



FORM 10-Q

SKYWORKS SOLUTIONS INC – SWKS

Filed: February 07, 2007 (period: December 29, 2006)

Quarterly report which provides a continuing view of a company's financial position

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

FORM 10-Q

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

For the quarterly period ended December 29, 2006

OR

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

For the transition period from _____ to _____

Commission file number 1-5560

SKYWORKS SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

04-2302115

(I.R.S. Employer Identification No.)

20 Sylvan Road, Woburn, Massachusetts

(Address of principal executive offices)

01801

(Zip Code)

Registrant's telephone number, including area code: **(781) 376-3000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

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

Class	Outstanding at January 31, 2007
Common Stock, par value \$.25 per share	163,206,598

SKYWORKS SOLUTIONS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED DECEMBER 29, 2006
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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited, in thousands, except per share amounts)

	<u>Three-months Ended</u>	
	<u>December 29, 2006</u>	<u>December 30, 2005</u>
Net revenues	\$196,030	\$ 198,325
Cost of goods sold (includes share-based compensation expense of \$125 and \$350 for the three-month period ended December 29, 2006 and December 30, 2005, respectively)	<u>120,714</u>	<u>123,602</u>
Gross profit	75,316	74,723
Operating expenses:		
Research and development (includes share-based compensation expense of \$486 and \$1,418 for the three-month period ended December 29, 2006 and December 30, 2005, respectively)	30,412	42,430
Selling, general and administrative (includes share-based compensation expense of \$1,415 and \$1,263 for the three-month period ended December 29, 2006 and December 30, 2005, respectively)	24,028	23,253
Restructuring and special charges	5,473	—
Amortization of intangible assets	536	536
Total operating expenses	<u>60,449</u>	<u>66,219</u>
Operating income	14,867	8,504
Interest expense	(3,249)	(3,812)
Other income, net	2,155	2,319
Income before income taxes	13,773	7,011
Provision for income taxes	<u>1,736</u>	<u>2,724</u>
Net income	<u>\$ 12,037</u>	<u>\$ 4,287</u>
Per share information:		
Net income, basic and diluted	<u>\$ 0.07</u>	<u>\$ 0.03</u>
Number of weighted-average shares used in per share computations, basic	<u>161,183</u>	<u>158,573</u>
Number of weighted-average shares used in per share computations, diluted	<u>162,880</u>	<u>158,827</u>

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

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	As of	
	December 29, 2006	September 29, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 113,932	\$ 136,749
Short-term investments	63,100	28,150
Restricted cash	6,302	6,302
Receivables, net of allowance for doubtful accounts of \$36,857 and \$37,022, respectively	163,262	158,798
Inventories	71,379	81,529
Other current assets	8,110	9,315
Total current assets	426,085	420,843
Property, plant and equipment, less accumulated depreciation and amortization of \$258,517 and \$250,195, respectively	147,154	150,383
Goodwill	492,045	493,389
Intangible assets, less accumulated amortization of \$11,591 and \$11,055, respectively	15,050	15,586
Deferred tax assets	894	251
Other assets	11,185	10,044
Total assets	\$1,092,413	\$ 1,090,496

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Short-term debt	\$ 229,335	\$ 50,000
Accounts payable	56,068	73,071
Accrued compensation and benefits	31,931	25,297
Other current liabilities	21,551	27,252
Total current liabilities	338,885	175,620
Long-term debt, less current maturities	—	179,335
Other long-term liabilities	6,599	6,448
Total liabilities	345,484	361,403

Commitments and contingencies (Note 8)

Stockholders' equity:		
Preferred stock, no par value: 25,000 shares authorized, no shares issued	—	—
Common stock, \$0.25 par value: 525,000 shares authorized; 163,126 shares issued and 163,020 shares outstanding at December 29, 2006 and 161,690 shares issued and 161,659 shares outstanding at September 29, 2006	40,755	40,414
Additional paid-in capital	1,357,151	1,351,190
Treasury stock	(676)	(173)
Accumulated deficit	(649,702)	(661,739)
Accumulated other comprehensive loss	(599)	(599)
Total stockholders' equity	746,929	729,093
Total liabilities and stockholders' equity	\$1,092,413	\$ 1,090,496

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Three-months Ended	
	December 29, 2006	December 30, 2005
Cash flows from operating activities:		
Net income	\$ 12,037	\$ 4,287
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	2,026	3,031
Depreciation	9,502	9,144
Charge in lieu of income tax expense	1,344	1,417
Amortization of intangible assets	536	536
Amortization of deferred financing costs	311	399
Contribution of common shares to savings and retirement plans	1,000	616
Non-cash restructuring expense	419	—
Deferred income taxes	(656)	827
Loss (Gain) on sales of assets	10	(764)
Provision for losses (recoveries) on accounts receivable	(165)	114
Changes in assets and liabilities:		
Receivables	(4,299)	649
Inventories	10,265	(878)
Other assets	(652)	(925)
Accounts payable	(17,004)	20
Other liabilities	1,086	3,527
Net cash provided by operating activities	<u>15,760</u>	<u>22,000</u>
Cash flows from investing activities:		
Capital expenditures	(6,284)	(13,633)
Sale of short-term investments	163,983	383,101
Purchase of short-term investments	(198,933)	(384,746)
Net cash (used in) investing activities	<u>(41,234)</u>	<u>(15,278)</u>
Cash flows from financing activities:		
Repurchase of treasury stock	(503)	—
Exercise of stock options	3,160	248
Net cash provided by financing activities	<u>2,657</u>	<u>248</u>
Net increase (decrease) in cash and cash equivalents	(22,817)	6,970
Cash and cash equivalents at beginning of period	136,749	116,522
Cash and cash equivalents at end of period	<u>\$ 113,932</u>	<u>\$ 123,492</u>
Supplemental cash flow disclosures:		
Taxes paid	\$ 382	\$ 999
Interest paid	\$ 5,143	\$ 6,174
Supplemental disclosure of non-cash activities:		
Non-cash proceeds received from non-monetary exchange	<u>\$ —</u>	<u>\$ 750</u>

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION**

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

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

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures, normally included in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to those rules and regulations. However, in the opinion of management, