compensation policies and programs for our Chief Executive Officer, our Chief Financial Officer and our three next most highly paid executive officers during fiscal year 2013 as determined under the rules of the SEC. We refer to this group of executive officers as our “Named Executive Officers.” For fiscal year 2013, our Named Executive Officers were:

- David J. Aldrich, President, Chief Executive Officer and Director;
- Donald W. Palette, Vice President and Chief Financial Officer;
- Liam K. Griffin, Executive Vice President and Corporate General Manager;
- Bruce J. Freyman, Senior Vice President, Worldwide Operations; and
- Mark V.B. Tremallo, Vice President, General Counsel and Secretary.

Approach for Determining Form and Amounts of Compensation

The Compensation Committee, which is composed solely of independent directors within the meaning of applicable NASDAQ Rules, outside directors within the meaning of Section 162 of the Internal Revenue Code (“IRC”) and non-employee directors within the meaning of Rule 16b-3 under the Exchange Act, is responsible for determining all components and amounts of compensation to be paid to our Named Executive Officers, as well as any other executive officers or employees who report directly to the Chief Executive Officer. The Compensation Committee sets compensation for the Named Executive Officers, including salary, short-term incentives and long-term stock-based awards, at levels generally intended to be competitive with the compensation of comparable executives in semiconductor companies with which the Company competes for executive talent.

Compensation Program Objectives

The objectives of our executive compensation program are to attract, retain and motivate highly qualified executives to operate our business, and to link the compensation of those executives to improvements in the Company’s financial performance and increases in stockholder value. Accordingly, the Compensation Committee’s goals in establishing our executive compensation program include:

- ensuring that our executive compensation program is competitive with a group of companies in the semiconductor industry with which we compete for executive talent;
- providing a base salary that serves as the foundation of a compensation package that attracts and retains the executive talent needed to achieve our business objectives;
- providing short-term variable compensation that motivates executives and rewards them for achieving Company financial performance targets;
- providing long-term stock-based compensation that aligns the interest of our executives with stockholders and rewards them for increases in stockholder value; and
- ensuring that our executive compensation program is perceived as fundamentally fair to all of our employees.

Retention of Compensation Consultant

The Compensation Committee has engaged Aon/Radford to assist in determining the components and amount of executive compensation. Aon/Radford reports directly to the Compensation Committee, through its chairperson, and the Compensation Committee retains the right to terminate or replace the consultant at any time. The consultant advises the Compensation Committee on such compensation matters as are requested by the Compensation Committee. The Compensation Committee considers the consultant's advice on such matters in addition to any other information or factors it considers relevant in making its compensation determinations.

The Compensation Committee has considered the relationships that Aon/Radford has with the Company, the members of the Compensation Committee and our executive officers, as well as the policies that Aon/Radford has in place to maintain its independence and objectivity, and has determined that Aon/Radford's work for the Compensation Committee has not raised any conflicts of interest.

Role of Chief Executive Officer

The Compensation Committee also considers the recommendations of the Chief Executive Officer regarding the compensation of each of his direct reports, including the other Named Executive Officers. These recommendations include an assessment of each individual's responsibilities, experience, performance and contribution to the Company's performance, and also generally take into account internal factors such as historical compensation and level in the organization, in addition to external factors such as the current environment for attracting and retaining executives.

Establishment of Comparator Group Data

In determining compensation for each of the Named Executive Officers, the committee utilizes "Comparator Group" data for each position. For fiscal year 2013, the Compensation Committee approved Comparator Group data consisting of a 50/50 blend of (i) Aon/Radford survey data of 28 semiconductor companies (where sufficient data was not available in the Aon/Radford semiconductor survey data—for example, for a VP/General Manager position—the Comparator Group data also included survey data regarding high-technology companies) and (ii) the "peer" group data for 19 publicly traded semiconductor companies with which the Company competes for executive talent:

*Altera	*International Rectifier	*NVIDIA
*Analog Devices	*Intersil	*ON Semiconductor
*Avago Technologies	*Linear Technology	*RF Micro Devices
*Broadcom	*LSI	*TriQuint Semiconductor
*Cree	*Marvell Technology	*Xilinx
*Cypress Semiconductor	*Maxim Integrated Products	
*Fairchild Semiconductor	*Microchip Technology	

Use of Comparator Group Data

The Compensation Committee annually compares the components and amounts of compensation that we provide to our Chief Executive Officer and other Named Executive Officers with the components and amounts of compensation provided to their counterparts in the Comparator Group and uses this comparison data as a guideline in its review and determination of base salaries, short-term incentives and long-term stock-based compensation awards, as discussed in further detail below under

“Components of Compensation.” In addition, in setting fiscal year 2013 compensation, the Compensation Committee sought and received input from its consultant regarding the base salaries for the Chief Executive Officer and each of his direct reports, the award levels and performance targets relating to the short-term incentive program for executive officers, and the individual stock-based compensation awards for executive officers, as well as the related vesting schedules.

After reviewing the data and considering the input, the Compensation Committee established (and the full Board of Directors was advised of) the base salary, short-term incentive target and long-term stock-based compensation award for each Named Executive Officer. In establishing individual compensation, the Compensation Committee also considered the input of the Chief Executive Officer, as well as the individual experience and performance of each executive.

In determining the compensation of our Chief Executive Officer, our Compensation Committee focused on (i) competitive levels of compensation for chief executive officers who are leading a company of similar size and complexity, (ii) the importance of retaining a chief executive officer with the strategic, financial and leadership skills necessary to ensure our continued growth and success, (iii) our Chief Executive Officer’s role relative to the other Named Executive Officers, (iv) input from the full Board of Directors on our Chief Executive Officer’s performance and (v) the considerable length of our Chief Executive Officer’s 18 years of service to the Company. Aon/Radford advised the Compensation Committee that the base salary, annual performance targets and short-term incentive target opportunity, and equity-based compensation established by the Compensation Committee for fiscal year 2013 were competitive for chief executive officers leading companies of similar size and complexity in the semiconductor industry. Our Chief Executive Officer was not present during the voting or deliberations of the Compensation Committee concerning his compensation. As stated above, however, the Compensation Committee did consider the recommendations of the Chief Executive Officer regarding the compensation of all of his direct reports, including the other Named Executive Officers.

Response to Stockholder Vote on Executive Compensation at 2013 Annual Meeting

At our 2013 Annual Meeting of stockholders, approximately 94% of the votes cast approved the compensation of the Company’s named executive officers as disclosed in the proxy statement delivered to our stockholders in connection with the 2013 Annual Meeting. We understood this to mean that stockholders generally approved of our compensation policies and determinations in 2013. However, our Compensation Committee still undertook a review of our compensation policies and determinations following the 2013 Annual Meeting. Our Compensation Committee retains the services of Aon/Radford to assist it with that review and to advise it on executive compensation matters. After the review and taking into consideration evolving best practices in executive compensation by public companies generally, upon the recommendation of our Compensation Committee, we determined not to make any significant changes to our executive compensation decisions and policies. The Compensation Committee periodically reviews the goals we would like to achieve through our executive compensation practices and explores ways to modify those practices to either achieve new goals or to enhance our ability to achieve existing goals.

Components of Compensation

The key elements of compensation for our Named Executive Officers are base salary, short-term incentives, long-term stock-based incentives, 401(k) plan retirement benefits, medical, dental, vision, life and disability insurance, and financial planning benefits. Consistent with our objective of ensuring that executive compensation is perceived as fair to all employees, the Named Executive Officers do not

receive any retirement benefits beyond those generally available to our full-time employees, and we do not provide medical, dental, vision or other insurance benefits to Named Executive Officers that are different from those offered to other full-time employees.

Base Salary

Base salaries provide our executive officers with a degree of financial certainty and stability. The Compensation Committee determines a competitive base salary for each executive officer using the Comparator Group data and input provided by Aon/Radford. Based on these factors, base salaries of the Named Executive Officers for fiscal year 2013 were generally targeted at the Comparator Group median, with consideration given to role, responsibility, performance and length of service. After taking these factors into account, the base salary for each Named Executive Officer for fiscal year 2013 increased on average 4.8% from his base salary in fiscal year 2012, and ranged from an increase of 2.6% to 10.0% (at the time of his promotion to Executive Vice President and Corporate General Manager, Mr. Griffin received a 10% increase in his base salary, which reflected his increased responsibilities).

Short-Term Incentives

Our short-term incentive compensation plan for executive officers is established annually by the Compensation Committee. For fiscal year 2013, the Compensation Committee adopted the 2013 Executive Incentive Plan (the "Incentive Plan"). The Incentive Plan established short-term incentive awards that could be earned semi-annually by certain officers of the Company, including the Named Executive Officers, based on the Company's achievement of certain corporate performance goals established on a semi-annual basis. Short-term incentive compensation is intended to motivate and reward executives by tying a significant portion of their total compensation to the Company's achievement of preestablished performance goals that are generally short-term (i.e., less than one year). In connection with the Incentive Plan, the Compensation Committee sets a range of short-term compensation that can be earned by each executive officer pursuant to the Incentive Plan, based on the Comparator Group data, which is expressed as a percentage of the executive officer's base salary and which corresponds to the level of achievement of the performance goals. The low end of that range, referred to as the "threshold" percentage, is equal to the amount of compensation payable to the executive if the level of achievement of each performance goal applicable to the executive was at the minimum set by the Compensation Committee to be eligible to receive a payment for that goal under the Incentive Plan (referred to as the "threshold" level). At the threshold payout level, the short-term compensation was designed to result in a payout less than the median short-term compensation of the Comparator Group. The middle of the range, referred to as the "target" percentage, is equal to the amount of short-term compensation payable to the executive if the level of achievement of each performance goal applicable to the executive met the expectations set by the Compensation Committee (referred to as the "target" level). Achievement of all performance goals at the "target" level would result in a short-term compensation payout equal to the "target" percentage, which is designed to be the median short-term compensation of the Comparator Group. The high end of the range, referred to as the "maximum" percentage, is equal to the amount of compensation payable to the executive if the level of achievement of each performance goal applicable to the executive reached the high-end target set by the Compensation Committee for such goal (referred to as the "maximum" level). Achievement of all performance goals at the "maximum" level would result in a short-term compensation payout at the "maximum" level, which is designed to be above the median short-term compensation of the Comparator Group. Absent an exercise of discretion by the Compensation Committee, the total short-term compensation paid to each executive would not exceed the "maximum" percentage and, in the event that the level of achievement of all performance goals was below the "threshold" level, no

short-term compensation payment would be made to the executive. The following table shows the range of short-term compensation that each Named Executive Officer could earn in fiscal year 2013 as a percentage of such executive officer's annual base salary.

	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
Chief Executive Officer	75%	150%	300%
Chief Financial Officer	37.5%	75%	150%
Executive Vice President	40%	80%	160%
Senior Vice President, Worldwide Operations	35%	70%	140%
Vice President and General Counsel	27.5%	55%	110%

The actual total amount of short-term compensation payable to an executive depends on the level of achievement of each performance goal assigned to him. As in fiscal year 2012, for fiscal year 2013, the Compensation Committee split the Incentive Plan into two six-month performance periods, with the executive eligible to earn up to half of his annual short-term incentive compensation with respect to each six-month period. For the first half of fiscal year 2013, the Compensation Committee established performance goals based on achieving non-GAAP gross margin and non-GAAP operating income targets. Each of the two performance goals was weighted equally (50% each) toward each Named Executive Officer's payment for such period under the Incentive Plan. For the second half of fiscal year 2013, the Compensation Committee established performance goals based solely on achieving non-GAAP gross margin targets, with each Named Executive Officer's payment for such period under the Incentive Plan dependent 100% on performance against such metric.

The non-GAAP Gross Margin performance goal is based on the Company's non-GAAP gross margin, which it calculates by excluding from GAAP gross profit for the applicable period, stock compensation expense, restructuring-related charges and acquisition-related expenses. The non-GAAP Operating Income performance goal is based on the Company's non-GAAP operating income, which it calculates by excluding from GAAP operating income for the applicable period, stock compensation expense, restructuring-related charges, acquisition-related expenses, litigation settlement gains and losses and certain deferred executive compensation.

The Compensation Committee determines with respect to each performance goal the "threshold," "target" and "maximum" levels of achievement, which correspond to the matching descriptions set forth above. For Company performance goals, the levels of achievement will be consistent across the executives to which such goals apply. The Compensation Committee sets the performance goals, weightings and "threshold," "target" and "maximum" levels of achievement on a semi-annual basis.

At the end of each six-month period, the Compensation Committee determines the total amount of short-term compensation payable to each executive for such period by comparing the actual level of achievement of each performance goal assigned to such executive against the "threshold," "target" and "maximum" levels of achievement that it set for that performance goal. The Compensation Committee determines the amount of short-term compensation the executive is eligible to receive with respect to each performance goal as follows:

- If the level of achievement for that performance goal falls below the "threshold" level, then the executive will not earn any short-term compensation with respect to that performance goal (absent an exercise of discretion by the Compensation Committee).

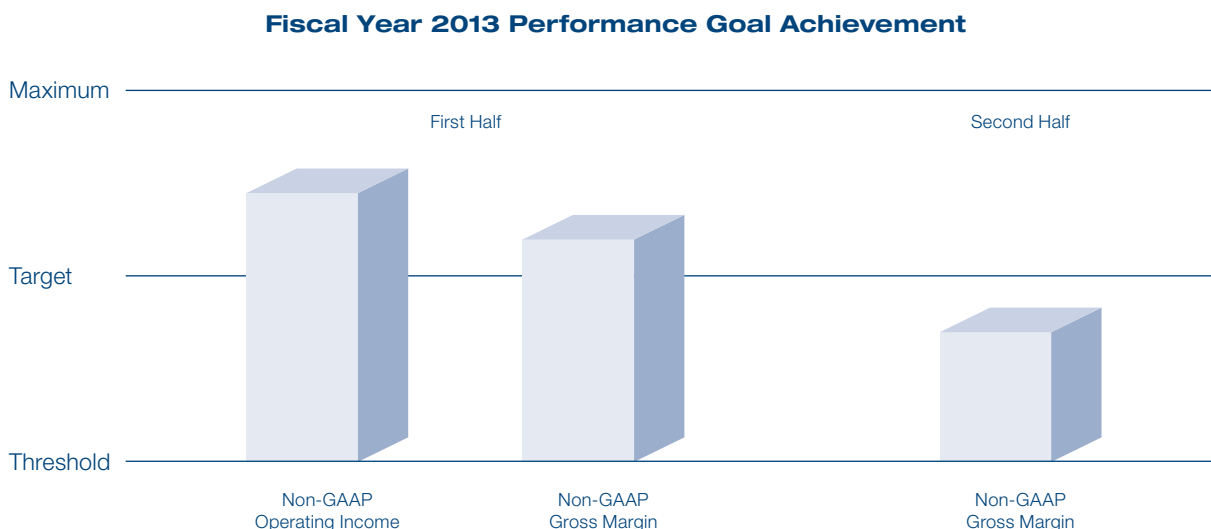
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- If the level of achievement for that performance goal is equal to the “threshold,” “target” or “maximum” level, then the executive earns the product obtained by *multiplying* (i) the “threshold,” “target” or “maximum” percentage, as applicable, *times* (ii) the executive’s base salary for the relevant six-month period *times* (iii) the weighting assigned to that performance goal.
 - If the level of achievement for the performance goal falls in between either the “threshold” and “target” levels or the “target” and “maximum” levels, the executive would earn short-term compensation equal to the short-term compensation payable at the “threshold” or “target” level, respectively, *plus* a pro rata amount of the difference between the short-term compensation payable for that performance goal at, respectively, the “threshold” and “target” levels or the “target” and “maximum” levels.
 - Absent an exercise of discretion by the Compensation Committee, if the level of achievement for the performance goal exceeds the “maximum” level, the executive will only earn the amount payable for achievement at the “maximum” level.

The computation of each executive’s short-term compensation under the Incentive Plan is not a weighted average of the level of achievement across all performance goals, but rather an evaluation of each performance goal individually, a determination of the portion of the total eligible bonus allocated to that performance goal that can be earned and a summation of those amounts.

The target level performance goals established by the Compensation Committee under the Incentive Plan are based on the Company’s historical operating results and growth rates as well as the Company’s expected future results, and are designed to require significant effort and operational success on the part of our executives and the Company. The maximum level performance goals established by the Compensation Committee have historically been difficult to achieve and are designed to represent outstanding performance that the Compensation Committee believes should be rewarded. Typically, financial performance goals are set with the expectation that the “target” level will be higher than the consensus analyst estimates for the Company.

The Incentive Plan stipulated that all payouts to executives under the Incentive Plan were conditioned upon the Company achieving a performance goal based on non-GAAP operating income (after accounting for any incentive award payments, including those to be made under the Incentive Plan) at the “threshold” level. In addition, pursuant to the terms of the Incentive Plan, actual payments for the first six-month performance period are capped at 80% of the award earned, with 20% of the award held back until the end of the fiscal year to ensure sustained financial performance. Any amounts held back are subsequently paid after the end of the fiscal year provided that the financial performance established in the first six months of the year is sustained throughout the fiscal year and that the executive remains employed with the Company at the time of payment. The Compensation Committee retains the discretion, based on the recommendation of the Chief Executive Officer, to make payments even if the threshold performance metrics are not met or to make payments in excess of the maximum level if the Company’s performance exceeds the maximum metrics. The Compensation Committee believes it is appropriate to retain this discretion in order to make short-term compensation awards in extraordinary circumstances.

For fiscal year 2013, the Company's level of achievement of each performance goal was as follows:



The Company's actual non-GAAP operating income and non-GAAP gross margin achieved in the first half of fiscal year 2013 each fell between the respective target and maximum performance levels, resulting in potential short-term compensation awards with respect to each such metric proportionate to the extent such performance fell between the target and maximum performance levels. Specifically, each of the Named Executive Officers was eligible for a short-term compensation award for the first half of fiscal year 2013 with respect to non-GAAP operating income and non-GAAP gross margin equal to 145.00% and 119.90%, respectively, of the target payment level, which resulted in a total potential award equal to 132.45% of the target payment level for such Named Executive Officer. The Compensation Committee exercised its discretion to reduce the potential Incentive Plan award payable to each Named Executive Officer for the first half of fiscal year 2013 to 124.45% of the target payment level for such Named Executive Officer, in order to increase payments to certain employees who participated in a non-executive short-term incentive compensation plan maintained by the Company. The aggregate incentive payments made by the Company under both the Incentive Plan and the non-executive short-term incentive plan were equal to the payments that would have been made had the Compensation Committee not exercised any discretion. Consistent with the Incentive Plan (and the other non-executive employee incentive plans), actual incentive payments for the first half performance period of fiscal year 2013 were capped at 80% of the award earned, with 20% of the award held back until the end of the fiscal year to ensure sustained financial performance. The amount held back was subsequently paid after the end of fiscal year 2013 since the Company sustained its financial performance throughout fiscal year 2013.

The Company's actual non-GAAP gross margin achieved in the second half of fiscal year 2013 fell between the threshold and target performance levels, which translated into short-term compensation awards proportionate to the distance such performance fell between the threshold and

target performance levels. As a result, each of the Named Executive Officers earned a short-term compensation award for the second half of fiscal year 2013 equal to 70.00% of the target payment level for such Named Executive Officer. For the full fiscal year 2013, the total payment under the Incentive Plan to each of the Named Executive Officers was approximately 97.23% of the target payment level for such Named Executive Officer.

Long-Term Stock-Based Compensation

The Compensation Committee generally makes long-term stock-based compensation awards to executive officers on an annual basis. Long-term stock-based compensation awards are intended to align the interests of our executive officers with our stockholders, and to reward our executive officers for increases in stockholder value over long periods of time (i.e., greater than one year). It is the Company's practice to make stock-based compensation awards to executive officers in November of each year at a prescheduled Compensation Committee meeting. For fiscal year 2013, the Compensation Committee made awards to each of the Named Executive Officers on November 8, 2012, at a regularly scheduled Compensation Committee meeting. Stock options awarded to the Named Executive Officers at the meeting had an exercise price equal to the closing price of the Company's common stock on the meeting date.

In making stock-based compensation awards to executive officers for fiscal year 2013, the Compensation Committee first reviewed the Comparator Group data to determine the percentage of the total number of outstanding shares of stock that companies in the Comparator Group typically made available for annual awards under employee equity compensation programs. The Compensation Committee then set the number of shares of the Company's common stock that would be made available for annual executive officer equity awards at approximately the median of the Comparator Group after its evaluation of the Company's business needs for attraction and retention of executives, internal and external circumstances impacting the Company and its employees, and proxy advisor (e.g., ISS) guidelines. The Compensation Committee then reviewed the Comparator Group by executive position to determine the allocation of the available shares among the executive officers from the overall pool the Compensation Committee made available for equity awards for fiscal year 2013. The Compensation Committee then used that data and the Comparator Group data to determine a dollar value equivalent for the long-term equity-based award for each executive officer. Forty percent (40%) of that dollar equivalent value served as the basis for determining a number of stock options to award to the executive using an estimated Black-Scholes value, and the remaining sixty percent (60%) of the dollar equivalent value served as the basis for determining a number of performance share awards ("PSAs") for the executive using the fair market value of the Company's common stock on the date of such award and an assumption that the Company would achieve the "target" level of performance required to earn the PSA. The Compensation Committee's rationale for awarding PSAs is to further align the executive's interest with those of the Company's stockholders by using equity awards that will vest only if the Company achieves preestablished performance metrics. A description of the PSAs, the method by which they vest and the related performance metrics is set forth below in the "*Grants of Plan-Based Awards Table*."

Other Compensation and Benefits

We also provide other benefits to our executive officers that are intended to be part of a competitive overall compensation program and are not tied to any company performance criteria. Consistent with the Compensation Committee's goal of ensuring that executive compensation is perceived as fair to all stakeholders, the Company offers medical, dental, vision, life and disability

insurance plans to executive officers under the same terms as such benefits are offered to all other employees. Additionally, executive officers are permitted to participate in the Company's 401(k) Savings and Investment Plan and Employee Stock Purchase Plan under the same terms as all other employees. The Company does not provide executive officers with any enhanced retirement benefits (i.e., executive officers are subject to the same limits on contributions as other employees, as the Company does not offer any supplemental executive retirement plan or other similar non-qualified deferred compensation plan), and they are eligible for 401(k) company-match contributions under the same terms as other employees. In fiscal year 2013, the Company offered executives the opportunity to participate in financial planning services through The Ayco Company, L.P. ("Ayco"), at a cost of up to \$14,060 per executive paid by the Company. In fiscal year 2013, all of the Named Executive Officers received financial planning services through Ayco. Mr. Aldrich, however, elected to pay personally for such services.

In prior fiscal years certain executive officers were provided an opportunity to participate in the Company's Executive Compensation Plan (the "Executive Compensation Plan"), an unfunded, non-qualified deferred compensation plan, under which participants were allowed to defer a portion of their compensation. As a result of deferred compensation legislation under Section 409A of the IRC, effective December 31, 2005, the Company no longer permits employees to make contributions to the plan. Upon retirement, as defined in the Executive Compensation Plan, or other separation from service, or, if so elected, upon any earlier change of control of the Company, a participant is entitled to a payment of his or her vested account balance, either in a single lump sum or in annual installments, as elected in advance by the participant. Although the Company had discretion to make additional contributions to the accounts of participants while the Executive Compensation Plan was active, it never did so. Mr. Aldrich is the only Named Executive Officer who participated in the Executive Compensation Plan while it was active.

Severance and Change-of-Control Benefits

None of our executive officers, including the Named Executive Officers, has an employment agreement that provides a specific term of employment with the Company. Accordingly, the employment of any such employee may be terminated at any time. We do provide certain benefits to our Named Executive Officers upon certain qualifying terminations of employment and in connection with terminations of employment under certain circumstances following a change of control. A description of the material terms of our severance and change-of-control arrangements with the Named Executive Officers can be found immediately below and further below under "*Potential Payments Upon Termination or Change of Control.*"

The Company believes that severance protections can play a valuable role in recruiting and retaining superior talent. Severance and other termination benefits are an effective way to offer executives financial security to incent them to forego an opportunity with another company. These agreements also protect the Company as the Named Executive Officers are bound by restrictive non-compete and non-solicit covenants for two years after termination of employment. Outside of the change-of-control context, each Named Executive Officer is entitled to severance benefits if his employment is involuntarily terminated by the Company without cause and, in the case of the Chief Executive Officer, if he terminates his own employment for good reason (as defined in the agreement). In addition, provided he forfeits certain equity awards and agrees to serve on the Company's Board of Directors for a minimum of two years, the Chief Executive Officer is entitled to certain severance benefits upon termination of his employment for any reason. The Compensation Committee believes that this provision facilitates his retention with the Company. The level of each Named Executive Officer's

severance or other termination benefit is generally tied to his respective annual base salary and any short-term incentive earned.

Additionally, each Named Executive Officer would receive enhanced severance and other benefits if his employment is terminated under certain circumstances in connection with a change of control of the Company. These benefits are described in detail further below under “*Potential Payments Upon Termination or Change of Control.*” The Named Executive Officers are also entitled to receive a tax gross-up payment (with a \$500,000 cap for Named Executive Officers other than the Chief Executive Officer) if they become subject to the golden parachute excise tax imposed by Section 4999 of the IRC, as the Company believes that the executives should be able to receive their contractual rights to severance without being subject to punitive excise taxes. In addition, upon the occurrence of a change of control, each Named Executive Officer’s outstanding unvested stock options and restricted stock awards (if any) will fully vest, and his outstanding PSAs will be deemed earned as to (a) the “target” performance level if the change of control occurs during the performance period or (b) the number of shares deemed earned under the award based on actual performance if the performance period ends on or before the change of control occurs.

The Company believes these enhanced severance benefits and accelerated vesting are appropriate because the occurrence, or potential occurrence, of a change-of-control transaction would likely create uncertainty regarding the continued employment of executive officers that typically occurs in a change-of-control context, and such severance benefits and accelerated vesting encourage the Named Executive Officers to remain employed with the Company through the change-of-control process and to focus on enhancing stockholder value both before and during the process. In addition, the vesting protection helps assure the Named Executive Officers that they will not lose the expected value of their equity awards because of a change of control of the Company.

Executive Officer Stock Ownership Requirements

We have adopted Executive Stock Ownership guidelines with the objective of more closely aligning the interests of our executive officers (including our Named Executive Officers) with those of our stockholders. Under the Executive Officer Ownership guidelines, our Chief Executive Officer is required to hold the *lower* of (a) the number of shares with a fair market value equal to six (6) times his current base salary or (b) 382,200 shares; our Chief Financial Officer, Executive Vice President and Senior Vice President, Worldwide Operations, are each required to hold the *lower* of (a) the number of shares with a fair market value equal to two and one-half (2½) times his current base salary or (b) 89,800, 95,000 or 92,500 shares, respectively; and our Vice President and General Counsel is required to hold the *lower* of (a) the number of shares with a fair market value equal to two (2) times his current base salary or (b) 65,000 shares. For purposes of the Executive Stock Ownership guidelines, the fair market value of the Company’s common stock is the average closing price per share of the Company’s common stock as reported on the NASDAQ Global Select Market (or if the common stock is not then traded on such market, such other market on which the common stock is traded) for the twelve (12)-month period ending with the determination date. As of March 19, 2014, all of our Named Executive Officers were in compliance with the stock ownership guidelines.

Compliance with Internal Revenue Code Section 162(m)

Section 162(m) of the IRC generally disallows a tax deduction for compensation in excess of \$1 million paid to our Chief Executive Officer and any of our three other most highly compensated executive officers, other than our Chief Financial Officer.

Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if applicable requirements are met. The Compensation Committee reviews the potential effect of Section 162(m) periodically and generally seeks to structure the compensation of our executive officers in a manner that is intended to avoid disallowance of deductions under Section 162(m). However, the Compensation Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the limit when the Compensation Committee believes such payments are appropriate and in the best interests of the Company and our stockholders, after taking into consideration changing business conditions and the performance of our employees.

Compensation Tables for Named Executive Officers

Summary Compensation Table

The following table summarizes compensation earned by, or awarded or paid to, our Named Executive Officers for fiscal year 2013, fiscal year 2012 and fiscal year 2011.

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)(3)	Total (\$)
David J. Aldrich	2013	677,846	2,482,480	1,634,185	991,702	14,435	5,800,648
President and	2012	657,523	1,717,200	1,310,910	358,963	13,948	4,058,544
Chief Executive Officer	2011	635,100	2,856,000	1,549,862	955,830	12,880	6,009,672
Donald W. Palette	2013	392,846	640,640	380,675	288,031	23,854	1,726,046
Vice President and	2012	373,277	667,800	436,970	122,374	12,533	1,612,954
Chief Financial Officer	2011	357,800	952,000	516,621	350,243	11,318	2,187,982
Liam K. Griffin	2013	435,692	800,800	543,822	342,234	19,523	2,142,071
Executive Vice President	2012	397,846	667,800	436,970	180,863	20,471	1,703,950
and Corporate General Manager	2011	378,100	952,000	516,621	425,650	44,480	2,316,851
Bruce J. Freyman	2013	388,923	560,560	326,293	265,426	25,366	1,566,568
Senior Vice President,	2012	378,923	610,560	393,273	86,674	24,762	1,494,192
Worldwide Operations	2011	368,900	952,000	516,621	385,148	24,042	2,246,711
Mark V.B. Tremallo	2013	342,923	320,320	199,401	183,951	26,446	1,073,041
Vice President, General	2012	333,031	343,440	218,485	79,929	25,842	1,000,727
Counsel and Secretary	2011	313,000	595,000	328,759	249,128	11,873	1,497,760

- (1) The amounts in the Stock Awards and Option Awards columns represent the grant date fair values, computed in accordance with the provisions of FASB ASC Topic 718—Compensation—Stock Compensation (“ASC 718”) of stock options and PSAs awarded during the applicable fiscal year, without regard to estimated forfeiture rates. For fiscal years 2011, 2012 and 2013, the maximum grant date fair values of the Stock Awards would be two times (2 x) the amount shown in the table. For a description of the assumptions used in calculating the fair value of equity awards in 2013 under ASC 718, see Note 8 of the Company’s financial statements included in the Company’s Annual Report on Form 10-K filed with the SEC on November 18, 2013.
- (2) Reflects amounts paid to the Named Executive Officers pursuant to the executive incentive plan adopted by the Compensation Committee for each year indicated. For the first and second half of fiscal year 2011, as well as the first half of fiscal year 2013, the portion of the respective executive incentive plan attributable to Company performance above the “target” performance metric was paid in the form of unrestricted common stock of the Company as follows: Mr. Aldrich (FY 2011: \$318,830; FY 2013: \$165,502), Mr. Palette (FY 2011: \$98,943; FY 2013: \$48,069), Mr. Griffin (FY 2011: \$159,650; FY 2013: \$57,114), Mr. Freyman (FY 2011: \$126,148; FY 2013: \$44,296) and Mr. Tremallo (FY 2011: \$70,378; FY 2013: \$30,699). The number of shares awarded in lieu of cash was based on the fair market value of the Company’s common stock on May 11, 2011, and November 10, 2011, with respect to fiscal year 2011, and May 7, 2013, and November 7, 2013, with respect to fiscal year 2013, which are the respective dates that the payments under the respective executive incentive plans were approved by the Compensation Committee. For fiscal year 2012, no common stock was awarded in lieu of cash

since the Company did not exceed any “target” performance metric included in the 2012 executive incentive plan.

- (3) “All Other Compensation” includes the Company’s contributions to the executive’s 401(k) Plan account, the cost of group term life insurance premiums, and financial planning services.

Grants of Plan-Based Awards Table

The following table summarizes all grants of plan-based awards made to the Named Executive Officers in fiscal year 2013, including incentive awards payable under our Fiscal Year 2013 Executive Incentive Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Option Awards: Number of Securities Underlying Options (#)(3)	Exercise or Base Price of Option Awards (\$/Sh) (4)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
David J. Aldrich		510,000	1,020,000	2,040,000						
	11/8/2012				62,000	124,000	248,000			2,482,480(5)
	11/8/2012							180,300	20.02	1,634,185(6)
Donald W. Palette		148,125	296,250	592,500						
	11/8/2012				16,000	32,000	64,000			640,640(5)
	11/8/2012							42,000	20.02	380,675(6)
Liam K. Griffin		176,000	352,000	704,000						
	11/8/2012				20,000	40,000	80,000			800,800(5)
	11/8/2012							60,000	20.02	543,822(6)
Bruce J. Freyman		136,500	273,000	546,000						
	11/8/2012				14,000	28,000	56,000			560,560(5)
	11/8/2012							36,000	20.02	326,293(6)
Mark V.B. Tremallo		94,600	189,200	378,400						
	11/8/2012				8,000	16,000	32,000			320,320(5)
	11/8/2012							22,000	20.02	199,401(6)

- (1) The amounts shown represent the potential value of awards earned under the Incentive Plan. The amounts actually paid to the Named Executive Officers under the Incentive Plan are shown above in the “Summary Compensation Table” under “Non-Equity Incentive Plan Compensation.” For a more complete description of the Incentive Plan, please see description above under “Components of Compensation—Short-Term Incentives.”
- (2) The amounts shown represent PSAs granted on November 8, 2012, under the Company’s Amended and Restated 2005 Long-Term Incentive Plan (the “FY13 PSAs”). The FY13 PSAs have both “performance” and “continued employment” conditions that must be met in order for the executive to receive shares underlying the award.

The “performance” condition guides the initial eligibility of the grantee to receive shares under the PSA and compares the non-GAAP operating margin achieved (related to 50% of the shares underlying the award) and the key product design wins obtained (related to the other 50% of the shares underlying the award) during the performance period against a range of preestablished targets. The Compensation Committee determines the “threshold” or minimum level of performance that would be acceptable to the Company to justify a payout. The “maximum” level represents a best-case performance scenario. The middle of the range is referred to by the Company as the “target” level and represents the expected performance of

the Company. The number of shares issuable under the FY13 PSAs corresponds to the level of achievement of the performance goals. The “target” number of shares is determined with reference to the competitive level of long-term equity compensation determined by the Compensation Committee in the manner described above. Performance at the “threshold” level results in an issuance of a number of shares equal to one-half (1/2) the “target” number of shares, and performance at the “maximum” level results in the issuance of a number of shares equal to two times (2 x) the “target” number of shares. Performance in between either the “threshold” and “target” levels or the “target” and “maximum” levels results in an issuance of a number of shares between the number of shares issuable under the FY13 PSAs at, respectively, the “threshold” and “target” levels or the “target” and “maximum” levels.

The “continued employment” condition of the FY13 PSAs provides that, to the extent that the non-GAAP operating margin and key product design win performance metrics are met for the fiscal year, then twenty-five percent (25%) of the total shares for which the performance metric was met would be issuable to the executive on the first anniversary of the grant date, twenty-five percent (25%) of such shares would be issuable to the executive on the second anniversary of the grant date, and the remaining fifty percent (50%) of such shares would be issuable to the executive on the third anniversary of the grant date, provided that the executive remains employed by the Company through each such vesting date. In the event of termination by reason of death or permanent disability, the holder of an FY13 PSA (or his or her estate) would receive any shares that would have been issuable thereunder during the remaining term of the award (i.e., earned but unissued shares).

- (3) The options vest over four years at a rate of 25% per year commencing one year after the date of grant and on each subsequent anniversary of the grant date for the following three years, provided the executive remains employed by the Company. Options may not be exercised more than three months after the executive ceases to be employed by the Company, except in the event of termination by reason of death or permanent disability, in which event the option may be exercised for specific periods not exceeding one year following termination.
- (4) Stock options awarded to executive officers have an exercise price equal to the closing price of the Company’s common stock on the grant date.
- (5) Reflects the grant date fair value of the FY13 PSAs, computed in accordance with the provisions of ASC 718 assuming performance at the “target” level and using a price of \$20.02 per share, which was the closing sale price of the Company’s common stock on the NASDAQ Global Select Market on November 8, 2012.
- (6) Reflects the grant date fair value of the stock options granted to the Named Executive Officer on November 8, 2012, computed in accordance with the provisions of ASC 718 using the Black-Scholes model of option valuation. The actual value, if any, a Named Executive Officer may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. For a description of the assumptions used in calculating the fair value of equity awards in 2013 under ASC 718, see Note 8 of the Company’s financial statements included in the Company’s Annual Report on Form 10-K filed with the SEC on November 18, 2013.

Outstanding Equity Awards at Fiscal Year End Table

The following table summarizes the unvested stock awards and all stock options held by the Named Executive Officers as of the end of fiscal year 2013.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(1)
David J. Aldrich	180,000	—	9.33	11/6/2014	70,765(6)	1,752,849
	170,000	—	7.18	11/4/2015	104,306(7)	2,583,660
	187,500	62,500(2)	12.07	11/10/2016	232,004(8)	5,746,739
	82,500	82,500(3)	23.80	11/9/2017		
	37,500	112,500(4)	19.08	11/10/2018		
Donald W. Palette	—	180,300(5)	20.02	11/8/2019		
	60,000	20,000(2)	12.07	11/10/2016	23,588(6)	584,275
	13,750	27,500(3)	23.80	11/9/2017	40,564(7)	1,004,770
	12,500	37,500(4)	19.08	11/10/2018	59,872(8)	1,483,029
	—	42,000(5)	20.02	11/8/2019		
Liam K. Griffin	25,000	—	7.18	11/4/2015	23,588(6)	584,275
	20,000	20,000(2)	12.07	11/10/2016	40,564(7)	1,004,770
	13,750	27,500(3)	23.80	11/9/2017	74,840(8)	1,853,787
	12,500	37,500(4)	19.08	11/10/2018		
	—	60,000(5)	20.02	11/8/2019		
Bruce J. Freyman	22,500	—	7.18	11/4/2015	23,588(6)	584,275
	56,250	18,750(2)	12.07	11/10/2016	37,087(7)	918,645
	27,500	27,500(3)	23.80	11/9/2017	52,388(8)	1,297,651
	11,250	33,750(4)	19.08	11/10/2018		
	—	36,000(5)	20.02	11/8/2019		
Mark V.B. Tremallo	16,250	—	7.18	11/4/2015	14,743(6)	365,184
	12,500	12,500(2)	12.07	11/10/2016	20,861(7)	516,727
	17,500	17,500(3)	23.80	11/9/2017	29,936(8)	741,515
	6,250	18,750(4)	19.08	11/10/2018		
	—	22,000(5)	20.02	11/8/2019		

- (1) Reflects a price of \$24.77 per share, which was the closing sale price of the Company's common stock on the NASDAQ Global Select Market on September 27, 2013.
- (2) These options were granted on November 10, 2009, and vested at a rate of 25% on each anniversary of the grant date until they became fully vested on November 10, 2013.
- (3) These options were granted on November 9, 2010, and vest at a rate of 25% on each anniversary of the grant date through November 9, 2014.
- (4) These options were granted on November 10, 2011, and vest at a rate of 25% on each anniversary of the grant date through November 10, 2015.
- (5) These options were granted on November 8, 2012, and vest at a rate of 25% on each anniversary of the grant date through November 8, 2016.

- (6) Represents shares issuable under the PSAs granted on November 9, 2010, under the Company's 2005 Long-Term Incentive Plan (the "FY11 PSAs"). The FY11 PSAs vested at a rate of 33⅓% on each anniversary of the grant date until they became fully vested on November 9, 2013.
- (7) Represents shares issuable under the PSAs granted on November 10, 2011, under the Company's 2005 Long-Term Incentive Plan (the "FY12 PSAs"). The FY12 PSAs vest at a rate of 33⅓% on each anniversary of the grant date through November 10, 2014.
- (8) Represents shares issuable under the FY13 PSAs (awarded on November 8, 2012, as described in footnote 2 of the "Grants of Plan-Based Awards Table" above). With respect to the FY13 PSAs, the Company achieved 93.55% of the "maximum" level of performance and, accordingly, on November 8, 2013, the Company issued twenty-five percent (25%) of the number of shares earned by each executive under his FY13 PSA. Twenty-five percent (25%) of the shares earned under the FY13 PSAs will be issued on November 8, 2014, and the remaining fifty percent (50%) of the shares earned will be issued on November 8, 2015, provided the executive meets the continued employment condition.

Option Exercises and Stock Vested Table

The following table summarizes the Named Executive Officers' option exercises and stock award vesting during fiscal year 2013.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
David J. Aldrich	130,000	2,152,833	207,000	4,290,005
Donald W. Palette	22,500	412,200	72,205	1,496,682
Liam K. Griffin	—	—	72,205	1,496,682
Bruce J. Freyman	—	—	68,434	1,418,226
Mark V.B. Tremallo	—	—	42,650	883,869

- (1) The value realized on exercise is determined by multiplying (a) the number of shares for which the stock options were exercised, by (b) the excess of the closing price of our common stock on the NASDAQ Global Select Market on the applicable exercise date over the applicable exercise price per share of the stock options.
- (2) The value realized upon vesting is determined by multiplying (a) the number of shares underlying the stock awards that vested, by (b) the closing price of our common stock on the NASDAQ Global Select Market on the applicable vesting date.

Nonqualified Deferred Compensation Table

As described above under "Components of Compensation—Other Compensation and Benefits," Mr. Aldrich is the only Named Executive Officer who participated in the Executive Compensation Plan while it was active, and he elected to be paid his aggregate account balance under the plan in a single lump sum upon his future retirement or other separation from service. Mr. Aldrich's

contributions are credited with earnings/losses based upon the performance of the investments he selects.

The following table summarizes Mr. Aldrich's aggregate earnings and aggregate account balance under the Executive Compensation Plan in fiscal year 2013. In fiscal year 2013, there were no withdrawals by or distributions to Mr. Aldrich.

<u>Name</u>	<u>Aggregate Earnings in Last Fiscal Year (\$)</u>	<u>Aggregate Balance at Last Fiscal Year-End \$(1)</u>
David J. Aldrich	150,217	994,014

- (1) Balance as of September 27, 2013. This amount consists of Mr. Aldrich's individual contributions and the return/(loss) generated from the investment of those contributions. The full amount of Mr. Aldrich's individual contributions was previously reported as compensation to Mr. Aldrich in the Summary Compensation Tables of the fiscal years in which such contributions were made.

Potential Payments Upon Termination or Change of Control

Chief Executive Officer

In January 2008, the Company entered into an amended and restated Change of Control / Severance Agreement with Mr. Aldrich (the "Aldrich Agreement"). The Aldrich Agreement sets out severance benefits that become payable if, within two (2) years after a change of control, Mr. Aldrich either (i) is involuntarily terminated without cause or (ii) voluntarily terminates his employment. The severance benefits provided to Mr. Aldrich in such circumstances will consist of the following: (i) a lump sum payment equal to two and one-half times ($2\frac{1}{2} \times$) the sum of (A) his annual base salary immediately prior to the change of control and (B) his annual short-term incentive award (calculated as the greater of (x) the average short-term incentive awards received for the three years prior to the year in which the change of control occurs or (y) the target annual short-term incentive award for the year in which the change of control occurs); (ii) all then-outstanding stock options will remain exercisable for a period of thirty (30) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) continued medical benefits for a period of eighteen (18) months after the termination date. The foregoing payments are subject to a gross-up payment for any applicable excise taxes incurred under Section 4999 of the IRC. Additionally, in the event of a change of control, the Aldrich Agreement provides for full acceleration of the vesting of all then-outstanding stock options and restricted stock awards and partial acceleration of any outstanding PSAs.

The Aldrich Agreement also sets out severance benefits outside of a change of control that become payable if, while employed by the Company, Mr. Aldrich either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to Mr. Aldrich under either of these circumstances will consist of the following: (i) a lump sum payment equal to two times ($2 \times$) the sum of (A) his annual base salary immediately prior to such termination and (B) his annual short-term incentive award (calculated as the greater of (x) the average short-term incentive awards received for the three (3) years prior to the year in which the termination occurs or (y) the target annual short-term incentive award for the year in which the termination occurs); and (ii) full acceleration of the vesting of all outstanding stock options and restricted stock awards, with such stock

options to remain exercisable for a period of two (2) years after the termination date (but not beyond the expiration of their respective maximum terms), and, with respect to any PSAs outstanding, shares subject to such award would have been deemed earned to the extent any such shares would have been earned pursuant to the terms of such award as of the day prior to the date of such termination (without regard to any continued service requirement) (collectively, “Severance Benefits”). In the event of Mr. Aldrich’s death or disability, all outstanding stock options will vest in full and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms).

In addition, the Aldrich Agreement provides that if Mr. Aldrich voluntarily terminates his employment after January 1, 2010, subject to certain notice requirements and his availability to continue to serve on the Board of Directors of the Company and as chairman of a committee thereof for up to two (2) years, he shall be entitled to the Severance Benefits; provided however, that all Company stock options, stock appreciation rights, restricted stock, and any other equity-based awards, which were both (a) granted to him in the eighteen (18) month period prior to such termination and (b) scheduled to vest more than two (2) years from the date of such termination, will be forfeited.

The Aldrich Agreement is intended to be compliant with Section 409A of the IRC. Additionally, the Aldrich Agreement requires Mr. Aldrich to sign a release of claims in favor of the Company before he is eligible to receive any benefits under the agreement, and contains non-compete and non-solicitation provisions applicable to him while he is employed by the Company and for a period of twenty-four (24) months following the termination of his employment.

On November 23, 2010, the Company modified the Aldrich Agreement as follows: (1) the initial term of the Agreement was extended for three (3) years until January 22, 2014, after which time the Agreement will renew on an annual basis for up to five (5) additional one (1) year periods, unless at least 90 days prior to the end of the then-current term, either party provides written notice that the Aldrich Agreement should not be extended; and (2) in order to ensure that any PSAs issued to Mr. Aldrich continue to be treated as performance based compensation under Section 162(m) of the IRC, the Agreement was amended such that if Mr. Aldrich is involuntarily terminated or terminates his employment for good reason or for no reason, he will be entitled to receive only the number of performance shares under outstanding PSAs that he would have received had he actually remained employed through the end of the performance period applicable to such PSAs. All other terms and conditions of the Agreement remain the same.

The terms “change of control,” “cause,” and “good reason” are each defined in the Aldrich Agreement.

Other Named Executive Officers

In January 2008, the Company entered into Change of Control / Severance Agreements with each of Donald W. Palette, Liam K. Griffin, Bruce J. Freyman, and Mark V.B. Tremallo (each a “COC Agreement”). Each COC Agreement sets out severance benefits that become payable if, within twelve (12) months after a change of control, the executive either (i) is involuntarily terminated without cause or (ii) terminates his employment for good reason. The severance benefits provided to the executive in such circumstances will consist of the following: (i) a payment equal to two times (2 x) the sum of (A) his annual base salary immediately prior to the change of control and (B) his annual short-term incentive award (calculated as the greater of (x) the average short-term incentive awards received for the three (3) years prior to the year in which the change of control occurs or (y) the target annual short-term incentive award

for the year in which the change of control occurs), which payment will be made in a single lump sum, except in the case of Mr. Freyman, who will receive the payment in a series of equal biweekly installments over a twelve (12) month period; (ii) all then-outstanding stock options will remain exercisable for a period of eighteen (18) months after the termination date (but not beyond the expiration of their respective maximum terms); and (iii) continued medical benefits for eighteen (18) months after the termination date. The foregoing payments are subject to a gross-up payment limited to a maximum of \$500,000 for any applicable excise taxes incurred under Section 4999 of the IRC. Additionally, in the event of a change of control, each COC Agreement provides for full acceleration of the vesting of all then-outstanding stock options and restricted stock awards and partial acceleration of any outstanding PSAs.

Each COC Agreement also sets out severance benefits outside a change of control that become payable if, while employed by the Company, the executive is involuntarily terminated without cause. The severance benefits provided to the executive under such circumstance will consist of the following: (i) a payment equal to the sum of (x) his then-current annual base salary and (y) any short-term incentive award then due, which payment will be made in a single lump sum, except in the case of Mr. Freyman, who will receive the payment in a series of equal biweekly installments over a twelve (12) month period; and (ii) all then-vested outstanding stock options will remain exercisable for a period of twelve (12) months after the termination date (but not beyond the expiration of their respective maximum terms). In the event of the executive's death or disability, all outstanding stock options will vest and remain exercisable for a period of twelve (12) months following the termination of employment (but not beyond the expiration of their respective maximum terms).

Each COC Agreement is intended to be compliant with Section 409A of the IRC and had an initial two (2) year term, which was thereafter renewed on an annual basis for five (5) additional years. Additionally, each COC Agreement requires that the executive sign a release of claims in favor of the Company before he is eligible to receive any benefits under the agreement, and, except for Mr. Freyman's COC Agreement, each contains non-compete and non-solicitation provisions applicable to the executive while he is employed by the Company and for a period of twenty-four (24) months following the termination of his employment. Mr. Freyman's COC Agreement contains non-solicitation provisions applicable to him while he is employed by the Company and for a period of twelve (12) months following the termination of his employment.

The terms "change of control," "cause," and "good reason" are each defined in the COC Agreements. Change of control means, in summary: (i) the acquisition by a person or a group of 40% or more of the outstanding stock of Skyworks; (ii) a change, without approval by the Board of Directors, of a majority of the Board of Directors of Skyworks; (iii) the acquisition of Skyworks by means of a reorganization, merger, consolidation or asset sale; or (iv) the approval of a liquidation or dissolution of Skyworks. Cause means, in summary: (i) deliberate dishonesty that is significantly detrimental to the best interests of Skyworks; (ii) conduct constituting an act of moral turpitude; (iii) willful disloyalty or insubordination; or (iv) incompetent performance or substantial or continuing inattention to or neglect of duties. Good reason means, in summary: (i) a material diminution in base compensation or authority, duties or responsibility, (ii) a material change in office location, or (iii) any action or inaction constituting a material breach by Skyworks of the terms of the agreement.

The following table summarizes the payments and benefits that would be made to the Named Executive Officers under their change of control/severance agreements with the Company in the following circumstances as of September 27, 2013:

- termination without cause or for good reason in the absence of a change of control;
- termination without cause or for good reason after a change of control;
- after a change of control not involving a termination of employment for good reason or for cause; and
- in the event of termination of employment because of death or disability.

The accelerated equity values in the table reflect a price of \$24.77 per share, which was the closing sale price of the Company's common stock on the NASDAQ Global Select Market on September 27, 2013. The table does not reflect any equity awards made after September 27, 2013.

Name	Benefit	Termination w/o Cause or for Good Reason, Outside Change of Control (\$)	Termination w/o Cause or for Good Reason, After Change of Control (\$)	Change of Control w/o Termination (\$)	Death/ Disability (\$)
David J. Aldrich(1)(2)	Salary and Short-Term Incentive	3,400,000(4)	4,250,000(5)	—	—
	Accelerated Options	2,370,325	2,370,325	2,370,325	2,370,325
	Accelerated Restricted Stock	—	—	—	—
	Accelerated Performance Shares	10,083,248	10,083,248	10,083,248	10,083,248
	Medical	—	21,714	—	—
	Excise Tax Gross-Up(3)	—	—	—	—
	TOTAL	15,853,573	16,725,287	12,453,573	12,453,573
Donald W. Palette(2)	Salary and Short-Term Incentive	395,000(6)	1,382,500(4)	—	—
	Accelerated Options	—	693,550	693,550	693,550
	Accelerated Restricted Stock	—	—	—	—
	Accelerated Performance Shares	—	3,072,074	3,072,074	3,072,074
	Medical	—	23,805	—	—
	Excise Tax Gross-Up(3)	—	—	—	—
	TOTAL	395,000	5,171,929	3,765,624	3,765,624
Liam K. Griffin(2)	Salary and Short-Term Incentive	440,000(6)	1,584,000(4)	—	—
	Accelerated Options	—	779,050	779,050	779,050
	Accelerated Restricted Stock	—	—	—	—
	Accelerated Performance Shares	—	3,442,832	3,442,832	3,442,832
	Medical	—	23,805	—	—
	Excise Tax Gross-Up(3)	—	—	—	—
	TOTAL	440,000	5,829,687	4,221,882	4,221,882
Bruce J. Freyman(2)	Salary and Short-Term Incentive	390,000(6)	1,326,000(4)	—	—
	Accelerated Options	—	627,838	627,838	627,838
	Accelerated Restricted Stock	—	—	—	—
	Accelerated Performance Shares	—	2,800,571	2,800,571	2,800,571
	Medical	—	23,805	—	—
	Excise Tax Gross-Up(3)	—	—	—	—
	TOTAL	390,000	4,778,214	3,428,409	3,428,409
Mark V.B. Tremallo(2)	Salary and Short-Term Incentive	344,000(6)	1,066,400(4)	—	—
	Accelerated Options	—	386,913	386,913	386,913
	Accelerated Restricted Stock	—	—	—	—
	Accelerated Performance Shares	—	1,623,426	1,623,426	1,623,426
	Medical	—	21,714	—	—
	Excise Tax Gross-Up(3)	—	—	—	—
	TOTAL	344,000	3,098,453	2,010,339	2,010,339

- (1) A "Good Reason" termination in connection with a change of control for Mr. Aldrich includes voluntarily terminating employment following such change of control. In the event Mr. Aldrich voluntarily terminated his employment on September 27, 2013, outside of a change of control, he would have received a total of \$12,551,991, consisting of the following: cash (\$3,400,000); accelerated options (\$1,942,113); and accelerated PSAs (\$7,209,878).
- (2) Excludes the value of accrued vacation/paid time off required by law to be paid upon termination. For Mr. Aldrich, excludes any distributions under the Executive Compensation Plan (see the discussion above regarding this inactive plan in the "Nonqualified Deferred Compensation Table").

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- (3) Other than for Mr. Aldrich, each Named Executive Officer's excise tax gross-up is capped at \$500,000. Based on the assumptions set forth in the table above, no Named Executive Officer would have received any excise tax gross-up upon a termination of employment on September 27, 2013.
 - (4) Represents an amount equal to two times (2 x) the sum of (A) the Named Executive Officer's annual base salary as of September 27, 2013, and (B) his Incentive Plan payment at the "target" level (since greater than the three (3) year average of actual incentive payments).
 - (5) Represents an amount equal to two and one-half times (2½ x) the sum of (A) Mr. Aldrich's annual base salary as of September 27, 2013, and (B) his Incentive Plan payment at the "target" level (since greater than the three (3) year average of actual incentive payments).
 - (6) Represents an amount equal to the Named Executive Officer's annual base salary as of September 27, 2013.

Director Compensation

Cash Compensation

Prior to January 2014, non-employee directors of the Company were paid, in quarterly installments, an annual retainer of \$55,000. Effective as of January 2014, the annual retainer for non-employee directors was increased to \$57,500, with a further increase to \$60,000 scheduled to become effective on January 1, 2015. Additional annual retainers for Chairman and/or committee service (paid in quarterly installments) are as follows: the Chairman of the Board (\$40,000, which increased to \$50,000 effective as of January 2014); the Chairman of the Audit Committee (\$20,000); the Chairman of the Compensation Committee (\$15,000); the Chairman of the Nominating and Governance Committee (\$10,000); non-chair member of Audit Committee (\$10,000); non-chair member of Compensation Committee (\$7,500); and non-chair member of Nominating and Corporate Governance Committee (\$5,000). In addition, the Compensation Committee continues to retain discretion to recommend to the full Board of Directors that additional cash payments be made to a non-employee director for extraordinary service during a fiscal year.

Equity Compensation

Currently, any newly appointed non-employee director will receive an initial equity grant composed of a combination of a stock option and restricted stock having an aggregate value of approximately \$220,000, with such value allocated equally (i.e., 50%/50%) between the stock option and the restricted stock, and with the stock option having an exercise price equal to the fair market value of the common stock on the date of grant. Following the 2013 Annual Meeting of stockholders, each non-employee director who was reelected at the meeting received a restricted stock award having a value of approximately \$155,000. Effective as of January 2014, following each annual meeting of stockholders, each non-employee director who is reelected will receive a restricted stock award having a value of approximately \$170,000. The number of shares issued to non-employee directors pursuant to initial restricted stock grants and annual restricted stock grants is determined by dividing the approximate value of the award, as disclosed above, by the average closing price per share of the Company's common stock as reported on the NASDAQ Global Select Market (or if the common stock is not then traded on such market, such other market on which the common stock is traded) for each trading day during the 30 consecutive trading day period ending on, and including, the grant date. Unless otherwise determined by the Board of Directors, any nonqualified stock options awarded under the 2008 Director Long-Term Incentive Plan will vest in four (4) equal annual installments on the anniversary of the date of grant, and any restricted stock awards under the 2008 Director Long-Term Incentive Plan will vest in three (3) equal annual installments on the anniversary of the date of grant. In the event of a change of control of the Company, the outstanding options and restricted stock under the 2008 Director Long-Term Incentive Plan will become fully exercisable and deemed fully vested, respectively.

No director who is also an employee receives separate compensation for services rendered as a director. David J. Aldrich is currently the only director who is also an employee of the Company.

Director Compensation Table

The following table summarizes the compensation paid to the Company's non-employee directors for fiscal year 2013.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Total (\$)
David J. McLachlan, Chairman	106,250	163,636(2)	—	269,886
Kevin L. Beebe	71,250	163,636(2)	—	234,886
Moiz M. Beguwala(3)	51,250	187,661(4)	—	238,911
Timothy R. Furey	73,750	163,636(2)	—	237,386
Balakrishnan S. Iyer	73,750	163,636(2)	—	237,386
Thomas C. Leonard(5)	53,750	476,331(6)	—	530,081
David P. McGlade	66,250	163,636(2)	—	229,886
Robert A. Schriesheim	81,250	163,636(2)	—	244,886

- (1) The non-employee members of the Board of Directors who held such positions on September 27, 2013, held the following aggregate number of unexercised options and unvested restricted stock awards as of such date:

Name	Number of Securities Underlying Unexercised Options	Number of Unvested Shares of Restricted Stock
David J. McLachlan, Chairman	30,000	13,155
Kevin L. Beebe	45,000	13,155
Timothy R. Furey	30,000	13,155
Balakrishnan S. Iyer	21,000	13,155
David P. McGlade	90,000	13,155
Robert A. Schriesheim	60,000	13,155

- (2) Reflects the grant date fair value of 7,215 restricted shares of the Company's common stock granted on May 7, 2013, to each non-employee director elected at the 2013 Annual Meeting of stockholders, computed in accordance with the provisions of ASC 718 using a price of \$22.68 per share, which was the closing sale price of the Company's common stock on the NASDAQ Global Select Market on May 7, 2013.
- (3) Mr. Beguwala did not stand for reelection to the Board of Directors in the Company's 2013 Annual Meeting of stockholders and ceased to be a director effective as of May 6, 2013. In connection with the cessation of Mr. Beguwala's tenure as a director, the Compensation Committee of the Company's Board of Directors recommended and the Board of Directors approved the following actions: (1) the extension of the exercise period for his outstanding stock options to the earlier of (a) the original option expiration date or (b) May 6, 2014, and (2) the vesting in full of 8,145 restricted shares of the Company's common stock on May 6, 2013, that would have otherwise not vested by such date. The 8,145 restricted shares that were accelerated to vest on May 6, 2013, would have vested in full according to their terms on or prior to May 11, 2013, had Mr. Beguwala continued as a director until such date. Immediately following the cessation of his service as a director on May 6, 2013, Mr. Beguwala held unexercised stock options to purchase 60,000 shares of the Company's common stock, and he held no outstanding unvested shares of restricted stock.

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- (4) Reflects the grant date fair value of 8,145 restricted shares that were accelerated on May 6, 2013, computed in accordance with the provisions of ASC 718 using a price of \$23.04 per share, which was the closing sale price of the Company's common stock on the NASDAQ Global Select Market on May 6, 2013.
 - (5) Mr. Leonard retired from the Board of Directors effective as of July 30, 2013. In connection with Mr. Leonard's retirement, the Compensation Committee of the Company's Board of Directors recommended and the Board of Directors approved the following actions: (a) the extension of the exercise period for his outstanding stock options to the earlier of (i) the original option expiration date or (ii) July 30, 2014, and (b) the vesting in full of 13,155 restricted shares of the Company's common stock on July 30, 2013, that would have otherwise not vested by such date. Immediately following his retirement on July 30, 2013, Mr. Leonard held unexercised stock options to purchase 3,750 shares of the Company's common stock, and he held no outstanding unvested shares of restricted stock.
 - (6) Reflects the sum of (a) the grant date fair value of 7,215 restricted shares granted to Mr. Leonard on May 7, 2013, upon his reelection to the Board of Directors (see note 2 above), and (b) the grant date fair value of 13,155 restricted shares that were accelerated on July 30, 2013, computed in accordance with the provisions of ASC 718 using a price of \$23.77 per share, which was the closing sale price of the Company's common stock on the NASDAQ Global Select Market on July 30, 2013.

Director Stock Ownership Requirements

We have adopted Director Stock Ownership guidelines with the objective of more closely aligning the interests of our directors with those of our stockholders. The minimum number of shares of our common stock that the Director Ownership guidelines require non-employee directors to hold while serving in their capacity as directors is the director base compensation (currently \$55,000) multiplied by five (5), divided by the fair market value of the Company's common stock (rounded to the nearest 100 shares). For purposes of the Director Stock Ownership program, the fair market value of the Company's common stock is the average closing price per share of the Company's common stock as reported on the NASDAQ Global Select Market (or if the common stock is not then traded on such market, such other market on which the common stock is traded) for the twelve (12)-month period ending with the determination date. As of March 19, 2014, the Director Ownership guidelines require non-employee directors to hold a minimum of 11,100 shares, and all directors were in compliance with such guidelines as of such date (with the exception of Ms. King, who is not required to comply with the guidelines until the fifth anniversary of her appointment to the Board of Directors).

Equity Compensation Plan Information

As of September 27, 2013, the Company has the following equity compensation plans under which its equity securities were authorized for issuance to its employees and/or directors:

- the 1999 Employee Long-Term Incentive Plan;
- the Directors' 2001 Stock Option Plan;
- the Non-Qualified Employee Stock Purchase Plan;
- the 2002 Employee Stock Purchase Plan;
- the 2005 Long-Term Incentive Plan;
- the 2008 Director Long-Term Incentive Plan;
- the AATI 1998 Amended Stock Plan; and
- the AATI 2005 Equity Incentive Plan.

Except for the 1999 Employee Long-Term Incentive Plan (the "1999 Employee Plan") and the Non-Qualified Employee Stock Purchase Plan (the "Non-Qualified ESPP"), each of the foregoing equity compensation plans was approved by the Company's stockholders.

A description of the material features of each non-stockholder approved plan is provided below under "1999 Employee Long-Term Incentive Plan" and "Non-Qualified Employee Stock Purchase Plan."

The following table presents information about these plans as of September 27, 2013.

	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (#) (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (\$) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a) (#) (c)
Equity compensation plans approved by security holders	9,062,768(1)	16.76	19,210,642(2)
Equity compensation plans not approved by security holders	1,671,180	7.95	407,941(3)
TOTAL	10,733,948	15.39	19,618,583

(1) Excludes 1,791,384 unvested restricted shares and 2,987,110 unvested shares under PSAs, which figure assumes achievement of performance goals under the FY13 PSAs at target levels.

(2) Includes 1,562,793 shares available for future issuance under the 2002 Employee Stock Purchase Plan, 16,838,696 shares available for future issuance under the 2005 Long-Term Incentive Plan, and 809,153 shares available for future issuance under the 2008 Director

Long-Term Incentive Plan. No further grants will be made under the Directors' 2001 Stock Option Plan, the AATI 1998 Amended Stock Plan or the AATI 2005 Equity Incentive Plan.

- (3) Represents shares available under the Non-Qualified ESPP. No further grants will be made under the 1999 Employee Plan.

1999 Employee Long-Term Incentive Plan

The 1999 Employee Plan provided for the grant of non-qualified stock options to purchase shares of the Company's common stock to employees, other than officers and non-employee directors. The term of these options may not exceed 10 years. The 1999 Employee Plan contains provisions, which permit restrictions on vesting or transferability, as well as continued exercisability upon a participant's termination of employment with the Company, of options granted thereunder. The 1999 Employee Plan provides for full acceleration of the vesting of options granted thereunder upon a "change in control" of the Company, as defined in the 1999 Employee Plan. The Board of Directors generally may amend, suspend or terminate the 1999 Employee Plan in whole or in part at any time, provided that any amendment that affects outstanding options be consented to by the holder of the options. As of April 26, 2009, no additional grants were issuable under the 1999 Employee Long-Term Incentive Plan.

Non-Qualified Employee Stock Purchase Plan

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

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis included herein with management, and based on the review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement for the 2014 Annual Meeting of stockholders.

THE COMPENSATION COMMITTEE

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

Security Ownership of Certain Beneficial Owners and Management

To the Company's knowledge, the following table sets forth the beneficial ownership of the Company's common stock as of March 19, 2014, by the following individuals or entities: (i) each person or entity who beneficially owns 5% or more of the outstanding shares of the Company's common stock as of March 19, 2014; (ii) the Named Executive Officers (as defined above under "*Information about Executive and Director Compensation*"); (iii) each director and nominee for director; and (iv) all executive officers and directors of the Company, as a group.

Beneficial ownership is determined in accordance with the rules of the SEC, is not necessarily indicative of beneficial ownership for any other purpose, and does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of those shares. As of March 19, 2014, there were 189,314,466 shares of Skyworks common stock issued and outstanding.

In computing the number of shares of Company common stock beneficially owned by a person and the percentage ownership of that person, shares of Company common stock that are subject to stock options or other rights held by that person that are currently exercisable or that will become exercisable within sixty (60) days of March 19, 2014, are deemed outstanding. These shares are not, however, deemed outstanding for the purpose of computing the percentage ownership of any other person.

Names and Addresses of Beneficial Owners(1)	Number of Shares Beneficially Owned(2)	Percent of Class
FMR LLC	16,163,513(3)	8.54%
BlackRock, Inc.	12,784,083(4)	6.75%
Wellington Management Company, LLP	12,336,321(5)	6.52%
The Vanguard Group, Inc.	10,099,381(6)	5.33%
David J. Aldrich	826,647(7)	(*)
Kevin L. Beebe	101,715	(*)
Bruce J. Freyman	179,718(7)	(*)
Timothy R. Furey	59,215	(*)
Liam K. Griffin	164,674(7)	(*)
Balakrishnan S. Iyer	58,797	(*)
Christine King	3,955	(*)
David P. McGlade	146,715	(*)
David J. McLachlan	89,315	(*)
Donald W. Palette	173,499(7)	(*)
Robert A. Schriesheim	56,715	(*)
Mark V.B. Tremallo	111,732(7)	(*)
All directors and executive officers as a group (12 persons)	1,972,697(7)	1.04%

* Less than 1%

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

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- (2) Includes the number of shares of Company common stock subject to stock options held by that person that are currently exercisable or will become exercisable within sixty (60) days of March 19, 2014 (the “Current Options”), as follows: Mr. Aldrich—493,825 shares under Current Options; Mr. Beebe—45,000 shares under Current Options; Mr. Freyman—133,851 shares under Current Options; Mr. Furey—15,000 shares under Current Options; Mr. Griffin—112,500 shares under Current Options; Mr. Iyer—21,000 shares under Current Options; Mr. McGlade—90,000 shares under Current Options; Mr. McLachlan—30,000 shares under Current Options; Mr. Palette—128,000 shares under Current Options; Mr. Tremallo—73,000 shares under Current Options; directors and executive officers as a group (12 persons)—1,142,176 shares under Current Options.
- (3) Consists of shares beneficially owned by FMR LLC, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, as a result of its sole ownership of Fidelity Management & Research Company (“Fidelity Research”), Fidelity SelectCo, LLC (“SelectCo”), and Strategic Advisers, Inc. (“Strategic Advisers”), its indirect ownership of Pyramis Global Advisors Trust Company (“PGATC”), and shares beneficially owned by FIL Limited (“FIL”). Fidelity Research, an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 15,319,572 shares as a result of acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940 that hold the shares. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity Research, and the Fidelity Funds each have sole power to dispose of the 15,319,572 shares owned by the funds. SelectCo, an investment advisor registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 13,197 shares as a result of acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940 that hold the shares. Edward C. Johnson 3d and FMR LLC, through its control of SelectCo, and the SelectCo Funds each have sole power to dispose of the 13,197 shares owned by the funds. Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds’ Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds’ Boards of Trustees. Strategic Advisers, Inc., a wholly owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 146 shares as a result of acting as an investment adviser to various individuals. PGATC, an indirect wholly owned subsidiary of FMR LLC and a bank as defined in Section 3(a)(6) of the Exchange Act, is the beneficial owner of 30,598 shares as a result of its serving as investment manager of institutional accounts owning such shares. Edward C. Johnson 3d and FMR LLC, through its control of PGATC, each has sole voting and dispositive power over 30,598 shares owned by institutional accounts managed by PGATC. FIL and various foreign-based subsidiaries provide investment advisory and management services to a number of non-U.S. investment companies and certain institutional investors. FIL, which is a qualified institution under Rule 13d-1(b)(1)(ii), is the beneficial owner of 800,000 shares. Partnerships controlled predominantly by members of the family of Edward C. Johnson 3d, Chairman of FMR LLC and FIL, or trusts for their benefit, own shares of FIL voting stock. While the percentage of total voting power represented by these shares may fluctuate as a result of changes in the total number of shares of FIL voting stock outstanding from time to time, it normally represents more than 25% and less than 50% of the total votes which may be cast by all holders of FIL voting stock. FMR LLC and FIL are separate and independent corporate entities, and their Boards of Directors are generally composed of different individuals. Of the shares beneficially owned, FMR LLC has sole voting power with respect to 831,148 shares and

sole dispositive power with respect to 16,163,513 shares. The address of Fidelity Research and Strategic Advisers, Inc. is 245 Summer Street, Boston, MA 02210. The address of SelectCo is 1225 17th Street, Suite 1100, Denver, CO 80202. The address of PGATC is 900 Salem Street, Smithfield, Rhode Island, 02917. The address of FIL is Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda. With respect to the information relating to the FMR LLC and its affiliated entities, the Company has relied on information supplied by FMR LLC on a Schedule 13G/A filed with the SEC on February 14, 2014.

- (4) Consists of shares beneficially owned by BlackRock, Inc. (“BlackRock”), in its capacity as a parent holding company of various subsidiaries under Rule 13d-1(b)(1)(ii)(G). In its capacity as a parent holding company or control person, BlackRock has sole voting power with respect to 11,787,738 shares and sole dispositive power with respect to 12,784,083 which are held by the following of its subsidiaries: BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Investment Management, LLC, BlackRock Life Limited, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Capital Management, BlackRock (Singapore) Limited, BlackRock Advisors (UK) Limited, BlackRock Fund Advisors, BlackRock Fund Management Ireland Limited, BlackRock International Limited, BlackRock Institutional Trust Company, N.A., BlackRock Japan Co Ltd, BlackRock Investment Management (Australia) Limited and BlackRock Investment Management (UK) Ltd. The address of BlackRock Inc. is 40 East 52nd Street, New York, NY, 10022. With respect to the information relating to the BlackRock and its affiliated entities, the Company has relied on information supplied by BlackRock on a Schedule 13G/A filed with the SEC on January 30, 2014.
- (5) Consists of shares beneficially owned by Wellington Management Company, LLP (“Wellington”), which has shared voting power with respect to 5,989,771 shares and shared dispositive power with respect to 12,336,321 shares. With respect to the information relating to Wellington, the Company has relied on information supplied by Wellington on a Schedule 13G filed with the SEC on February 14, 2014. The address of Wellington is 280 Congress Street, Boston, MA 02210.
- (6) Consists of shares beneficially owned by The Vanguard Group, Inc. (“Vanguard”), which has sole voting power with respect to 118,644 shares, sole dispositive power with respect to 9,994,937 shares and shared dispositive power with respect to 104,444 shares. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of Vanguard, is the beneficial owner of 104,444 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly owned subsidiary of Vanguard, is the beneficial owner of 14,200 shares as a result of its serving as investment manager of Australian investment offerings. With respect to the information relating to Vanguard, the Company has relied on information supplied by Vanguard on a Schedule 13G filed with the SEC on February 11, 2014. The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.
- (7) Includes shares held in the Company’s 401(k) Savings and Investment Plan as of March 19, 2014.

Other Proposed Action

As of the date of this Proxy Statement, the directors know of no other business that is expected to come before the Annual Meeting. However, if any other business should be properly presented to the Annual Meeting, the persons named as proxies will vote in accordance with their judgment with respect to such matters.

Other Matters

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and beneficial owners of more than 10% of our equity securities to file reports of holdings and transactions in securities of Skyworks with the SEC. Based solely on a review of Forms 3, 4 and 5 and any amendments thereto furnished to us, and written representations provided to us, with respect to fiscal year 2013, we believe that all Section 16(a) filing requirements applicable to our directors, executive officers and beneficial owners of more than 10% of our common stock with respect to such fiscal year were timely made.

Solicitation Expenses

Skyworks will bear the expenses of the preparation of the proxy materials and the solicitation by the Board of Directors of proxies. Proxies may be solicited on behalf of the Company in person or by telephone, e-mail, facsimile or other electronic means by directors, officers or employees of the Company, who will receive no additional compensation for any such services. We have retained Phoenix Advisory Partners to assist in the solicitation of proxies, at a cost to the Company of approximately \$8,000, plus reasonable out-of-pocket expenses.

Electronic Delivery of Proxy Materials

We are able to distribute our Annual Report and this Proxy Statement to our stockholders in a fast and efficient manner via the Internet. This reduces the amount of paper delivered to a stockholder's address and eliminates the cost of sending these documents by mail. Stockholders may elect to view all future annual reports and proxy statements on the Internet instead of receiving them by mail. You may make this election when voting your proxy this year. Simply follow the instructions to vote via the Internet to register your consent. Your election to view proxy materials online is perpetual unless you revoke it later. Future proxy cards will contain the Internet website address and instructions to view the materials. You will continue to have the option to vote your shares by telephone, mail or via the Internet.

Annual Report on Form 10-K

A copy of our 2013 Annual Report accompanies this Proxy Statement. You also may obtain, free of charge, a copy of the Company's Annual Report on Form 10-K for fiscal year 2013, as filed with the SEC, via the Company's website at <http://www.skyworksinc.com>, or upon written request addressed to Investor Relations, Skyworks Solutions, Inc., 5221 California Avenue, Irvine, CA 92617.

Stockholder List

A list of stockholders of record as of March 19, 2014, will be available for inspection during ordinary business hours at our headquarters at 20 Sylvan Road, Woburn, MA 01801, from April 25, 2014, to May 6, 2014, as well as at our Annual Meeting.

Stockholder Proposals

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), in order to be considered for inclusion in the proxy materials for the Company’s 2015 Annual Meeting of stockholders, a stockholder’s proposal must meet the requirements of Rule 14a-8 under the Exchange Act and be delivered in writing to the Secretary of the Company at its principal executive offices at 20 Sylvan Road, Woburn, MA 01801, no later than November 26, 2014. The submission of a stockholder proposal does not guarantee that it will be included in the proxy materials for the Company’s 2015 Annual Meeting.

According to the applicable provisions of our By-laws, if a stockholder wishes to nominate a candidate to serve as a director or to present a proposal at our 2015 Annual Meeting outside the processes of Rule 14a-8 that will not be considered for inclusion in the proxy materials for such meeting, then the stockholder must give written notice to our Corporate Secretary at the address noted above no earlier than January 6, 2015, and no later than February 5, 2015. In the event that the 2015 Annual Meeting is held more than thirty (30) days before or after the first anniversary of the Company’s 2014 Annual Meeting, then the required notice must be delivered in writing to the Secretary of the Company at the address above no earlier than 120 days prior to the date of the 2015 Annual Meeting and no later than the later of 90 days prior to the 2015 Annual Meeting or the 10th day following the day on which the public announcement of the date of the 2015 Annual Meeting is first made by the Company. A proposal that is submitted outside of these time periods will not be considered to be timely and, pursuant to Rule 14a-4(c)(1) under the Exchange Act and if a stockholder properly brings the proposal before the meeting, the proxies that management solicits for that meeting will have “discretionary” authority to vote on the stockholder’s proposal. Even if a stockholder makes timely notification, the proxies may still exercise “discretionary” authority in accordance with the SEC’s proxy rules.

OUR BOARD OF DIRECTORS ENCOURAGES STOCKHOLDERS TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, YOU ARE URGED TO SUBMIT A PROXY PROMPTLY IN ONE OF THE FOLLOWING WAYS: (A) BY COMPLETING, SIGNING AND DATING THE ACCOMPANYING PROXY CARD AND RETURNING IT IN THE POSTAGE-PREPAID ENVELOPE ENCLOSED FOR THAT PURPOSE; (B) BY COMPLETING AND SUBMITTING YOUR PROXY USING THE TOLL-FREE TELEPHONE NUMBER LISTED ON THE PROXY CARD; OR (C) BY COMPLETING AND SUBMITTING YOUR PROXY VIA THE INTERNET BY VISITING THE WEBSITE ADDRESS LISTED ON THE PROXY CARD. A PROMPT RESPONSE WILL GREATLY FACILITATE ARRANGEMENTS FOR THE MEETING AND YOUR COOPERATION WILL BE APPRECIATED.



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SKYWORKS®

Fiscal Year 2013 Annual Report and Consolidated Financial Statements

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Cautionary Statement

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, and 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”, “plans”, “projects”, “potential”, “continue”, “estimates”, “targets”, “anticipates”, “predicts” and similar expressions or variations or negatives of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Annual Report. Additionally, forward-looking statements include, but are not limited to:

- our plans to develop and market new products, enhancements or technologies and the timing of these development and marketing plans;
- our estimates regarding our capital requirements and our needs for additional financing;
- our estimates of our expenses, future revenues and profitability;
- our estimates of the size of the markets for our products and services;
- our expectations related to the rate and degree of market acceptance of our products; and
- our estimates of 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 financial 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 financial 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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. 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”, “us”, and “the Company” refer only to Skyworks Solutions, Inc., and its consolidated subsidiaries and not any other person or entity. In addition, the following is a list of industry standards that may be referenced throughout the document:

- BiFET (Bipolar Field Effect Transistor): integrates indium gallium phosphide based heterojunction bipolar transistors with field effect transistors on the same gallium arsenide substrate
- 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 multiple digital signals over the same carrier frequency
- Cloud (Cloud Computing): A model for delivering information technology services in which resources are retrieved from the internet through web-based tools and applications, rather than a direct connection to a server.
- CMOS (Complementary Metal Oxide Semiconductor): a technology of constructing integrated circuits
- EDGE (Enhanced Data Rates for GSM Evolution): an enhancement to the GSM and TDMA wireless communications systems that increases data throughput to 474Kbps
- GaAs (Gallium Arsenide): a compound of the elements gallium and arsenic that is used in the production of semiconductors
- 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 predominant system in Europe, and is also used around the world
- HBT (Heterojunction Bipolar Transistor); a type of bipolar junction transistor which uses differing semiconductor materials for the emitter and base regions, creating a heterojunction
- LTE (Long Term Evolution): 4th generation (“4G”) radio technologies designed to increase the capacity and speed of mobile telephone networks
- pHEMT (Pseudomorphic High Electron Mobility Transistor): a type of field effect transistor incorporating a junction between two materials with different band gaps
- 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

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- SOI (Silicon On Insulator): technology refers to the use of layered silicon-insulator-silicon substrate in place of conventional silicon substrates in semiconductor manufacturing
 - TDMA (Time Divisional Multiple Access): technology for delivering wireless digital service using time division multiplexing
 - TD-SCDMA (Time Division Synchronous Code Division Multiple Access): a third generation wireless services (“3G”) 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
 - Yield: The number of working chips out of the total number of chips manufactured

Skyworks, Breakthrough Simplicity, the star design logo, Trans-Tech and SkyOne are trademarks or registered trademarks of Skyworks Solutions, Inc. or its subsidiaries in the United States and in other countries. All other brands and names listed are trademarks of their respective companies.

Introduction

Skyworks Solutions, Inc., together with its consolidated subsidiaries, (“Skyworks” or the “Company”) is an innovator of high performance analog semiconductors. Leveraging core technologies, Skyworks supports automotive, broadband, cellular infrastructure, energy management, GPS, industrial, medical, military, wireless networking, smartphone and tablet applications. Our portfolio consists of amplifiers, attenuators, battery chargers, circulators, DC/DC converters, demodulators, detectors, diodes, directional couplers, front-end modules, hybrids, infrastructure radio frequency, or RF, subsystems, isolators, LED drivers, mixers, modulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, power management devices, receivers, switches, voltage regulators and technical ceramics. Our key customers include Cisco, Ericsson, Foxconn, Fujitsu, General Electric, Google, Honeywell, HTC, Huawei, Landis & Gyr, Lenovo, LG Electronics, Nest, Netgear, Nokia, Northrop Grumman, Rockwell Collins, Samsung, Sensus, and ZTE. Our competitors include Analog Devices, Avago Technologies, Hittite Microwave, Linear Technology, Maxim Integrated Products, Murata Manufacturing, Peregrine Semiconductor, RF Micro Devices and Triquint Semiconductor.

In January 2012, we acquired Advanced Analogic Technologies Inc. (“AATI”) and accelerated our entry into vertical markets with highly complementary analog semiconductor product lines, including battery chargers, DC/DC converters, voltage regulators and LED drivers. Power management semiconductors represent a strategic growth market for us in applications like voltage regulation, energy efficiency and panel backlighting within the consumer electronics, computing and communications markets.

In June 2011, we acquired SiGe Semiconductor, Inc. (“SiGe”) and expanded our RF front-end solutions to facilitate wireless multimedia across a wide range of new applications. The acquisition of SiGe complemented our strong position in wide area front-end solutions by adding SiGe’s innovative short range, silicon-based products. As a result, today we offer customers a comprehensive wireless networking portfolio, supporting all key operating frequencies with greater architectural flexibility to address a variety of high growth applications.

Headquartered in Woburn, Massachusetts, we are a Delaware corporation that was formed in 1962. We changed our corporate name from Alpha Industries, Inc. to Skyworks Solutions, Inc. on June 25, 2002, following a business combination. We operate worldwide with engineering, manufacturing, sales and service facilities throughout Asia, Europe and North America. Our Internet address is www.skyworksinc.com. We make available free of charge 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 on 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 address at www.sec.gov.

Industry Background

Insatiable consumer demand for always-on wireless broadband connectivity is creating an unprecedented need for high performance analog system solutions at the wireless access point, within the network cloud and across the supporting infrastructure. This phenomenon is radically changing the way we live, work and play as well as how we communicate. In a September 2012 report, the research firm NPD Group said it expects annual shipments of smartphones, which are at the heart of the mobile Internet, to surpass one billion units by 2016, up from 491 million units in 2011. Thus far, the initial proliferation of the mobile Internet has taken place predominantly in developed countries; however, we expect further worldwide penetration over the coming years as emerging market adoption of the mobile internet strengthens. In fact, according to a June 2012 market research report from Infonetics, the number of global mobile broadband subscribers is expected to grow from 846 million subscribers in 2011 to over 2.5 billion subscribers by 2016. Similarly, annual shipments of tablets, a lower cost alternative to personal computers, are expected to grow significantly, from 73 million units in 2011 to over 250 million units by 2016 as estimated by NPD in a January 2012 report.

Today's smartphones and tablets can seamlessly take and share pictures, download music, connect to social media networks, provide GPS navigation, stream videos, enable video conferencing, provide voice support services and advice and access a host of Web-based content and applications. This list of ever increasing features and functionalities is delivered in ever thinner platforms with the need for extended battery life.

At the same time, a growing number of content providers such as Google, Microsoft, HBO (a division of Time Warner), Netflix, Pandora and Amazon, are building massive libraries of cloud-based, on-demand content spurring an exploding desire to be connected to the cloud for entertainment, on-demand content and personal media storage. Supporting this ecosystem requires multiple modes of wireless connectivity, like 3G, 4G and Wi-Fi, complemented by adjacent communications technologies such as Bluetooth, GPS and Near Field. This creates tremendous opportunity for Skyworks within applications ranging from smartphones to tablets, to media players, networking equipment and set top boxes.

All of this data traffic is stressing traditional infrastructure networks. According to Cisco's February 2013 VNI: Global Mobile Data Traffic Forecast Update, worldwide mobile data traffic will grow at a compounded annual growth rate of 66 percent from 2012 to 2017, reaching 11.2 exabytes per month by 2017. Smartphones are expected to account for more than 50 percent of the total data traffic in 2013, while tablets will represent approximately 10 percent of mobile data traffic by 2015.

Outside of smartphone and tablet applications, wireless technologies are proliferating across a number of new vertical applications. The market for analog semiconductors, characterized by longer product lifecycles and relatively high gross margins, is fragmented and diversified, spanning a wide variety of end markets including smart energy, power management and emerging Internet of Things applications.

Smart Energy

Following a decade of promise, smart energy is poised to grow significantly. Smart grids offer utilities real-time, two-way communications with each segment of the electrical grid, assessing loads, usage, and efficiency twenty-four hours a day. Much of the developed world relies on energy

transmission technology and infrastructure that was built between 60 to 80 years ago, and it's beginning to show its age, particularly as consumers experience usage restrictions and brownouts globally. Home and building automation applications in particular are beginning to gain real momentum given consumer demand for green technologies, enhanced security and energy conservation. According to a 2013 Navigant Research report, smart grid technology generated \$33 billion in global revenue in 2012, and is set to more than double by the end of this decade. Unlike many other clean energy industries, smart grid's growth underscores the diversity of its applications, which empower different technologies to lead different geographic markets depending on local energy network needs. Western European countries, for example, are focusing on smart meters as a way to meet clean energy mandates like those in the European Union's 2020 climate goals, while Eastern European countries are investing in smart meters as a way to reduce high energy theft rates.

Power Management

Power management also provides Skyworks with significant growth and diversification opportunities, representing a market potential of approximately \$2 billion for camera LED flash drivers, LED backlight drivers, battery chargers, DC/DC converters and other related analog devices in smartphones, e-book readers and displays, cable modems and LED lighting. The demand for power management integrated circuits is being driven by the need to manage power across communication, computer, consumer and infrastructure segments. In fact, the total worldwide portable power DC/DC converter integrated circuits market alone will grow from about 31 billion units in 2013 to over 50 billion units by 2018, according to the Darnell Group's July 2013 report "Worldwide DC-DC Portable Power Converter Integrated Circuits Forecasts Applications, Amperages, Products and Competitive Environment". The emergence of new power architectures, smaller form factors, more efficient designs and improved power management technology, combined with growing demand of applications ranging from smartphones to tablets to portable medical and military equipment is creating these new opportunities.

Internet of Things

Beyond connecting places and people, the next phase of the Internet's evolution will be to connect things. Connecting things is based on the simple principle that anything that can be connected to the network will be connected to the network. Smaller, more powerful processors, the growing availability of LTE, higher resolution sensors, and technologies such as thin-film and embedded software are helping make machine-to-machine communications a reality. In fact, according to an October 2012 Scotiabank report, Ericsson estimates that by 2020 there will be 50 billion machines connected to the Internet. In that same report, Scotiabank estimates that by 2022, there will be 6.1 billion devices with a cellular connection to the network with 2.3 billion added that same year. Scotiabank also believes automotive and medical business sectors will likely be the biggest markets in machine-to-machine connectivity, expected to represent an estimated \$1.2 trillion by 2020. For example, while only small percentages of cars have mobile communications today, within a few years, all new cars are expected to have mobile connections. The automobile, in particular, encompasses an array of solutions that connectivity would allow from public safety and reduced fuel consumption to enhanced entertainment features and increased integration into one's smartphone.

Each of these macro trends represents significant growth opportunities for Skyworks given our differentiated product portfolio, scale, original equipment manufacturer relationships and integration skill sets.

Business Overview

Skyworks' overall strategy is to enable all forms of connectivity through semiconductor innovation. Key elements in our strategy include:

Diversification

We are diversifying our business in three areas: our addressed markets, our customer base and our product offerings to enable stronger and more consistent financial returns. By leveraging core analog and mixed signal technologies, we are expanding our family of solutions to a set of increasingly diverse end markets and customers. We are steadily growing our business beyond just mobile devices (where we support all top-tier manufacturers, including the leading smartphone suppliers and key baseband vendors) into additional high-performance analog markets, including infrastructure, smart energy, wireless networking, automotive and medical. In these markets we leverage our scale, intellectual property and worldwide distribution network, which spans over 2,000 customers and over 2,500 analog components.

Industry-Leading Technology

As the industry migrates to more complex LTE architectures across a multitude of wireless broadband applications, we are uniquely positioned to help mobile device manufacturers handle growing levels of system complexity in the transmit and receive chain. The trend towards increasing front-end and analog design challenges in smartphones and other mobile devices plays directly into Skyworks' core strengths and uniquely positions us to address these challenges. We believe that we offer the broadest portfolio of radio and analog solutions from the transceiver to the antenna as well as all required manufacturing process technologies. Our expertise includes BiFET, CMOS, HBT, pHEMT, SOI and silicon germanium processes. We also hold strong technology leadership positions in passive devices, as well as advanced integration including proprietary shielding and 3-D die stacking. Our product portfolio is reinforced by a library of nearly 1,000 patents and other intellectual property. Together, our industry-leading technology enables us to deliver the highest levels of product performance and integration.

Customer Relationships

Given our scale and technology leadership, we are engaged with key original equipment manufacturers, smartphone providers and baseband reference design partners. Our customers value our supply chain strength, our innovative technology and our system engineering expertise resulting in deep customer loyalty. We partner with our customers to support their long-term product road maps and are valued as a system solutions provider rather than just a point product vendor.

Delivering Operational Excellence

We either vertically integrate our supply chain where we can create a competitive advantage, or enter into alliances and strategic relationships for leading-edge capabilities. This hybrid manufacturing approach allows us to better balance our manufacturing capacity with the demands of the marketplace. Internally, our capacity utilization remains high and we have therefore been able to maintain margins and achieve our desired return on invested capital on a broader range of revenue.

Additionally, we continue to strive to achieve the industry's shortest product design and manufacturing cycle times and highest yields. The combination of agile, flexible capacity and

world-class module manufacturing and scale advantage allows us to achieve a low product cost structure while integrating multiple technologies into highly sophisticated multi-chip modules.

Maintaining a Performance Driven Culture

We consider our people and corporate culture to be a major competitive advantage and a key element of our overall strategy. We create key performance indicators that align employee performance with corporate strategy and link responsibilities with performance measurement. Accountability is paramount and we compensate our employees through a pay-for-performance methodology. We strive to be an employer-of-choice among peer companies and have created a work environment in which turnover is well below semiconductor industry averages.

Generating Superior Operating Results and Shareholder Returns

We seek to generate financial returns that are comparable to a highly diversified analog semiconductor company while delivering high growth rates representative of a mobile internet company. Given our product volume and overall utilization we strive to achieve a best-in-class return on investment and operating income to reward shareholders with increasing returns.

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)
- **Battery Chargers:** device used to replenish the energy stored in a rechargeable battery by forcing an electric current through it
- **Circulators/Isolators:** ferrite-based components commonly found on the output of high-power amplifiers used to protect receivers in wireless transmission systems
- **Demodulators:** a device or an RF block used in receivers to extract the information that has been modulated onto a carrier or from the carrier itself
- **Detectors:** devices used to measure and control RF power in wireless systems
- **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
- **Filters:** devices for recovering and separating mixed and modulated data in RF stages
- **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
 - LED Drivers: devices which regulate the current through a light emitting diode or string of diodes for the purpose of creating light
 - 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
 - Mixers: devices that enable signals to be converted to a higher or lower frequency signal and thereby allowing the signals to be processed more effectively
 - Modulators: devices that take a baseband input signal and output a radio frequency modulated signal
 - Optocouplers/Optoisolators: semiconductor devices that allow signals to be transferred between circuits or systems while ensuring that the circuits or systems are electrically isolated from each other
 - Phase Locked Loops: 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: devices that provide 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
 - Voltage Regulators: generate a fixed level which ideally remains constant over varying input voltage or load conditions
 - 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.

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

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

OVERVIEW

We, together with our consolidated subsidiaries, are an innovator of high performance analog semiconductors. Leveraging core technologies, we support automotive, broadband, cellular infrastructure, energy management, GPS, industrial, medical, military, wireless networking, smartphone and tablet applications. Our portfolio consists of amplifiers, attenuators, battery chargers, DC/DC converters, circulators, demodulators, detectors, diodes, directional couplers, front-end modules, hybrids, infrastructure RF subsystems, isolators, LED drivers, mixers, modulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, power management devices, receivers, switches, voltage regulators and technical ceramics. Key customers include Cisco, Ericsson, Foxconn, Fujitsu, General Electric, Google, Honeywell, HTC, Huawei, Landis & Gyr, Lenovo, LG Electronics, Nest, Netgear, Nokia, Northrop Grumman, Rockwell Collins, Samsung, Sensus and ZTE. Competitors include Analog Devices, Avago Technologies, Hittite Microwave, Linear Technology, Maxim Integrated Products, Murata Manufacturing, Peregrine Semiconductor, RF Micro Devices and Triquint Semiconductor.

RESULTS OF OPERATIONS

FISCAL YEARS ENDED SEPTEMBER 27, 2013, SEPTEMBER 28, 2012, AND SEPTEMBER 30, 2011.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net revenue	100.0%	100.0%	100.0%
Cost of goods sold	57.2	57.5	56.3
Gross profit	42.8	42.5	43.7
Operating expenses:			
Research and development	12.6	13.5	11.9
Selling, general and administrative	8.9	10.1	9.7
Amortization of intangibles	1.6	2.1	1.2
Restructuring and other charges	0.4	0.5	0.1
Total operating expenses	<u>23.5</u>	<u>26.2</u>	<u>22.9</u>
Operating income	19.3	16.3	20.8
Interest expense	—	—	(0.1)
Other (expense) income, net	—	—	—
Income before income taxes	19.3	16.3	20.7
Provision for income taxes	3.7	3.4	4.7
Net income	<u>15.6%</u>	<u>12.9%</u>	<u>16.0%</u>

GENERAL

During the fiscal year ended September 27, 2013, the following key factors contributed to our overall results of operations, financial position and cash flows:

- Increased net revenue by 14% to approximately \$1.8 billion as we continue to experience year-over-year growth as smartphones continue to displace traditional cellular phones, tablet computing increases in popularity and our product portfolio expands to address additional content within handset, tablet and adjacent vertical markets including medical, automotive, military and industrial.
- Operating expenses decreased to 23.5% for fiscal 2013 from 26.2% in fiscal 2012. In absolute terms operating expense increased from \$412 million to \$422 million primarily in connection with increased research and development expense as a result of increased product development activity.
- Our effective tax rate for fiscal 2013 improved to 19.3% from 20.7% in fiscal 2012 primarily as a result of a higher percentage of our income being earned and taxed in lower-rate foreign jurisdictions.
- As a result of the aforementioned factors, overall profitability increased significantly from fiscal 2012 with both net income and diluted earnings per share increasing 38% year over year.
- Our ending cash and cash equivalents balance increased 66% to \$511 million in fiscal 2013 from \$307 million in fiscal 2012. This was the result of a 75% increase in cash from operations to \$500 million in fiscal 2013 due to higher net income and improvements in working capital. In addition, we invested \$185 million to repurchase over 8 million shares of our common stock and \$124 million on capital expenditures to expand our manufacturing capabilities.

NET REVENUE

	Fiscal Years Ended				September 30, 2011
	September 27, 2013	Change	September 28, 2012	Change	
			(dollars in millions)		
Net revenue	\$1,792.0	14.2%	\$1,568.6	10.5%	\$1,418.9

We market and sell our products directly to original equipment manufacturers of communications and electronics products, third-party original design manufacturers and contract manufacturers, and indirectly through electronic components distributors. We generally experience seasonal peaks during the second half of the calendar year primarily as a result of increased worldwide production of consumer electronics in anticipation of increased holiday sales. In addition, 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, and we anticipate continuing this intellectual property strategy in future periods.

Overall revenue in fiscal 2013 increased by \$223.4 million, or 14.2%, primarily due to the increasing demand for our 3G, Switching, Wireless LAN and GPS solutions. The increase was partially offset by lower GSM/GPRS product revenue as a result of the contracting 2G market.

Overall revenue in fiscal 2012 increased by \$149.7 million, or 10.6%. The increase in revenue was primarily driven by sales of our expanded product portfolio consisting of new products from the acquisitions of Advanced Analogic Technologies Inc. (“AATI”) and SiGe Semiconductor, Inc. (“SiGe”). In addition, we benefited from sales of new internally developed products for medical, automotive, military and industrial vertical markets and our increasing addressable content per device as the smartphone upgrade cycle continued to displace traditional 2G cellular phones.

For information regarding net revenue by geographic region and customer concentration, see Note 15 to the Consolidated Financial Statements contained in this Annual Report.

GROSS PROFIT

	Fiscal Years Ended				
	September 27, 2013	Change	September 28, 2012	Change	September 30, 2011
	(dollars in millions)				
Gross profit	\$766.6	14.9%	\$667.1	7.5%	\$620.3
% of net revenue	42.8%		42.5%		43.7%

Gross profit represents net revenue less cost of goods sold. Our cost of goods sold consists primarily of purchased materials, labor and overhead (including depreciation and share-based compensation expense) associated with product manufacturing. Erosion of average selling prices of established products is typical of the semiconductor industry. Consistent with trends in the industry, we anticipate that average selling prices for our established products will continue to decline at a normalized rate of five to ten percent per year. As part of our normal course of business, we mitigate the gross margin impact of declining average selling prices with efforts to increase unit volumes, reduce material costs, improve manufacturing efficiencies, lower manufacturing costs of existing products and by introducing new and higher value-added products.

Gross profit was \$99.5 million greater for the fiscal year ended September 27, 2013 than gross profit for the prior fiscal year. The increase in gross profit was primarily the result of higher unit volumes, lower overall per unit material and manufacturing costs with an aggregate gross profit benefit of \$152.1 million. These benefits were partially offset by the erosion of average selling price and unfavorable changes in product mix which combined to negatively impact gross profit by \$52.6 million. As a result of these impacts, gross profit margin increased to 42.8% of net revenue for the fiscal year ended September 27, 2013.

Gross profit was \$46.8 million greater for the fiscal year ended September 28, 2012 than gross profit for the prior fiscal year. The increase in gross profit was the result of higher unit volumes and lower overall per unit material and manufacturing costs with an aggregate gross profit benefit of \$151.7 million. These benefits were partially offset by the erosion of average selling price, unfavorable changes in product mix, the impact, of the fair value step-up of acquired inventory primarily related to AATI and SiGe and higher share-based compensation expense which combined to negatively impact gross profit by \$104.9 million. As a result of these impacts, gross profit margin decreased to 42.5% of net revenue for the fiscal year ended September 28, 2012.

During fiscal 2013 and 2012 we continued to benefit from higher contribution margins associated with the licensing and/or sale of intellectual property. Revenue associated with the licensing and/or sale of intellectual property was immaterial to the consolidated results of operations.

RESEARCH AND DEVELOPMENT

	Fiscal Years Ended				September 30, 2011
	September 27, 2013	Change	September 28, 2012	Change	
			(dollars in millions)		
Research and development	\$226.3	6.5%	\$212.5	26.0%	\$168.6
% of net revenue	12.6%		13.5%		11.9%

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

The 6.5% increase in research and development expense in fiscal 2013 when compared to fiscal 2012 is primarily attributable to a net increase of \$8.3 million related to product design and development activity including the full year impact of AATI activities as well as a net increase of \$6.7 million in compensation expense. These increases were partially offset by reductions related to the organizational restructuring initiated during the fiscal year. Research and development expense decreased as a percentage of net revenue due to the aforementioned increase in net revenue.

The 26.0% increase in research and development expenses in fiscal 2012 when compared to fiscal 2011 is primarily attributable to higher head count and related compensation, including share-based compensation expense, resulting from the acquisition of SiGe and AATI, and to a lesser extent, to increased internal product design and development activity for our target markets. This resulted in total research and development expense increasing as a percentage of net revenue.

SELLING, GENERAL AND ADMINISTRATIVE

	Fiscal Years Ended				September 30, 2011
	September 27, 2013	Change	September 28, 2012	Change	
			(dollars in millions)		
Selling, general and administrative	\$159.7	0.8%	\$158.4	15.4%	\$137.3
% of net revenue	8.9%		10.1%		9.7%

Selling, general and administrative expenses include legal and related costs, accounting, treasury, human resources, information systems, customer service, bad debt expense, sales commissions, share-based compensation expense, advertising, marketing, costs associated with business combinations completed or contemplated during the period and other costs.

The increase for the fiscal year ended September 27, 2013, was primarily related to increased compensation expense offset by the decrease in aggregated acquisition-related and legal expenses incurred in the prior fiscal year. Selling, general and administrative expenses decreased as a percentage of net revenue due to the decrease in the aforementioned expenses as well as the increase in net revenue.

The increase for the fiscal year ended September 28, 2012 was primarily the result of incremental headcount and compensation expense (including share-based compensation) related to the acquisitions of AATI and SiGe (full year impact), increased acquisition and legal expense of

\$10.9 million primarily associated with the acquisition of AATI and \$5.8 million in charges related to the resolution of contractual disputes. These charges were partially offset by a \$5.4 million favorable change in the fair value of contingent consideration liabilities associated with the 2011 acquisition of SiGe. These factors resulted in selling, general and administrative expenses increasing as a percentage of net revenue.

AMORTIZATION OF INTANGIBLES

	Fiscal Years Ended				
	September 27, 2013	Change	September 28, 2012	Change	September 30, 2011
	(dollars in millions)				
Amortization of intangibles	\$29.1	(11.3)%	\$32.8	96.4%	\$16.7
% of net revenue	1.6%		2.1%		1.2%

Amortization expense decreased for the fiscal year ended September 27, 2013 when compared to the corresponding periods in the prior fiscal year due to the end of the estimated useful lives of certain fully amortized intangible assets acquired in prior fiscal years.

The increase in amortization expense in fiscal 2012 was primarily related to intangible assets recognized in connection with our acquisition of AATI in fiscal 2012 and the full year impact related to intangibles recognized in the acquisition of SiGe in fiscal 2011.

RESTRUCTURING AND OTHER CHARGES

	Fiscal Years Ended				
	September 27, 2013	Change	September 28, 2012	Change	September 30, 2011
	(dollars in millions)				
Restructuring and other charges	\$6.4	(17.9)%	\$7.8	225.0%	\$2.4
% of net revenue	0.4%		0.5%		0.1%

The restructuring and other charges incurred during the fiscal year ended September 27, 2013 relate to severance costs associated with separate organizational restructuring plans initiated during the period. These actions are largely complete and we do not anticipate incurring any further material charges related to these restructuring plans. We made cash payments related to these restructuring activities of approximately \$7.1 million during the fiscal year ended September 27, 2013 and expect all cash payments to be completed in fiscal 2014 in all material respects.

The increase in restructuring and other charges incurred in fiscal 2012 relate primarily to employee and lease terminations to reduce redundancies associated with the acquisition of AATI.

For additional information regarding the restructuring activities, see Note 13 to the Consolidated Financial Statements contained in this Annual Report.

PROVISION FOR INCOME TAXES

	Fiscal Years Ended				
	September 27, 2013	Change	September 28, 2012	Change	September 30, 2011
	(dollars in millions)				
Provision for income taxes	\$66.4	25.5%	\$52.9	(21.4)%	\$67.3
% of net revenue	3.7%		3.4%		4.7%

Income tax expense increased by 25.5% to \$66.4 million for fiscal 2013 as compared to \$52.9 million in fiscal 2012. The annual effective tax rate for fiscal 2013 decreased to 19.3% as compared to 20.7% in fiscal 2012.

The annual effective tax rate for fiscal 2013 of 19.3% was less than the United States federal statutory rate of 35% primarily due to benefits of 14.7% related to foreign earnings taxed at a rate less than the United States federal rate, benefits of 4.7% related to research and development tax credits, and benefits of 1.5% related to a domestic production activities deduction partially offset by income tax rate expense impact of 3.4% related to a change in our tax reserves.

As a result of the enactment of the Taxpayer Relief Act of 2012, which retroactively reinstated and extended the research and development tax credit, \$7.0 million of federal research and development tax credits which were earned in fiscal 2012 reduced our tax rate during fiscal 2013.

We operate under a tax holiday in Singapore, which is effective through September 30, 2020. This tax holiday is conditional upon our compliance in meeting certain employment and investment thresholds in Singapore.

The annual effective tax rate for fiscal 2012 of 20.7% was less than the United States federal statutory rate of 35% primarily due to benefits of 16.8% related to foreign earnings taxed at a rate less than the United States federal rate, and benefits of 1.5% related to a domestic production activities deduction, partially offset by income tax rate expense impact of 4.1% related to a change in our tax reserves.

LIQUIDITY AND CAPITAL RESOURCES

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
	(dollars in millions)		
Cash and cash equivalents at beginning of period	\$ 307.1	\$ 410.8	\$ 459.4
Net cash provided by operating activities	499.7	285.2	365.8
Net cash used in investing activities	(123.0)	(302.8)	(349.9)
Net cash used in financing activities	(172.7)	(86.1)	(64.5)
Cash and cash equivalents at end of period	<u>\$ 511.1</u>	<u>\$ 307.1</u>	<u>\$ 410.8</u>

Cash Flow from Operating Activities:

Cash provided by operating activities is net income adjusted for certain non-cash items and changes in certain operating assets and liabilities. For fiscal 2013, we generated \$499.7 million in cash flow from operations, an increase of \$214.5 million when compared to \$285.2 million generated in fiscal 2012. The increase in cash flow from operating activities during the fiscal year ended September 27, 2013 was related to higher net income combined with a net cash inflow from changes in operating assets and liabilities and the effects of non-cash amortization of intangibles, depreciation, and share-based compensation. Specifically, the changes in operating assets were decreases of \$4.9 million in accounts receivable due to the timing of customer collections and \$3.4 million in inventory. The changes in operating liabilities were a decrease of \$14.1 million in accounts payable related to the timing of vendor payments and an increase of \$32.2 million in other current and long-term liabilities primarily related to changes in tax liabilities and payroll related accruals.

Cash Flow from Investing Activities:

Cash flow from investing activities consists of capital expenditures, the sale and maturity of investments and acquisitions, net of cash acquired. Cash flow used in investing activities was \$123.0 million during fiscal 2013, compared to \$302.8 million during fiscal 2012. Cash used in investing activities decreased due to the acquisition of AATI in the prior fiscal year. Capital expenditures increased to \$123.8 million from \$94.1 million in fiscal 2012 due to the purchase of manufacturing equipment to support increased production in anticipation of accelerating demand from key customers at our wafer fabrication facilities located in the United States, our assembly and test facility in Mexicali, Mexico, and at the manufacturing facilities of one of our suppliers. Our uses of cash for investing activities during fiscal 2013 were partially offset by \$0.8 million in proceeds we received upon the sale of an investment during the fiscal year ended September 27, 2013.

Cash Flow from Financing Activities:

Cash flows from financing activities consist primarily of cash transactions related to debt and equity. During fiscal 2013, we had net cash outflows of \$172.7 million, compared to \$86.1 million in fiscal 2012. During fiscal 2013 we had the following significant uses of cash:

- \$184.9 million related to our repurchase of approximately 8.1 million shares of our common stock pursuant to the share repurchase programs approved by our Board of Directors on November 8, 2012 and July 16, 2013.
- \$18.6 million related to payroll tax withholdings on vesting of employee performance and restricted stock awards; and,
- \$1.1 million related to the cash payment of a contingent consideration obligation related to an acquisition in a prior year;

These uses of cash were partially offset by the net proceeds from employee stock option exercises of \$21.1 million and the tax benefit from stock option exercises of \$10.8 million during fiscal 2013.

Liquidity:

Cash and cash equivalent balances were \$511.1 million at September 27, 2013, representing an increase of \$204.0 million from September 28, 2012. The increase resulted from \$499.7 million in cash generated from operations which is partially offset by \$184.9 million used to repurchase 8.1 million shares of stock and \$123.8 million in capital expenditures for increased production capacity during the fiscal year ended September 27, 2013. Based on our historical results of operations, we expect that our cash and cash equivalents on hand and the cash we expect to generate from operations will be sufficient to fund our research and development, capital expenditures, working capital and other cash requirements for at least the next 12 months. However, we cannot be certain that our cash on hand and our cash from operations will be available in the future to fund all of our capital and operating requirements. In addition, any future strategic investments and acquisitions may require additional cash and capital resources. If we are unable to obtain sufficient cash or capital to meet our 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 highly liquid term deposits with original maturities of 90 days or less and 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 cash and cash equivalent balance of \$511.1 million at September 27, 2013 consisted of \$267.9 million held domestically and \$243.2 million held by foreign subsidiaries. Of the cash and cash equivalents held by our foreign subsidiaries at September 27, 2013, \$178.1 million is considered by us to be indefinitely reinvested and would be subject to material tax effects if repatriated. The remaining \$65.1 million of foreign cash and cash equivalents can be repatriated without any tax consequences.

OFF-BALANCE SHEET ARRANGEMENTS

All significant contractual obligations are 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

Set forth below is a summary of our contractual payment obligations related to our operating leases, other commitments and long-term liabilities at September 27, 2013 (in millions):

Obligation	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	Thereafter
Other long-term liabilities(1)	\$52.3	\$ 4.3	\$ —	\$ —	\$48.0
Operating lease obligations	34.2	9.2	13.8	6.1	5.1
Other commitments(2)	11.2	7.0	4.2	—	—
Total	<u>\$97.7</u>	<u>\$20.5</u>	<u>\$18.0</u>	<u>\$6.1</u>	<u>\$53.1</u>

- (1) Other long-term liabilities include 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 liabilities.

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- (2) Other commitments consist of contractual license and royalty payments, and other purchase obligations. See Note 10 to the Consolidated Financial Statements contained in this Annual Report 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 generally accepted accounting principles, or 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 assets and liabilities. The Securities and Exchange Commission 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, inventory valuation, impairment of long-lived assets, business combinations, share-based compensation, loss contingencies and income taxes.

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, factors may arise over time that lead us to change our methods, estimates and judgments that could materially and adversely affect our results of operations.

Our significant accounting policies are discussed in detail in Note 2 to the Consolidated Financial Statements contained in this Annual Report. We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition. We recognize revenue in accordance with the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") 605 *Revenue Recognition* net of estimated reserves. Our revenue reserves contain uncertainties because they require management to make assumptions and to apply judgment to estimate the value of future credits to customers for price protection and product returns (stock rotation) for products sold to certain electronic component distributors. Our estimates of the amount and timing of the reserves is based primarily on historical experience and specific contractual arrangements. Historically, we have not experienced material differences between our estimated sales reserves and actual results.

Inventory Valuation. We value our inventory at the lower of cost or fair market value. Reserves for excess and obsolete inventory are established on a quarterly basis and are based on a detailed analysis of forecasted demand in relation to on-hand inventory, saleability of our inventory, general market conditions, and product life cycles. Our reserves contain uncertainties because the calculation requires management to make assumptions and to apply judgment regarding historical experience, forecasted demand and technological obsolescence. Historically, we have not experienced material differences between our estimated inventory reserves and actual results.

Impairment of Long-Lived Assets. We evaluate goodwill and other indefinite-lived intangible assets for impairment annually on the first day of the fourth fiscal quarter and whenever events or circumstances arise that may indicate that the carrying value of the goodwill or other indefinite-lived intangibles may not be recoverable. Other long-lived assets are evaluated on an ongoing basis.

The impairment evaluation of goodwill 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, if required, 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 analyses contain uncertainties because it requires management to make assumptions and to apply judgment to items such as: estimate control premiums, discount rate, future cash flows, the profitability of future business strategies and useful lives.

Business Combinations. We apply significant estimates and judgments in order to determine the fair value of the identified tangible and intangible assets acquired, liabilities assumed and the contingent consideration recorded as part of business combinations. The value of all assets and liabilities are recognized at fair value as of the acquisition date.

In measuring the fair value, we utilize a number of valuation techniques consistent with the market approach, income approach and/ or cost approach. The valuation of the identifiable assets and liabilities includes assumptions such as projected revenue, royalty rates, weighted average cost of capital, discount rates and estimated useful lives. These assessments can be significantly affected by our judgments.

Share-Based Compensation. We have a share-based compensation plan which includes non-qualified stock options, restricted and performance share awards and units, employee stock purchase plan and other special share-based awards. See Note 8 to the Consolidated Financial Statements contained in this Annual Report for a detailed listing and complete discussion of our share-based compensation programs.

We determine the fair value of our non-qualified stock options 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 including, but not limited to: our expected stock price volatility over the term of the award, risk-free rate, and the expected life of the award. The Black-Scholes value, combined with our estimated forfeiture rate, is used to determine the compensation expense to be recognized over the requisite service period of the options. For restricted and performance based awards and units, we determine the fair value based on the grant date value of the Company's stock. These awards and units are expensed over the requisite service period of the award. Performance based awards and units are valued based on an estimate of the most probable outcome of the underlying performance metric. Management periodically evaluates these assumptions and updates share-based compensation expense accordingly.

Loss Contingencies. We record an estimate for loss contingencies such as a legal proceeding or claims 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. We disclose material loss contingencies if there is at least a reasonable possibility that a loss has been incurred.

Our loss contingency 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. Historically, we have not experienced material differences between our estimates and actual results.

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* (“ASC 740”) 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 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.

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.

OTHER MATTERS

Inflation did not have a material impact on our results of operations during the three-year period ended September 27, 2013.

Quantitative and Qualitative Disclosures About Market Risk

We are subject to overall financial market risks, such as changes in market liquidity, credit quality investment risk, interest rate risk and exchange rate risk as described below.

Investment and Interest Rate Risk

Our exposure to interest rate and general market risks related principally to our investment portfolio and consisting of the following (in millions):

	<u>September 27, 2013</u>
Cash and cash equivalents (time deposits, certificate of deposits and money market funds)	\$511.1
Available for sale securities (auction rate securities) at carrying value	2.3
Total	<u>\$513.4</u>

The main objectives of our investment activities are the liquidity and preservation of capital. Our cash equivalent investments have short-term maturity periods which dampen the impact of market or interest rate risk. Credit risk associated with our investments is not material as our money market and deposits are diversified across several financial institutions with high credit ratings which reduces the amount of credit exposure to any one counter party. We currently do not use derivative instruments for trading, speculative or investment purposes; however, we may use derivatives in the future.

Based on our results of operations for the fiscal year ended September 27, 2013, a hypothetical reduction in the interest rates on our cash and cash equivalents to zero would result in an immaterial reduction of interest income with a de minimis impact to income before taxes.

We own \$3.2 million of par value auction rate securities which are currently valued at \$2.3 million as of September 27, 2013. In the event that the market conditions change in the future and our auction rate security becomes fully and permanently impaired, the impact to income before income taxes would be the par value of the auction rate security of approximately \$3.2 million as of September 27, 2013.

Given the low interest rate environment, the objectives of our investment activities, and the relatively low interest income generated from our cash and cash equivalents and other investments, we do not believe that market, investment or interest rate risks pose material exposures to our current business or results of operations.

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 27, 2013, September 28, 2012, and September 30, 2011, the Company had foreign exchange (losses)/gains of \$(1.1) million, \$(0.4) million, and \$0.3 million, respectively. Increases in the value of the United States 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 United States 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.

Selected Financial Data

You should read the data set forth below in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and our consolidated financial statements and related notes appearing elsewhere in this Annual Report. Our fiscal year ends on the Friday closest to September 30. Our previous five fiscal years each consisted of 52 weeks and ended on September 27, 2013, September 28, 2012, September 30, 2011, October 1, 2010 and October 2, 2009, respectively.

The following table represents the selected financial data (in millions, except per share data):

Statement of Operations Data:	Fiscal Years Ended				
	September 27, 2013	September 28, 2012	September 30, 2011	October 1, 2010	October 2, 2009
Net revenue	\$1,792.0	\$1,568.6	\$1,418.9	\$1,071.8	\$ 802.6
Operating income	\$ 345.1	\$ 255.6	\$ 295.3	\$ 199.7	\$ 71.7
Operating margin	19.3%	16.3%	20.8%	18.6%	8.9%
Net income	\$ 278.1	\$ 202.0	\$ 226.6	\$ 137.3	\$ 95.0
Earnings per share:					
Basic	\$ 1.48	\$ 1.09	\$ 1.24	\$ 0.78	\$ 0.57
Diluted	\$ 1.45	\$ 1.05	\$ 1.19	\$ 0.75	\$ 0.56
	As of				
Balance Sheet Data:	September 27, 2013	September 28, 2012	September 30, 2011	October 1, 2010	October 2, 2009
Working capital	\$ 893.6	\$ 700.6	\$ 569.2	\$ 585.5	\$ 393.9
Property, plant and equipment, net	\$ 328.6	\$ 279.4	\$ 251.4	\$ 204.4	\$ 162.3
Total assets	\$2,333.1	\$2,136.6	\$1,890.4	\$1,564.1	\$1,352.6
Long-term debt(1)	\$ —	\$ —	\$ —	\$ 24.7	\$ 41.5
Stockholders' equity	\$2,101.1	\$1,905.5	\$1,609.1	\$1,316.6	\$1,108.8

- (1) Effective October 3, 2009, the Company adopted ASC 470-20—*Debt, Debt with Conversions and Other Options* in accordance with GAAP. The Company's financial statements and the accompanying footnotes for all prior periods presented have been adjusted to reflect the retrospective adoption of this new accounting principle.

SKYWORKS SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Net revenue	\$1,792.0	\$1,568.6	\$1,418.9
Cost of goods sold	1,025.4	901.5	798.6
Gross profit	766.6	667.1	620.3
Operating expenses:			
Research and development	226.3	212.5	168.6
Selling, general and administrative	159.7	158.4	137.3
Amortization of intangibles	29.1	32.8	16.7
Restructuring and other charges	6.4	7.8	2.4
Total operating expenses	421.5	411.5	325.0
Operating income	345.1	255.6	295.3
Interest expense	—	(0.6)	(1.9)
Other (expense) income, net	(0.6)	(0.1)	0.5
Income before income taxes	344.5	254.9	293.9
Provision for income taxes	66.4	52.9	67.3
Net income	<u>\$ 278.1</u>	<u>\$ 202.0</u>	<u>\$ 226.6</u>
Earnings per share:			
Basic	<u>\$ 1.48</u>	<u>\$ 1.09</u>	<u>\$ 1.24</u>
Diluted	<u>\$ 1.45</u>	<u>\$ 1.05</u>	<u>\$ 1.19</u>
Weighted average shares:			
Basic	<u>187.5</u>	<u>185.8</u>	<u>182.9</u>
Diluted	<u>192.2</u>	<u>191.8</u>	<u>190.7</u>

See accompanying Notes to Consolidated Financial Statements.

SKYWORKS SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Net income	\$278.1	\$202.0	\$226.6
Other comprehensive income, net of tax			
Pension adjustments	0.7	(0.3)	—
Comprehensive income	<u>\$278.8</u>	<u>\$201.7</u>	<u>\$226.6</u>

See accompanying Notes to Consolidated Financial Statements.

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

	As of	
	September 27, 2013	September 28, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 511.1	\$ 307.1
Receivables, net of allowance for doubtful accounts of \$0.5 and \$0.5, respectively	292.7	297.6
Inventory	229.5	232.9
Other current assets	40.0	45.7
Total current assets	1,073.3	883.3
Property, plant and equipment, net	328.6	279.4
Goodwill	800.5	800.5
Intangible assets, net	64.8	94.0
Deferred tax assets, net	54.1	65.2
Other assets	11.8	14.2
Total assets	\$2,333.1	\$2,136.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 126.5	\$ 140.6
Accrued compensation and benefits	41.2	31.3
Other current liabilities	12.0	10.8
Total current liabilities	179.7	182.7
Long-term tax liabilities	45.9	41.8
Other long-term liabilities	6.4	6.6
Total liabilities	232.0	231.1
Commitments and contingencies (Note 10 and Note 11)		
Stockholders' equity:		
Preferred stock, no par value: 25.0 shares authorized, no shares issued	—	—
Common stock, \$0.25 par value: 525.0 shares authorized; 207.5 shares issued and 187.9 shares outstanding at September 27, 2013, and 202.9 shares issued and 192.3 shares outstanding at September 28, 2012	47.0	48.1
Additional paid-in capital	2,041.4	1,920.0
Treasury stock, at cost	(365.3)	(161.8)
Retained earnings	378.9	100.8
Accumulated other comprehensive loss	(0.9)	(1.6)
Total stockholders' equity	2,101.1	1,905.5
Total liabilities and stockholders' equity	\$2,333.1	\$2,136.6

See accompanying Notes to Consolidated Financial Statements.

SKYWORKS SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Cash flows from operating activities:			
Net income	\$ 278.1	\$ 202.0	\$ 226.6
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation	71.7	72.2	58.3
Depreciation	74.3	69.5	59.8
Amortization of intangible assets and other	29.1	33.2	18.2
Contribution of common shares to savings and retirement plans	17.1	16.1	13.7
Deferred income taxes	13.7	12.9	12.4
Excess tax benefit from share-based compensation	(10.8)	(6.8)	(12.5)
Change in fair value of contingent consideration	—	(5.4)	—
Other	0.3	0.5	0.2
Changes in assets and liabilities net of acquired balances:			
Receivables, net	4.9	(109.2)	12.9
Inventory	3.4	(19.3)	(49.7)
Other current and long-term assets	(0.2)	(9.5)	(1.7)
Accounts payable	(14.1)	15.2	(14.3)
Other current and long-term liabilities	32.2	13.8	41.9
Net cash provided by operating activities	<u>499.7</u>	<u>285.2</u>	<u>365.8</u>
Cash flows from investing activities:			
Capital expenditures	(123.8)	(94.1)	(100.6)
Payments for acquisitions, net of cash acquired	—	(229.6)	(249.3)
Sales and maturities of short term investments	0.8	20.9	—
Net cash used in investing activities	<u>(123.0)</u>	<u>(302.8)</u>	<u>(349.9)</u>
Cash flows from financing activities:			
Retirement of debt and line of credit	—	(48.1)	(50.0)
Payment of contingent consideration	(1.1)	(52.9)	—
Excess tax benefit from share-based compensation	10.8	6.8	12.5
Repurchase of common stock—payroll tax withholdings on equity awards	(18.6)	(18.6)	(20.1)
Repurchase of common stock—share repurchase program	(184.9)	(12.4)	(70.0)
Net proceeds from exercise of stock options	21.1	39.1	63.1
Net cash used in financing activities	<u>(172.7)</u>	<u>(86.1)</u>	<u>(64.5)</u>
Net increase (decrease) in cash and cash equivalents	204.0	(103.7)	(48.6)
Cash and cash equivalents at beginning of period	307.1	410.8	459.4
Cash and cash equivalents at end of period	<u>\$ 511.1</u>	<u>\$ 307.1</u>	<u>\$ 410.8</u>
Supplemental cash flow disclosures:			
Income taxes paid	<u>\$ 26.2</u>	<u>\$ 19.8</u>	<u>\$ 16.1</u>
Interest paid	<u>\$ —</u>	<u>\$ 0.2</u>	<u>\$ 0.5</u>

See accompanying Notes to Consolidated Financial Statements.

SKYWORKS SOLUTIONS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Shares of common stock	Par value of common stock	Shares of treasury stock	Value of treasury stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive loss	Total stockholders' equity
Balance at October 1, 2010	180.3	\$45.1	5.4	\$ (40.7)	\$1,641.4	\$(327.8)	\$(1.3)	\$1,316.7
Net income	—	—	—	—	—	226.6	—	226.6
Exercise and settlement of share based awards and related tax benefit, net of shares withheld for taxes	8.9	2.2	0.8	(20.1)	97.7	—	—	79.8
Share-based compensation expense	—	—	—	—	56.2	—	—	56.2
Share repurchase program	(2.8)	(0.7)	2.8	(70.0)	0.7	—	—	(70.0)
Balance at September 30, 2011	186.4	\$46.6	9.0	\$(130.8)	\$1,796.0	\$(101.2)	\$(1.3)	\$1,609.3
Net income	—	—	—	—	—	202.0	—	202.0
Exercise and settlement of share based awards and related tax benefit, net of shares withheld for taxes	6.7	1.7	0.8	(18.6)	73.4	—	—	56.5
Share-based compensation expense	—	—	—	—	71.9	—	—	71.9
Reacquisition of equity components of convertible notes	—	—	—	—	(21.5)	—	—	(21.5)
Share repurchase program	(0.8)	(0.2)	0.8	(12.4)	0.2	—	—	(12.4)
Other comprehensive loss	—	—	—	—	—	—	(0.3)	(0.3)
Balance at September 28, 2012	192.3	\$48.1	10.6	\$(161.8)	\$1,920.0	\$ 100.8	\$(1.6)	\$1,905.5
Net income	—	—	—	—	—	278.1	—	278.1
Exercise and settlement of share based awards and related tax benefit, net of shares withheld for taxes	3.7	0.9	0.9	(18.6)	48.8	—	—	31.1
Share-based compensation expense	—	—	—	—	70.6	—	—	70.6
Share repurchase program	(8.1)	(2.0)	8.1	(184.9)	2.0	—	—	(184.9)
Other comprehensive income	—	—	—	—	—	—	0.7	0.7
Balance at September 27, 2013	<u>187.9</u>	<u>\$47.0</u>	<u>19.6</u>	<u>\$(365.3)</u>	<u>\$2,041.4</u>	<u>\$ 378.9</u>	<u>\$(0.9)</u>	<u>\$2,101.1</u>

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Skyworks Solutions, Inc., together with its consolidated subsidiaries, (“Skyworks” or the “Company”) is an innovator of high performance analog semiconductors. Leveraging core technologies, the Company supports automotive, broadband, cellular infrastructure, energy management, GPS, industrial, medical, military, wireless networking, smartphone and tablet applications. Its portfolio consists of amplifiers, attenuators, battery chargers, DC/DC converters, circulators, demodulators, detectors, diodes, directional couplers, front-end modules, hybrids, infrastructure RF subsystems, isolators, LED drivers, mixers, modulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, power management devices, receivers, switches, voltage regulators and technical ceramics.

The Company has evaluated subsequent events through the date of issuance of the audited consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

All Skyworks subsidiaries are included in the Company’s consolidated financial statements and all intercompany balances are eliminated in consolidation.

FISCAL YEAR

The Company’s fiscal year ends on the Friday closest to September 30. Fiscal years 2013, 2012 and 2011 each consisted of 52 weeks and ended on September 27, 2013, September 28, 2012 and September 30, 2011, respectively.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, expenses, comprehensive income and accumulated other comprehensive loss during the reporting period. The Company evaluates its estimates on an ongoing basis using historical experience and other factors, including the current economic environment. Significant judgment is required in determining the reserves for and fair value of items such as inventory, income taxes, share-based compensation, loss contingencies, bad debt allowance, contingent consideration, intangible assets associated with business combinations and overall fair value assessments of assets and liabilities particularly those classified as Level 2 or Level 3 in the fair value hierarchy. In addition, significant judgment is required in determining whether a potential indicator of impairment of long-lived assets exists and in estimating future cash flows for any necessary impairment testing. Actual results could differ significantly from these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

REVENUE RECOGNITION

Revenue from product sales is recognized when there is persuasive evidence of an arrangement, the price to the buyer is fixed and determinable, delivery and transfer of title have occurred in accordance with the shipping terms specified in the arrangement with the customer and collectability is reasonable assured. Revenue from license fees and intellectual property is recognized when due and payable, and all other criteria of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 605 *Revenue Recognition*, have been met. The Company ships product on consignment to certain customers and only recognizes revenue when the customer notifies the Company that the inventory has been consumed. Revenue recognition is deferred in all instances where the earnings process is incomplete. Certain product sales are made to electronic component distributors under agreements allowing for price protection and/or a right of return (stock rotation) on unsold products. Reserves for sales returns and allowances are recorded based on historical experience or pursuant to contractual arrangements necessitating revenue reserves.

CASH AND CASH EQUIVALENTS

The Company invests excess cash in time deposits, certificate of deposits and money market funds which primarily consist of United States treasury obligations, United States agency obligations, and repurchase agreements collateralized by United States government and agency obligations. The Company considers highly liquid investments with original maturities of 90 days or less when purchased as cash equivalents.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company maintains general allowances for doubtful accounts related to potential losses that could arise due to customers' inability to make required payments. These reserves require management to apply judgment in deriving these estimates. In addition, as the Company becomes aware of any specific receivables which may be uncollectable, they perform additional analysis including, but not limited to factors such as a customer's credit worthiness, intent and ability to pay, overall financial position and reserves are recorded if deemed necessary. If the data the Company uses to calculate the allowance for doubtful accounts does not reflect the future ability to collect outstanding receivables, additional provisions for doubtful accounts may be needed and results of operations could be materially affected.

INVESTMENTS

The Company accounts for its investment in marketable securities in accordance with ASC 320—*Investments—Debt and Equity Securities*, and classifies them as "available for sale". Available for sale securities are carried at fair value with unrealized holding gains or losses recorded in other comprehensive income. Gains or losses are included in earnings in the period in which they are realized.

FAIR VALUE

The carrying value of cash and cash equivalents, accounts receivable, other current assets, accounts payable and accrued liabilities approximates fair value due to short-term maturities of these

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

assets and liabilities. Fair values of long-term investments are based on quoted market prices if available, and if not available a fair value is determined through a discounted cash flow analysis at the date of measurement.

INVENTORY

Inventory is stated at the lower of cost or market on a first-in, first-out basis. On a quarterly basis, the Company estimates and establishes reserves for excess, obsolete or unmarketable inventory equal to the carrying value of the excess or obsolete inventory and once recorded are considered permanent adjustments. Reserve calculations require a number of assumptions and management judgments regarding forecasted demand in relation to the inventory on hand, competitiveness of its product offerings, general market conditions and product life cycles upon which the reserves are based. When inventory on hand exceeds foreseeable demand, reserves are established for the value of such inventory that is not expected to be sold.

If actual demand and market conditions are less favorable than those the Company projects, additional inventory reserves may be required and its results of operations could be materially affected. Some or all of the inventories that have been reserved may be retained and made available for sale; however, they are generally scrapped over time.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation with significant renewals and betterments being capitalized and retired equipment written off in the respective periods. Maintenance and repairs are expensed as incurred.

Depreciation is calculated using the straight-line method. Estimated useful lives used for depreciation purposes range from five to thirty years for buildings and improvements and three to ten years for machinery and equipment. Leasehold improvements are depreciated over the lesser of the economic life or the life of the associated lease.

VALUATION OF LONG-LIVED ASSETS

Definite lived intangible assets are carried at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. Carrying values for long-lived assets and definite lived intangible assets, which exclude goodwill, are reviewed for possible impairment as circumstances warrant. Factors considered important that could result in an impairment review include significant underperformance relative to expected, historical or projected future operating results, significant changes in the manner of use of assets or the Company's business strategy, or significant negative industry or economic trends. In addition, impairment reviews are conducted at the judgment of management whenever asset/asset group values are deemed to be unrecoverable relative to future undiscounted cash flows expected to be generated by that particular asset/asset group. The determination of recoverability is based on an estimate of undiscounted cash flows expected to result from the use of an asset/asset group and its eventual disposition. Such estimates require management to exercise judgment and make assumptions regarding factors such as future revenue streams, operating expenditures, cost allocation and asset utilization levels, all of which collectively impact future operating performance. The Company's estimates of undiscounted cash flows may differ from actual

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

cash flows due to, among other things, technological changes, economic conditions, changes to its business model or changes in its operating performance. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value of an asset/asset group, the Company would recognize an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset or asset group.

GOODWILL AND INDEFINITE INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are not amortized but are tested at least annually for impairment in accordance with the provisions of ASC 350 *Intangibles—Goodwill and Other* (“ASC 350”). Intangible assets with indefinite useful lives comprise an insignificant portion of the total book value of the Company’s intangible assets. The Company assesses the need to test its goodwill for impairment on a regular basis. The Company has determined that it has one reporting unit for the purposes of allocating and testing goodwill under ASC 350. The Company assesses its conclusion regarding reporting units in conjunction with the goodwill impairment tests.

The goodwill impairment test is a two-step process. The first step of the Company’s impairment analysis compares its fair value to its net book value to determine if there is an indicator of impairment. To determine fair value, ASC 350 allows for the use of several valuation methodologies, although it states that quoted market prices are the best evidence of fair value and shall be used as the basis for measuring fair value where available. In the Company’s assessment of its fair value, the Company considers the closing price of its common stock on the selected testing date, the number of shares of its common stock outstanding and other marketplace activity such as a related control premium. If the calculated fair value is determined to be less than the book value of the Company, then the Company performs step two of the impairment analysis. Step two of the analysis compares the implied fair value of the Company’s goodwill to its book value. If the book value of the Company’s goodwill exceeds its implied fair value, an impairment loss is recognized equal to that excess. In step two of the Company’s annual impairment analysis, if required, the Company primarily uses the income approach methodology of valuation, which includes the discounted cash flow method as well as other generally accepted valuation methodologies, to determine the implied fair value of the Company’s goodwill. Significant management judgment is required in preparing the forecasts of future operating results that are used in the discounted cash flow method of valuation. Should step two of the impairment test be required, the estimates management would use would be consistent with the plans and estimates that the Company uses to manage its business. In addition to testing goodwill for impairment on an annual basis, factors such as unexpected adverse business conditions, deterioration of the economic climate, unanticipated technological changes, adverse changes in the competitive environment, loss of key personnel and acts by governments and courts, are considered by management and may signal that the Company’s intangible assets including goodwill have possibly become impaired and result in additional interim impairment testing.

In fiscal 2013, the Company performed an impairment test of its goodwill as of the first day of the fourth fiscal quarter in accordance with the Company’s regularly scheduled annual testing. The results of this test indicated that the Company’s goodwill was not impaired based on step one of the test; accordingly step two of the test was not performed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

BUSINESS COMBINATIONS

The Company uses the acquisition method of accounting for business combinations and recognizes assets acquired and liabilities assumed at their fair values on the date acquired. Goodwill represents the excess of the purchase price over the fair value of the net assets. The fair values of the assets and liabilities acquired are determined based upon the Company's valuation using a combination of market, income or cost approaches. The valuation involves making significant estimates and assumptions which are based on detailed financial models including the projection of future cash flows, the weighted average cost of capital and any cost savings that are expected to be derived in the future.

SHARE-BASED COMPENSATION

The Company applies ASC 718 *Compensation—Stock Compensation* ("ASC 718") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including non-qualified employee stock options, share awards, employee stock purchase plan and other special share-based awards based on estimated fair values. The Company adopted ASC 718 using the modified prospective transition method, which requires the application of the applicable accounting standard as of October 1, 2005, the first day of the Company's fiscal 2006.

The fair value of share-based awards is amortized over the requisite service period, which is defined as the period during which an employee is required to provide service in exchange for an award. The Company uses a straight-line attribution method for all grants that include only a service condition. Due to the existence of both performance and service conditions, certain restricted stock grants are expensed over the service period for each separately vesting tranche.

Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Share-based compensation expense recognized in the Consolidated Statement of Operations for the fiscal year ended September 27, 2013 includes actual expense on vested awards and expense associated with unvested awards, and has been reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company reviews actual forfeitures on at least an annual basis.

The Company determines the fair value of share-based option awards based on the Company's closing stock price on the date of grant using a Black-Scholes options pricing model. Under the Black-Scholes model, a number of highly complex and subjective variables are used including, but not limited to: the expected stock price volatility over the term of the award, the risk-free rate, and the expected life of the award. The determination of fair value of restricted share awards and units is based on the value of the Company's stock on the date of grant.

CURRENCIES

The Company's functional currency for all operations worldwide is the United States dollar. Accordingly, gains and losses related to foreign currency transactions, conversion of foreign denominated cash balances and translation of foreign currency financial statements are included in current results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

INCOME TAXES

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

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

The determination of recording or releasing tax valuation allowances is made, in part, pursuant to an assessment performed by management regarding the likelihood that the Company will generate future taxable income against which benefits of its deferred tax assets may or may not be realized. This assessment requires management to exercise significant judgment and make estimates with respect to its ability to generate revenues, gross profits, operating income and taxable income in future periods. Amongst other factors, management must make assumptions regarding overall business and semiconductor industry conditions, operating efficiencies, the Company's ability to develop products to its customers' specifications, technological change, the competitive environment and changes in regulatory requirements which may impact its ability to generate taxable income and, in turn, realize the value of its deferred tax assets.

The calculation of the Company's tax liabilities includes addressing uncertainties in the application of complex tax regulations and is based on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

The Company recognizes liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on its recognition threshold and measurement attribute of whether it is more likely than not that the positions the Company has taken in tax filings will be sustained upon tax audit, and the extent to which, additional taxes would be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which it is determined the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result. The Company recognizes any interest or penalties, if incurred, on any unrecognized tax benefits as a component of income tax expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred.

LOSS CONTINGENCIES

The Company records its best estimates of a loss contingency when it is considered probable and the amount can be reasonably estimated. When a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability related to the claim. As additional information becomes available, the Company assesses the potential liability related to the Company's pending loss contingency and revises its estimates. The Company discloses contingencies if there is at least a reasonable possibility that a loss or an additional loss may have been incurred. The Company's legal costs are expensed as incurred.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2013, the FASB issued an Accounting Standards Update ("ASU") to the guidance on comprehensive income to improve the reporting of reclassifications out of accumulated other comprehensive income. This guidance requires entities to provide information about the amounts reclassified out of accumulated other comprehensive income. The authoritative guidance also requires an entity to present significant amounts reclassified out of accumulated other comprehensive income on either the face of the statement of operations or in the notes if the reclassification is required under United States GAAP in the same reporting period. For amounts not required to be reclassified under United States GAAP, entities are required to cross-reference other disclosures that provide additional detail. The Company adopted this guidance in the first quarter of fiscal 2013 and its adoption did not have a significant impact on the Company's financial statements.

In July 2013, the FASB issued an ASU on income taxes, to improve the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This guidance is expected to reduce diversity in practice by and is expected to better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exists. This guidance is not effective for the Company until fiscal 2015. The adoption of this guidance is not expected to have a material impact to the Company's financial position or results of operations.

3. FAIR VALUE

Fair value is the price that would be received from selling an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides a hierarchy for inputs used in measuring fair value that prioritize the use of observable inputs over the use of unobservable inputs, when such observable inputs are available. The three levels of inputs that may be used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.
- Level 3—Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by the Company.

Assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurements. The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the observable inputs may result in a reclassification of assets and liabilities within the three levels of the hierarchy outlined above.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The Company measures certain assets and liabilities at fair value on a recurring basis such as our financial instruments which currently consist of marketable securities and recognizes transfers within the fair value hierarchy at the end of the fiscal quarter in which the change in circumstances that caused the transfer occurred. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the fiscal year ended September 27, 2013.

As of September 27, 2013, the Company's marketable securities include an auction rate security which was classified as available for sale and recorded in other long term assets. This security is scheduled to mature in 2017. Due to the illiquid market for this security the Company has classified the carrying value as a Level 3 asset with the difference between the par and carrying value being categorized as a temporary loss and recorded in accumulated other comprehensive loss. The Company acquired these marketable securities as part of an acquisition in fiscal 2012, which were subsequently sold as of September 27, 2013.

As of September 27, 2013, assets recorded at fair value on a recurring basis consisted of the following (in millions):

	Total	Fair Value Measurements		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Money market funds	\$238.8	\$238.8	\$—	\$ —
Auction rate security	2.3	—	—	2.3
Total	<u>\$241.1</u>	<u>\$238.8</u>	<u>\$—</u>	<u>\$2.3</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes changes to the fair value of the marketable securities which consists of auction rate securities, which are considered a Level 3 asset (in millions):

	<u>Auction rate securities</u>
Balance at September 28, 2012	\$ 3.1
Sale of auction rate security	<u>(0.8)</u>
Balance at September 27, 2013	<u>\$ 2.3</u>

The fair value of the contingent consideration which was recorded as a Level 3 liability on September 28, 2012 was earned and paid during the fiscal year ended September 27, 2013. The Company has no further contingent consideration liabilities associated with prior acquisitions at September 27, 2013.

Assets Measured and Recorded at Fair Value on a Nonrecurring Basis

The Company's non-financial assets and liabilities, such as goodwill, intangible assets, and other long-lived assets resulting from business combinations are measured at fair value using income approach valuation methodologies at the date of acquisition and subsequently re-measured if there are indicators of impairment. There were no indicators of impairment identified during the fiscal year ended September 27, 2013.

4. INVENTORY

Inventory consists of the following (in millions):

	<u>As of</u>	
	<u>September 27, 2013</u>	<u>September 28, 2012</u>
Raw materials	\$ 25.2	\$ 27.2
Work-in-process	128.3	111.2
Finished goods	65.0	83.0
Finished goods held on consignment by customers	<u>11.0</u>	<u>11.5</u>
Total inventories	<u>\$229.5</u>	<u>\$232.9</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. PROPERTY, PLANT AND EQUIPMENT

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

	As of	
	September 27, 2013	September 28, 2012
Land and improvements	\$ 12.2	\$ 12.0
Buildings and improvements	60.3	57.0
Furniture and fixtures	23.4	25.4
Machinery and equipment	668.1	623.3
Construction in progress	95.3	36.9
Total property, plant and equipment, gross	859.3	754.6
Accumulated depreciation and amortization	(530.7)	(475.2)
Total property, plant and equipment, net	\$ 328.6	\$ 279.4

6. GOODWILL AND INTANGIBLE ASSETS

The Company tests its goodwill and non-amortizing trademarks for impairment annually as of the first day of its fourth fiscal quarter and in interim periods if certain events occur indicating the carrying value of goodwill or non-amortizing trademarks may be impaired. There were no indicators of impairment noted during the fiscal year ended September 27, 2013.

Intangible assets consist of the following (in millions):

	Weighted average amortization period remaining (years)	As of			As of		
		September 27, 2013			September 28, 2012		
		Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	2.9	\$ 78.7	\$ (49.3)	\$29.4	\$ 78.7	\$(36.2)	\$42.5
Developed technology and other	3.1	88.9	(55.3)	33.6	89.3	(42.3)	47.0
IPR&D	0.7	6.1	(5.9)	0.2	6.1	(3.2)	2.9
Trademarks	Indefinite	1.6	—	1.6	1.6	—	1.6
Total intangible assets		\$175.3	\$(110.5)	\$64.8	\$175.7	\$(81.7)	\$94.0

Annual amortization expense for the next five years related to intangible assets is expected to be as follows (in millions):

	2014	2015	2016	2017	2018	Thereafter
Amortization expense	\$24.0	\$21.0	\$16.2	\$2.0	\$—	\$—

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

7. INCOME TAXES

Income before income taxes consists of the following components (in millions):

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
United States	\$164.8	\$113.1	\$208.9
Foreign	179.7	141.8	85.0
Income before income taxes	<u>\$344.5</u>	<u>\$254.9</u>	<u>\$293.9</u>

The provision for income taxes consists of the following (in millions):

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Current tax expense (benefit):			
Federal	\$38.0	\$32.4	\$25.4
State	0.1	(1.7)	0.4
Foreign	14.8	8.6	4.4
	<u>52.9</u>	<u>39.3</u>	<u>30.2</u>
Deferred tax expense (benefit):			
Federal	14.4	13.0	35.0
State	(4.9)	(3.7)	(1.0)
Foreign	(0.1)	0.4	1.0
	<u>9.4</u>	<u>9.7</u>	<u>35.0</u>
Change in valuation allowance	4.1	3.9	2.1
Provision for income taxes	<u>\$66.4</u>	<u>\$52.9</u>	<u>\$67.3</u>

The actual income tax expense is different than that which would have been computed by applying the federal statutory tax rate to income before income taxes. A reconciliation of income tax

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

expense as computed at the United States Federal statutory income tax rate to the provision for income tax expense follows (in millions):

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Tax expense at United States statutory rate	\$120.6	\$ 89.2	\$102.9
Foreign tax rate difference	(49.8)	(44.7)	(24.4)
Deemed dividend from foreign subsidiary	—	2.4	—
Research and development credits	(16.3)	(1.7)	(17.7)
Change in tax reserve	11.7	10.4	9.4
Change in valuation allowance	4.1	3.9	2.1
Domestic production activities deduction	(5.0)	(3.9)	(6.1)
Other, net	1.1	(2.7)	1.1
Provision for income taxes	<u>\$ 66.4</u>	<u>\$ 52.9</u>	<u>\$ 67.3</u>

The Company operates in foreign jurisdictions with income tax rates lower than the United States tax rate of 35%. The Company's tax benefits related to foreign earnings taxed at a rate less than the United States federal rate were \$49.8 million and \$44.7 million for the fiscal years ended September 27, 2013 and September 28, 2012, respectively.

On October 2, 2010, the Company expanded its presence in Asia by launching operations in Singapore. The Company operates under a tax holiday in Singapore, which is effective through September 30, 2020. The tax holiday is conditional upon the Company's compliance with certain employment and investment thresholds in Singapore. The impact of the tax holiday decreased Singapore's taxes by \$10.0 million and \$5.9 million for the fiscal years ended September 27, 2013 and September 28, 2012, respectively. This resulted in tax benefits of \$0.05 and \$0.03 of diluted earnings per share for the fiscal years ended September 27, 2013 and September 28, 2012, respectively.

As a result of the enactment of the Tax Relief Act of 2012, which retroactively reinstated and extended the research and development tax credit, \$7.0 million of federal research and development tax credits which were earned in fiscal 2012 reduced our tax rate during the fiscal year ended September 27, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	Fiscal Years Ended	
	September 27, 2013	September 28, 2012
Deferred Tax Assets:		
Current:		
Inventory	\$ 3.7	\$ 5.3
Bad debts	0.2	0.2
Accrued compensation and benefits	4.0	4.0
Product returns, allowances and warranty	1.6	1.9
Restructuring	0.3	0.6
Other—net	0.5	0.5
Current deferred tax assets	10.3	12.5
Less valuation allowance	(3.2)	(3.1)
Net current deferred tax assets	7.1	9.4
Long-term:		
Intangible assets	5.5	6.6
Share-based and other deferred compensation	37.0	37.6
Net operating loss carry forwards	20.3	35.8
Federal tax credits	16.0	17.2
State tax credits	38.5	33.6
Other—net	2.0	1.9
Long-term deferred tax assets	119.3	132.7
Less valuation allowance	(47.8)	(43.8)
Net long-term deferred tax assets	71.5	88.9
Deferred tax assets	129.6	145.2
Less valuation allowance	(51.0)	(46.9)
Net deferred tax assets	78.6	98.3
Deferred Tax Liabilities:		
Current:		
Prepaid insurance	(0.8)	(0.9)
Current deferred tax liabilities	(0.8)	(0.9)
Long-term:		
Property, plant and equipment	(14.3)	(17.6)
Intangible assets	(3.1)	(6.2)
Long-term deferred tax liabilities	(17.4)	(23.8)
Net deferred tax liabilities	(18.2)	(24.7)
Total deferred tax assets	\$ 60.4	\$ 73.6

In accordance with GAAP, management has determined that it is more likely than not that a portion of its historic and current year income tax benefits will not be realized. As of September 27, 2013, the Company has maintained a valuation allowance of \$51.0 million. This valuation allowance is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

comprised of \$38.5 million related to United States state tax credits, and \$12.5 million related to foreign deferred tax assets. If these benefits are recognized in a future period the valuation allowance on deferred tax assets will be reversed and up to a \$50.6 million income tax benefit, and up to a \$0.4 million reduction to goodwill, may be recognized. The Company will need to generate \$171.5 million of future United States federal taxable income to utilize our United States deferred tax assets as of September 27, 2013.

Deferred tax assets are recognized for foreign operations when management believes it is more likely than not that the deferred tax assets will be recovered during the carry forward period. The Company will continue to assess its valuation allowance in future periods.

As of September 27, 2013, the Company has United States federal net operating loss carry forwards of approximately \$50.7 million, including \$15.8 million related to the acquisition of SiGe Semiconductor Inc. (“SiGe”), which will expire at various dates through 2030 and \$18.8 million related to the acquisition of Advanced Analogic Technologies Inc. (“AATI”), which will expire at various dates through 2031. The utilization of these net operating losses is subject to certain annual limitations as required under Internal Revenue Code section 382 and similar state income tax provisions. The Company also has United States federal income tax credit carry forwards of \$34.4 million, of which \$32.3 million of federal income tax credit carry forwards have not been recorded as a deferred tax asset. The Company also has state income tax credit carry forwards of \$38.5 million, net of federal benefits, for which the Company has provided a valuation allowance. The United States federal tax credits expire at various dates through 2032. The state tax credits relate primarily to California research tax credits which can be carried forward indefinitely.

The Company has continued to expand its operations and increase its investments in numerous international jurisdictions. These activities will increase the Company’s earnings attributable to foreign jurisdictions. As of September 27, 2013, no provision has been made for United States federal, state, or additional foreign income taxes related to approximately \$591.0 million of undistributed earnings of foreign subsidiaries which have been or are intended to be permanently reinvested. It is not practicable to determine the United States federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested.

The Company’s gross unrecognized tax benefits totaled \$63.2 million and \$52.4 million as of September 27, 2013 and September 28, 2012, respectively. Of the total unrecognized tax benefits at September 27, 2013, \$50.4 million would impact the effective tax rate, if recognized. The remaining unrecognized tax benefits would not impact the effective tax rate, if recognized, due to the Company’s valuation allowance and certain positions which were required to be capitalized. There are no positions which the Company anticipates could change within the next twelve months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in millions):

	<u>Unrecognized tax benefits</u>
Balance at September 28, 2012	\$52.4
Decreases based on positions related to prior years	(0.1)
Increases based on positions related to current year	11.6
Decreases relating to settlements with taxing authorities	—
Decreases relating to lapses of applicable statutes of limitations	<u>(0.7)</u>
Balance at September 27, 2013	<u>\$63.2</u>

During the year ended September 27, 2013, the Company recognized \$0.7 million of previously unrecognized tax benefits related to the expiration of the statute of limitations. The Company recognized \$1.2 million of accrued interest or penalties related to unrecognized tax benefits during fiscal 2013.

The Company's major tax jurisdictions as of September 27, 2013 are the United States, California, Iowa, Singapore, Mexico and Canada. For the United States, the Company has open tax years dating back to fiscal 1998 due to the carry forward of tax attributes. For California, the Company has open tax years dating back to fiscal 1999 due to the carry forward of tax attributes. For Iowa, the Company has open tax years dating back to fiscal 2003 due to the carry forward of tax attributes. For Canada, the Company has open tax years dating back to fiscal 2004. For Mexico, the Company has open tax years back to fiscal 2008. For Singapore, the Company has open tax years dating back to fiscal 2011.

8. STOCKHOLDERS' EQUITY

COMMON STOCK

At September 27, 2013, the Company is authorized to issue 525.0 million shares of common stock, par value \$0.25 per share, of which 207.5 million shares are issued and 187.9 million shares outstanding.

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

Each holder of the Company's common stock is entitled to one vote for each such share outstanding in the holder's name. No holder of common stock is entitled to cumulate votes in voting for directors. The Company's restated certificate of incorporation as amended to date, ("the Certificate of Incorporation") provides that, unless otherwise determined by the Company's Board of Directors, no

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

holder of stock has any preemptive right to purchase or subscribe for any stock of any class which the Company may issue or sell.

During the fiscal year ended September 27, 2013, the Company paid approximately \$184.9 million (including commissions) in connection with the repurchase of 8.1 million shares of its common stock (paying an average price of \$22.75 per share). Of this amount, \$164.5 million of stock was repurchased under the November 8, 2012 program (which approved up to \$200.0 million in repurchases) and \$20.4 million was repurchased under the current \$250.0 million share repurchase plan which was initiated on July 16, 2013 by the Board of Directors. This plan is valid through July 16, 2015 and allows for the repurchase of the Company's common stock on the open market or in privately negotiated transactions, in compliance with applicable securities laws and other legal requirements. As of September 27, 2013, \$229.6 million remained available under the available share repurchase plan.

During the fiscal year ended September 28, 2012, the Company paid approximately \$12.4 million (including commissions) in connection with the repurchase of 0.8 million shares of its common stock (paying an average price of \$16.54 per share). This stock repurchase program expired on August 3, 2012.

PREFERRED STOCK

The Company's Certificate of Incorporation has authorized and permits the Company to issue up to 25.0 million shares of preferred stock without par value in one or more series and with rights and preferences that may be fixed or designated by the Company's Board of Directors without any further action by the Company's stockholders. The designation, powers, preferences, rights and qualifications, limitations and restrictions of the preferred stock of each series will be fixed by the certificate of designation relating to such series, which will specify the terms of the preferred stock. At September 27, 2013, the Company had no shares of preferred stock issued or outstanding.

EMPLOYEE STOCK BENEFIT PLANS

As of September 27, 2013, the Company has the following equity compensation plans under which its equity securities were authorized for issuance to its employees and/or directors:

- the 1999 Employee Long-Term Incentive Plan
- the Directors' 2001 Stock Option Plan
- the Non-Qualified Employee Stock Purchase Plan
- the 2002 Employee Stock Purchase Plan
- the 2005 Long-Term Incentive Plan
- the 2008 Director Long-Term Incentive Plan
- AATI 1998 Amended Stock Plan
- AATI 2005 Equity Incentive Plan

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Except for the 1999 Employee Long-Term Incentive Plan and the Non-Qualified Employee Stock Purchase Plan, each of the foregoing equity compensation plans was approved by the Company's stockholders.

As of September 27, 2013, a total of 90.9 million shares are authorized for grant under the Company's share-based compensation plans, with 10.7 million options outstanding. The number of common shares reserved for future awards to employees and directors under these plans was 19.6 million at September 27, 2013. The Company grants equity awards under the 2005 Long-Term Incentive Plan to employees and the 2008 Director Long-Term Incentive Plan for non-employee directors.

2005 Long-Term Incentive Plan. Under this plan, officers, employees, non-employee directors and certain consultants may be granted stock options, restricted stock awards, restricted stock units, performance awards and other share-based awards. The plan has been approved by the stockholders. Under the plan, up to 55.9 million shares have been authorized for grant. A total of 18.8 million shares are available for new grants as of September 27, 2013. The maximum contractual term of the awards is seven years from the date of grant. Options granted under the plan are exercisable at the determination of the compensation committee and generally vest ratably over four years. Restricted stock awards and units granted under the plan at the determination of the compensation committee and generally vest over four or more years. Performance awards are contingently granted depending on the achievement of certain predetermined performance goals and generally vest over three or more years.

2008 Director Long-Term Incentive Plan. Under this plan, non-employee directors may be granted stock options, restricted stock awards and other share-based awards. The plan has been approved by the stockholders. Under the plan a total of 1.5 million shares have been authorized for option grants. A total of 0.8 million shares are available for new grants as of September 27, 2013. The maximum contractual term of the director awards is ten years from the date of grant. Options granted under the plan are generally exercisable over four years. Restricted stock awards granted under the plan are exercisable at the determination of the compensation committee and generally vest over three or more years.

2002 Employee Stock Purchase Plan. The Company maintains a domestic and an international employee stock purchase plan. Under these plans, eligible employees may purchase common stock through payroll deductions of up to 10% of their compensation. The price per share is the lower of 85% of the fair market value of the common stock at the beginning or end of each offering period (generally six months). The plans provide for purchases by employees of up to an aggregate of 10.6 million shares. Shares of common stock purchased under these plans in fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011 were 0.5 million, 0.5 million, and 0.5 million, respectively. At September 27, 2013, there are 2.0 million shares available for purchase. The Company recognized compensation expense of \$3.9 million, \$3.5 million and \$2.5 million for the fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011, respectively. The unrecognized compensation expense on the employee stock purchase plan at September 27, 2013 was \$1.4 million. The weighted average period over which the cost is expected to be recognized is approximately four months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Stock Options

The following table represents a summary of the Company's stock options:

	Shares (in millions)	Weighted average exercise price	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in millions)
Balance outstanding at September 28, 2012	11.9	\$15.57		
Granted	1.7	\$20.53		
Exercised	(2.0)	\$10.43		
Canceled/forfeited	<u>(0.9)</u>	<u>\$22.55</u>	—	—
Balance outstanding at September 27, 2013	<u>10.7</u>	<u>\$16.76</u>	<u>4.1</u>	<u>\$88.0</u>
Exercisable at September 27, 2013	<u>5.6</u>	<u>\$13.41</u>	<u>3.3</u>	<u>\$64.4</u>

The weighted-average grant date fair value per share of employee stock options granted during the fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011 was \$9.31, \$8.91, and \$9.63, respectively. The total grant date fair value of the options vested during the fiscal years ending September 27, 2013, September 28, 2012 and September 30, 2011 was \$33.5 million, \$25.4 million and \$22.1 million, respectively.

Restricted and Performance Awards and Units

The following table represents a summary of the Company's restricted and performance transactions:

	Shares (In millions)	Weighted average grant date fair value
Non-vested awards outstanding at September 28, 2012	5.9	\$19.79
Granted	2.9	\$20.19
Vested	(2.5)	\$19.06
Canceled/forfeited	<u>(0.6)</u>	<u>\$20.31</u>
Non-vested awards outstanding at September 27, 2013	<u>5.7</u>	<u>\$20.31</u>

The weighted average grant date fair value per share for awards granted during the fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011 was \$20.19, \$19.31, and \$23.61, respectively. The total grant date fair value of the awards vested during the fiscal years ending September 27, 2013, September 28, 2012 and September 30, 2011 was \$53.5 million, \$53.8 million and \$28.4 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the total intrinsic value for stock options exercised and awards vested (in millions):

	Fiscal Years Ended		
	September 27 2013	September 28 2012	September 30 2011
Options	\$26.2	\$54.5	\$90.1
Awards	\$53.5	\$53.8	\$53.6

Valuation and Expense Information under ASC 718

The following table summarizes pre-tax share-based compensation expense by financial statement line (in millions):

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Cost of goods sold	\$10.2	\$ 9.4	\$ 7.5
Research and development	28.2	28.0	18.1
Selling, general and administrative	33.3	34.8	32.7
Total share-based compensation expense	<u>\$71.7</u>	<u>\$72.2</u>	<u>\$58.3</u>

The Company had capitalized share-based compensation expense of \$2.1 million, \$2.0 million and \$2.1 million in inventory at September 27, 2013, September 28, 2012 and September 30, 2011, respectively.

The following table summarizes total compensation costs related to unvested share based awards not yet recognized and the weighted average period over which it is expected to be recognized at September 27, 2013:

	Unrecognized compensation cost for unvested awards (in millions)	Weighted average remaining recognition period (in years)
Options	\$30.3	2.0
Awards	\$56.8	1.3

The fair value of each stock option is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions. The fair value of the restricted awards and units are equal to the closing market price of the Company's common stock on the date of grant. The fair value of the performance awards and units are equal to the closing market price of the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Company's common stock on the date of grant and updated for the achievement of the underlying performance metrics.

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Expected volatility	57.71%	59.21%	49.26%
Risk free interest rate	1.29%	0.52%	0.63%
Dividend yield	0.00	0.00	0.00
Expected option life (in years)	4.2	4.1	4.1

The Company used a historical volatility calculated by the mean reversion of the weekly-adjusted closing stock price over the expected life of the options. The risk-free interest rate assumption is based upon observed treasury bill interest rates appropriate for the expected life of the Company's employee stock options.

The expected life of employee stock options represents a calculation based upon the historical exercise, cancellation and forfeiture experience for the Company across its demographic population. The Company believes that this historical data is the best estimate of the expected life of a new option and that generally all groups of the Company's employees exhibit similar behavior.

9. EMPLOYEE BENEFIT PLAN, PENSIONS AND OTHER RETIREE BENEFITS

The Company maintains a 401(k) plan covering substantially all of its employees based in the United States under which all employees at least twenty-one years old are eligible to receive discretionary Company contributions. Discretionary Company contributions are determined by the Board of Directors and may be in the form of cash or the Company's stock. The Company has generally contributed a match of up to 4% of an employee's contributed annual eligible compensation. For the fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011, the Company contributed shares of 0.3 million, 0.3 million, and 0.2 million, respectively, and recognized expense of \$6.2 million, \$6.0 million, and \$5.5 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pre-Merger Defined Benefit Pension:

The Company maintains a pre-merger pension benefit plan that was inherited as part of the 2002 merger that created Skyworks covering certain former employees. Since the plan was inherited, no new participants have been added. The liability and related plan assets have been reported in the Company's Consolidated Balance Sheets as follows (in millions):

	Fiscal Years Ended	
	September 27, 2013	September 28, 2012
Benefit obligation at end of fiscal year	\$3.2	\$ 3.6
Fair value of plan assets at end of fiscal year	3.6	3.1
Funded status	<u>\$0.4</u>	<u>\$(0.5)</u>

The Company incurred net periodic benefit costs of \$0.1 million and \$0.1 million for pension benefits during the fiscal years ended September 27, 2013, and September 28, 2012, respectively.

10. COMMITMENTS

The Company has various operating leases primarily for buildings, computers and equipment. Rent expense amounted to \$10.8 million, \$10.5 million, and \$7.6 million in fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011, respectively. Future minimum payments under these non-cancelable leases are as follows (in millions):

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Thereafter</u>	<u>Total</u>
Future minimum payments	\$9.2	8.3	5.5	3.5	2.6	5.1	\$34.2

In addition, the Company has entered into licensing agreements for intellectual property rights and maintenance and support services. Pursuant to the terms of these agreements, the Company is committed to making aggregate payments of \$7.0 million and \$4.0 million in fiscal years 2014 and 2015, respectively.

11. CONTINGENCIES

LEGAL MATTERS

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 and warranty, 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 the Company's business and have demanded and may in the future demand that the Company license their technology. The outcome of any such litigation cannot be predicted with certainty and some such

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 the Company may also be involved in legal proceedings in the ordinary course of business. Legal costs are expensed as incurred.

On June 6 and 7, 2011, two putative stockholder class action lawsuits (Case No. 111CV202403 (the "Bushansky action") and Case No. 111CV202501 (the "Venette action"), respectively) were filed in California Superior Court in Santa Clara County naming AATI, members of AATI's board of directors, the Company and PowerCo Acquisition Corp. ("Merger Sub") as defendants. The lawsuits related to conduct surrounding the Company's acquisition of AATI. 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 an amended complaint filed on July 14, 2011, in the Venette action as the operative complaint in the litigation.

On November 30, 2011, following confidential arbitration proceedings in the Delaware Court of Chancery, the Company announced that it and AATI had amended their previously announced merger agreement whereby the Company would acquire AATI at a reduced price through a tender offer. The Company and AATI completed the transaction on January 9, 2012. On March 2, 2012, the Court stayed all discovery in the matter and ordered that Plaintiffs file an amended complaint by April 20, 2012.

On April 20, 2012, Plaintiffs filed an amended complaint ("First Amended Complaint") against each of the original defendants with the exception of Merger Sub. The First Amended Complaint alleged, among other things, that (1) members of AATI's board of directors breached their fiduciary duties by (a) failing to take steps to maximize the value of AATI to its public shareholders by failing to adequately consider potential acquirers, (b) agreeing to the merger for inadequate consideration on unfair terms; (c) causing the filing of a materially misleading Schedule 14D-9 that failed to (i) disclose a basis for the price reduction, (ii) describe the arbitration proceedings, and (iii) include any financial valuation or fairness opinion concerning whether the revised merger consideration was fair; and (d) causing the issuance of amendments to the Schedule 14D-9 that failed to respond adequately to the SEC's disclosure directives; and (2) Skyworks and AATI allegedly aided and abetted these purported breaches of fiduciary duties. On June 22, 2012, the defendants moved to dismiss the First Amended Complaint. On February 20, 2013, the Court entered an order dismissing the First Amended Complaint with leave to amend.

On March 4, 2013, Plaintiffs filed an amended complaint ("Second Amended Complaint") against the same defendants asserting the same causes of action as in the First Amended Complaint. The defendants moved to dismiss the Second Amended Complaint on April 5, 2013. On August 7, 2013, the Court entered an order dismissing the Second Amended Complaint and denying Plaintiffs the right to file another amended complaint. On September 12, 2013, the Court entered a final order concluding the matter and approving a stipulation whereby plaintiffs waived any rights to appeal the Court's dismissal of the lawsuit.

The Company monitors the status of these and other contingencies on an ongoing basis to ensure amounts are recognized and/or disclosed in our financial statements and footnotes as required by ASC 450, *Loss Contingencies*. At the time of this filing, the Company had not recorded any accrual for

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

loss contingencies associated with its legal proceedings as losses resulting from such matters were determined not to be probable. In addition, the Company does not believe there are any legal proceedings that are reasonably possible to result in a material loss. We are engaged in various other legal actions, not described above, in the normal course of business and, while there can be no assurances, the Company believes the outcome of all pending litigation involving the Company will not have, individually or in the aggregate, a material adverse effect on our business.

12. GUARANTEES AND INDEMNITIES

The Company has made no contractual guarantees for the benefit of third parties. However, the Company generally indemnifies its customers from third-party intellectual property infringement litigation claims related to its products, and, on occasion, also provides other indemnities related to product sales. In connection with certain facility leases, the Company has indemnified its lessors for certain claims arising from the facility or the lease.

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

13. RESTRUCTURING AND OTHER CHARGES

The Company recorded restructuring and other charges of approximately \$6.4 million related to severance costs associated with separate organizational restructuring plans undertaken to reduce headcount during the fiscal year ended September 27, 2013. These restructuring plans are largely complete and have been aggregated into the "FY13 Restructuring Programs" line item in the summary table below. The Company does not anticipate any material charges in future periods related to these plans.

During the fiscal year ended September 28, 2012, the Company implemented a restructuring plan to reduce redundancies associated with the acquisition of AATI. The Company recorded approximately \$5.8 million related to employee severance and \$0.6 million related to lease termination costs associated with the AATI restructuring actions during the fiscal year. The Company began formulating the restructuring plans prior to the acquisition of AATI and none of these costs were included in the purchase accounting for AATI. As of September 27, 2013, these restructuring activities and cash payments are substantially complete and the Company does not anticipate any further charges. Charges and payments related to these restructuring plans are summarized under "Other Restructuring" in the table below.

During the fiscal year ended September 30, 2011, the Company implemented a restructuring plan to reduce the repetitive functions associated with its acquisition of SiGe and recorded a restructuring charge for severance costs of \$2.4 million. During the fiscal year ended September 28,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2012, the Company recorded an additional charge of \$0.7 million related to this plan. The Company began formulating the restructuring plan prior to the acquisition of SiGe in fiscal 2011. As of September 27, 2013, these restructuring activities and cash payments are substantially complete and the Company does not anticipate any further charges. Charges and payments related to these restructuring plans are summarized under “Other Restructuring” in the table below.

Activity and liability balances related to the Company’s restructuring actions are as follows (in millions):

	<u>Balance at October 2, 2010</u>	<u>Current Charges</u>	<u>Cash Payments</u>	<u>Balance at September 30, 2011</u>
Other Restructuring				
Employee Severance costs	\$ —	\$2.4	\$(1.9)	\$0.5
Lease and other contractual obligations	<u>2.2</u>	<u>—</u>	<u>(0.7)</u>	<u>1.5</u>
Total	<u>\$2.2</u>	<u>\$2.4</u>	<u>\$(2.6)</u>	<u>\$2.0</u>
	<u>Balance at September 30, 2011</u>	<u>Current Charges</u>	<u>Cash Payments</u>	<u>Balance at September 28, 2012</u>
Other Restructuring				
Employee Severance costs	\$0.5	\$7.2	\$(6.8)	\$0.9
Lease and other contractual obligations	<u>1.5</u>	<u>0.6</u>	<u>(1.3)</u>	<u>0.8</u>
Total	<u>\$2.0</u>	<u>\$7.8</u>	<u>\$(8.1)</u>	<u>\$1.7</u>
	<u>Balance at September 28, 2012</u>	<u>Current Charges</u>	<u>Cash Payments</u>	<u>Balance at September 27, 2013</u>
FY13 Restructuring Programs				
Employee Severance costs	\$ —	\$6.4	\$(5.8)	\$0.6
Other Restructuring				
Employee Severance costs	0.9	—	(0.9)	—
Lease and other contractual obligations	<u>0.8</u>	<u>—</u>	<u>(0.4)</u>	<u>0.4</u>
Total	<u>\$1.7</u>	<u>\$6.4</u>	<u>\$(7.1)</u>	<u>\$1.0</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in millions, except per share amounts):

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Net income	\$278.1	\$202.0	\$226.6
Weighted average shares outstanding—basic	187.5	185.8	182.9
Effect of dilutive equity based awards	4.7	5.7	6.0
Dilutive effect of convertible debt	—	0.3	1.8
Weighted average shares outstanding—diluted	192.2	191.8	190.7
Net income per share—basic	\$ 1.48	\$ 1.09	\$ 1.24
Net income per share—diluted	\$ 1.45	\$ 1.05	\$ 1.19
Anti-dilutive common stock equivalents	5.4	4.0	2.0

Basic earnings per share are calculated by dividing net income by the weighted average number of shares of the Company's common stock outstanding. The calculation of diluted earnings per share includes the dilutive effect of equity based awards and convertible debt which were outstanding during the fiscal years ending September 27, 2013, September 28, 2012 and September 30, 2011, using the treasury stock method. Certain of the Company's outstanding stock options, noted in the table above, were excluded because they were anti-dilutive, but could become dilutive in the future.

15. SEGMENT INFORMATION AND CONCENTRATIONS

In accordance with ASC 280-*Segment Reporting*, the Company considers itself to be a single reportable operating segment which designs, develops, manufactures and markets similar proprietary semiconductor products, including intellectual property. In reaching this conclusion, management considers the definition of the chief operating decision maker ("CODM"), how the business is defined by the CODM, the nature of the information provided to the CODM and how that information is used to make operating decisions, allocate resources and assess performance. The Company's CODM is the chief executive officer. The results of operations provided to and analyzed by the CODM are at the consolidated level and accordingly, key resource decisions and assessment of performance is performed at the consolidated level. The Company assesses its determination of operating segments at least annually.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GEOGRAPHIC INFORMATION

Net revenue by geographic area presented based upon the country of destination and are as follows (in millions):

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
United States	\$ 67.3	\$ 70.3	\$ 76.7
Other Americas	10.2	18.4	38.8
Total Americas	77.5	88.7	115.5
China	979.3	820.1	914.7
South Korea	102.9	103.2	148.4
Taiwan	387.5	311.7	93.8
Other Asia-Pacific	202.0	207.4	91.5
Total Asia-Pacific	1,671.7	1,442.4	1,248.4
Europe, Middle East and Africa	42.8	37.5	55.0
	<u>\$1,792.0</u>	<u>\$1,568.6</u>	<u>\$1,418.9</u>

The Company's revenues by geography do not necessarily correlate to end market demand by region. For example, if the Company sells a product to a distributor in Taiwan, the sale is reflected within the Taiwan line item above; however, that distributor, in turn, may sell the product to an end customer in a different geography.

Net property, plant and equipment balances, based on the physical locations within the indicated geographic areas are as follows (in millions):

	As of	
	September 27, 2013	September 28, 2012
United States	\$140.2	\$124.8
Mexico	176.9	145.9
Rest of world	11.5	8.7
	<u>\$328.6</u>	<u>\$279.4</u>

CONCENTRATIONS

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of trade accounts receivable. Trade accounts receivables are primarily derived from sales to manufacturers of communications and consumer products and electronic component distributors. Ongoing credit evaluations of customers' financial condition are performed and collateral, such as letters of credit and bank guarantees, are required whenever deemed necessary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In fiscal 2013, 2012 and 2011, Foxconn Technology Group, its affiliates and other suppliers to a large OEM for use in multiple applications including smartphones, tablets, routers, desktop and notebook computers, constituted more than ten percent of our net revenue. In fiscal 2013, 2012 and 2011, Samsung Electronics constituted more than ten percent of our net revenue. In fiscal 2011, Nokia constituted more than ten percent of our net revenue.

The Company's greater than ten percent customers comprised the following percentages of net revenue:

	Fiscal Years Ended		
	September 27, 2013	September 28, 2012	September 30, 2011
Company A	36%	29%	27%
Company B	15%	17%	11%
Company C	*	*	13%

* Customer did not represent greater than ten percent of net revenue

At September 27, 2013, the Company's three largest accounts receivable balances comprised 51% of aggregate gross accounts receivable. This concentration was 60% and 53% at September 28, 2012 and September 30, 2011, respectively.

16. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table summarizes the quarterly and annual results (in millions, except per share data):

	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal year
Fiscal 2013					
Net revenue	\$453.7	\$425.2	\$436.1	\$477.0	\$1,792.0
Gross profit	192.6	176.7	188.2	209.1	766.6
Net income	66.5	61.7	65.7	84.2	278.1
Per share data(1)					
Net income, basic	\$ 0.35	\$ 0.33	\$ 0.35	\$ 0.45	\$ 1.48
Net income, diluted	\$ 0.34	\$ 0.32	\$ 0.34	\$ 0.44	\$ 1.45
Fiscal 2012					
Net revenue	\$393.8	\$364.7	\$389.0	\$421.1	\$1,568.6
Gross profit	171.8	152.3	165.3	177.7	667.1
Net income	57.1	34.0	49.3	61.6	202.0
Per share data(1)					
Net income, basic	\$ 0.31	\$ 0.18	\$ 0.26	\$ 0.33	\$ 1.09
Net income, diluted	\$ 0.30	\$ 0.18	\$ 0.26	\$ 0.32	\$ 1.05

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

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 27, 2013 and September 28, 2012, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholders' equity for each of the years in the three-year period ended September 27, 2013. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule listed in Item 15 of the 2013 Form 10-K. We also have audited Skyworks Solutions, Inc.'s internal control over financial reporting as of September 27, 2013, 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 financial position of Skyworks Solutions, Inc. and subsidiaries as of September 27, 2013 and September 28, 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended September 27, 2013, in conformity with U.S. generally accepted accounting principles. 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 27, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

Boston, Massachusetts

November 18, 2013

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the NASDAQ Global Select Market under the symbol "SWKS". The following table sets forth the range of high and low 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 12, 2013 was 25,633.

	Fiscal Years Ended			
	September 27, 2013		September 28, 2012	
	High	Low	High	Low
First quarter	\$24.08	\$19.80	\$22.40	\$14.04
Second quarter	24.97	20.30	28.66	16.78
Third quarter	23.95	20.15	28.40	23.31
Fourth quarter	26.33	20.99	31.18	23.18

We have never paid cash dividends on our common stock and we do not anticipate paying cash dividends in the foreseeable future.

The following table provides information regarding repurchases of common stock made during the fiscal quarter ended September 27, 2013:

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)
6/29/13-7/26/13	9,054(2)	\$22.73	—	\$250.0 million
7/27/13-8/23/13	216,628(2)	\$24.45	212,600	\$244.8 million
8/24/13-9/27/13	636,913(2)	\$25.22	603,100	\$229.6 million

- (1) We repurchased a total of 212,600 shares for an average price of \$24.45 and 603,100 shares for an average price of \$25.20 for the months ended August 23, 2013 and September 27, 2013, respectively, under our share repurchase program.
- (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 periods stated above, in connection with the satisfaction of tax withholding obligations under restricted stock agreements.

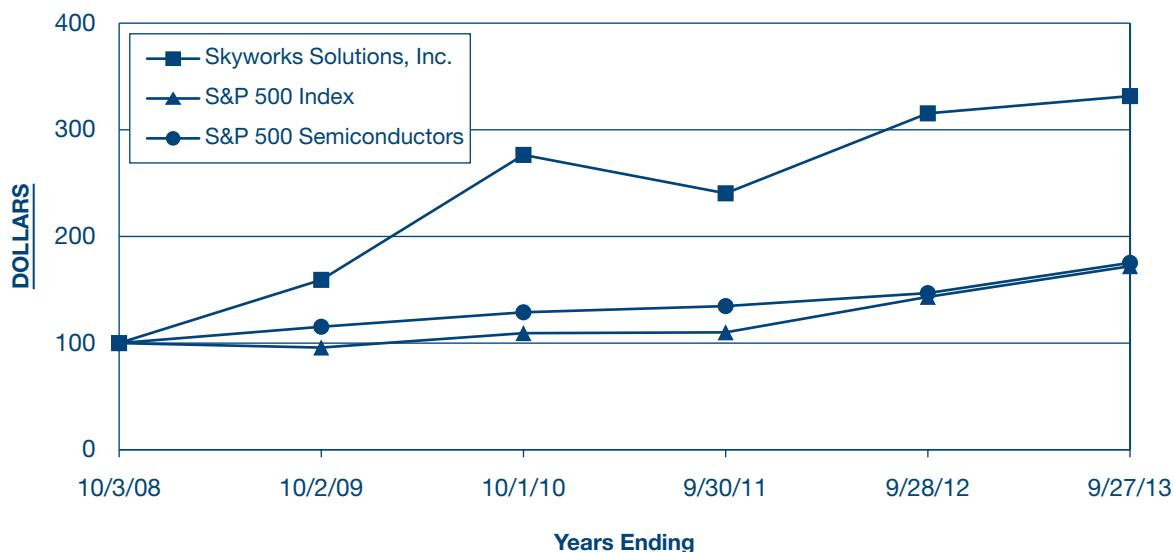
On July 16, 2013, the Board of Directors approved a new share repurchase program, pursuant to which we are authorized to repurchase up to \$250.0 million of our common stock from time to time on

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 July 16, 2015; however, it may be suspended, discontinued or extended by the Board of Directors at any time prior to its expiration on July 16, 2015. This authorized stock repurchase program replaced in its entirety the November 8, 2012 stock repurchase program. These repurchase programs have been and will be funded with our working capital.

Comparative Stock Performance Graph

The following graph shows the change in Skyworks' cumulative total stockholder return for the last five fiscal years, based upon the market price of Skyworks' common stock, compared with: (i) the cumulative total return on the Standard & Poor's 500 Index and (ii) the Standard & Poor's 500 Semiconductor Index. The graph assumes a total initial investment of \$100 on October 3, 2008, and shows a "Total Return" that assumes reinvestment of dividends, if any, and is based on market capitalization at the beginning of each period.

Comparison of Cumulative Five-Year Total Return



Total Return to Shareholders
(Includes reinvestment of dividends)

ANNUAL RETURN PERCENTAGE

Company / Index	Years Ending				
	10/2/09	10/1/10	9/30/11	9/28/12	9/27/13
Skyworks Solutions, Inc.	59.30	73.53	(13.03)	31.18	5.14
S&P 500 Index	(4.20)	14.09	0.70	30.20	20.07
S&P 500 Semiconductors	15.32	11.76	4.51	9.03	19.35

INDEXED RETURNS

Company / Index	Base Period 10/3/08	Years Ending				
		10/2/09	10/1/10	9/30/11	9/28/12	9/27/13
Skyworks Solutions, Inc.	100	159.30	276.44	240.43	315.39	331.59
S&P 500 Index	100	95.80	109.30	110.07	143.31	172.06
S&P 500 Semiconductors	100	115.32	128.88	134.69	146.86	175.27

Skyworks Solutions, Inc. Unaudited Reconciliation of Non-GAAP Financial Measures

	Year Ended	
	Sept. 27, 2013	Sept. 28, 2012
	(In millions, except per share amounts)	
GAAP operating income	\$345	\$256
Share-based compensation expense [a]	72	72
Acquisition-related expense [b]	2	10
Amortization of intangible assets	29	33
Restructuring and other charges [c]	6	8
Litigation settlement gains, losses and expenses [d]	3	5
Non-GAAP operating income	<u>\$457</u>	<u>\$384</u>
Non-GAAP operating margin %	25.5%	24.5%
	<u>Sept. 27, 2013</u>	<u>Sept. 28, 2012</u>
GAAP net income per share, diluted	\$1.45	\$1.05
Share-based compensation expense [a]	0.37	0.38
Acquisition-related expense [b]	0.01	0.05
Amortization of intangible assets	0.15	0.17
Restructuring and other charges [c]	0.03	0.04
Litigation settlement gains, losses and expenses [d]	0.01	0.03
Tax adjustments [e]	0.18	0.18
Non-GAAP net income per share, diluted	<u>\$2.20</u>	<u>\$1.90</u>

[a] These charges represent expense recognized in accordance with ASC 718—*Compensation—Stock Compensation*. Approximately \$10.2 million, \$28.2 million and \$33.3 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively, for the fiscal year ended September 27, 2013. Approximately \$9.4 million, \$28.0 million and \$34.8 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively, for the fiscal year ended September 28, 2012.

[b] The acquisition-related expense recognized during the fiscal year ended September 27, 2013 includes a \$1.3 million charge to cost of sales related to the sale of acquired inventory and \$0.8 million in transaction costs included in general and administrative expenses associated with past acquisitions.

The acquisition-related expense recognized during the fiscal year ended September 28, 2012 includes a \$4.2 million charge to cost of sales related to the sale of acquired inventory and a \$10.9 million charge to general and administrative expenses related to transaction and arbitration costs associated with acquisitions completed during the fiscal year ended September 28, 2012. Also included in general and administrative expenses for the fiscal year

ended September 28, 2012 is a \$5.4 million credit due to a reduction in the estimated fair value of contingent consideration liabilities associated with acquisitions.

- [c] During the fiscal year ended September 27, 2013, the Company recorded a \$6.4 million charge related to the implementation of restructuring plans to reduce global headcount.

During the fiscal year ended September 28, 2012, the Company implemented a restructuring plan to reduce the headcount associated with its acquisition of Advanced Analogic Technologies, Inc. For the fiscal year ended September 28, 2012, the Company recorded \$7.8 million primarily related to this restructuring plan.

- [d] During the fiscal year ended September 27, 2013, the Company recognized a \$1.8 million charge primarily related to general and administrative expense associated with ongoing litigations.

During the fiscal year ended September 28, 2012, the Company recognized a \$5.8 million charge related to the resolution of contractual disputes.

- [e] During the fiscal year ended September 27, 2013, these amounts primarily represent the utilization of net operating loss and research and development tax credit carryforwards and non-cash expense related to uncertain tax positions. As a result of the passage of the American Taxpayer Relief Act of 2012, the GAAP tax rate includes a retroactive adjustment for the recognition of research and development tax credits earned in fiscal year 2012.

During the fiscal year ended September 28, 2012, these amounts primarily represent the utilization of net operating loss and research and development tax credit carryforwards, deferred tax expense not affecting taxes payable and non-cash expense related to uncertain tax positions.

Skyworks Solutions, Inc.

Discussion Regarding the Use of Non-GAAP Financial Measures

This annual report contains some or all of the following financial measures that have not been calculated in accordance with United States Generally Accepted Accounting Principles (“GAAP”): (i) non-GAAP gross profit and gross margin, (ii) non-GAAP operating income and operating margin, (iii) non-GAAP net income, and (iv) non-GAAP diluted earnings per share. As set forth in the “Unaudited Reconciliation of Non-GAAP Financial Measures” table found above, we derive such non-GAAP financial measures by excluding certain expenses and other items from the respective GAAP financial measure that is most directly comparable to each non-GAAP financial measure. Management uses these non-GAAP financial measures to evaluate our operating performance and compare it against past periods, make operating decisions, forecast for future periods, compare operating performance against peer companies and determine payments under certain compensation programs. These non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by eliminating certain non-recurring expenses (which may not occur in each period presented) and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and competitors more difficult, obscure trends in ongoing operations or reduce management’s ability to make useful forecasts.

We provide investors with non-GAAP gross profit and gross margin, non-GAAP operating income and operating margin and non-GAAP net income because we believe it is important for investors to be able to closely monitor and understand changes in our ability to generate income from ongoing business operations. We believe these non-GAAP financial measures give investors an additional method to evaluate historical operating performance and identify trends, an additional means of evaluating period-over-period operating performance and a method to facilitate certain comparisons of our operating results to peer companies. We also believe that providing non-GAAP operating income and operating margin allows investors to assess the extent to which our ongoing operations impact our overall financial performance. We further believe that providing non-GAAP net income and non-GAAP diluted earnings per share allows investors to assess the overall financial performance of our ongoing operations by eliminating the impact of share-based compensation expense, acquisition-related expenses, restructuring-related charges, litigation settlement gains, losses and expenses, certain deferred executive compensation, amortization of discount on convertible debt and certain tax items which may not occur in each period presented and which may represent non-cash items unrelated to our ongoing operations. We believe that disclosing these non-GAAP financial measures contributes to enhanced financial reporting transparency and provides investors with added clarity about complex financial performance measures.

We calculate non-GAAP gross profit by excluding from GAAP gross profit, share-based compensation expense, and acquisition-related expenses. We calculate non-GAAP operating income by excluding from GAAP operating income, share-based compensation expense, acquisition-related expenses, restructuring-related charges, litigation settlement gains, losses and expenses and certain deferred executive compensation. We calculate non-GAAP net income and diluted earnings per share by excluding from GAAP net income and diluted earnings per share, share-based compensation expense, acquisition-related expenses, restructuring-related charges, litigation settlement gains, losses and expenses, certain deferred executive compensation, amortization of discount on convertible debt, and certain tax items which may not occur in all periods for which financial information is presented. We

exclude the items identified above from the respective non-GAAP financial measure referenced above for the reasons set forth with respect to each such excluded item below:

Share-Based Compensation—because (1) the total amount of expense is partially outside of our control because it is based on factors such as stock price volatility and interest rates, which may be unrelated to our performance during the period in which the expense is incurred, (2) it is an expense based upon a valuation methodology premised on assumptions that vary over time, and (3) the amount of the expense can vary significantly between companies due to factors that can be outside of the control of such companies.

Acquisition-Related Expenses—including such items as, when applicable, amortization of acquired intangible assets, fair value adjustments to contingent consideration, fair value charges incurred upon the sale of acquired inventory, acquisition-related professional fees and deemed compensation expenses, because they are not considered by management in making operating decisions and we believe that such expenses do not have a direct correlation to future business operations and thereby including such charges does not accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

Restructuring-Related Charges—because, to the extent such charges impact a period presented, we believe that they have no direct correlation to future business operations and including such charges does not necessarily reflect the performance of our ongoing operations for the period in which such charges are incurred.

Litigation Settlement Gains, Losses and Expenses—including gains, losses and expenses related to the resolution of other-than-ordinary-course threatened and actually filed lawsuits and other-than-ordinary-course contractual disputes, because (1) they are not considered by management in making operating decisions, (2) such gains, losses and expenses tend to be infrequent in nature, (3) such gains, losses and expenses are generally not directly controlled by management, (4) we believe such gains, losses and expenses do not necessarily reflect the performance of our ongoing operations for the period in which such charges are recognized and (5) the amount of such gains, losses and expenses can vary significantly between companies and make comparisons difficult.

Deferred Executive Compensation—including charges related to any contingent obligation pursuant to an executive severance agreement because we believe the period over which the obligation is amortized may not reflect the period of benefit and that such expense has no direct correlation with our recurring business operations and including such expenses does not accurately reflect the compensation expense for the period in which incurred.

Amortization of Discount on Convertible Debt—consists of the amortization of the debt discount recorded at inception of the convertible debt borrowing related to the adoption of ASC 470-20, because the expense is dependent on fair value assessments and is not considered by management when making operating decisions.

Certain Income Tax Items—including certain deferred tax charges and benefits which do not result in a current tax payment or tax refund and other adjustments, including but not limited to, items unrelated to the current fiscal year or that are not indicative of our ongoing business operations.

The non-GAAP financial measures presented in the table above should not be considered in isolation and are not an alternative for, the respective GAAP financial measure that is most directly comparable to each such non-GAAP financial measure. Investors are cautioned against placing undue

reliance on these non-GAAP financial measures and are urged to review and consider carefully the adjustments made by management to the most directly comparable GAAP financial measures to arrive at these non-GAAP financial measures. Non-GAAP financial measures may have limited value as analytical tools because they may exclude certain expenses that some investors consider important in evaluating operating performance or ongoing business. Further, non-GAAP financial measures are likely to have limited value for purposes of drawing comparisons between companies because different companies may calculate similarly titled non-GAAP financial measures in different ways because non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Corporate Information

EXECUTIVE MANAGEMENT

David J. Aldrich
President, Chief Executive Officer and Director

Bradley C. Byk
Senior Vice President, Worldwide Sales

Bruce J. Freyman
Senior Vice President, Worldwide Operations

Peter L. Gammel
Chief Technology Officer

Liam K. Griffin
Executive Vice President and Corporate General Manager

Kenneth J. Huening
Vice President, Quality

Donald W. Palette
Vice President and Chief Financial Officer

Thomas S. Schiller
Vice President, Corporate Development

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

Victoria Vezina
Vice President, Human Resources

BOARD OF DIRECTORS

David J. McLachlan
*Chairman, Skyworks Solutions, Inc.
Retired Chief Financial Officer and Senior Advisor to Chairman
and Chief Executive Officer, Genzyme Corporation*

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

Kevin L. Beebe
*President and Chief Executive Officer
2BPartners, LLC*

Timothy R. Furey
*Chief Executive Officer
MarketBridge*

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

Christine King
*Retired Chief Executive Officer
Standard Microsystems Corporation*

David P. McGlade
*Chief Executive Officer and Chairman
Intelsat S.A.*

Robert A. Schriesheim
*Executive Vice President and Chief Financial Officer
Sears Holdings*

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219
(877) 366-6437 (United States and Canada)
(212) 936-5100 (outside United States)
www.amstock.com

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

INVESTOR RELATIONS

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

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

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

ANNUAL MEETING

The annual meeting of stockholders will be held on May 6, 2014 in Burlington, Massachusetts.

COMMON STOCK

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

KPMG LLP
Boston, Massachusetts

CORPORATE HEADQUARTERS

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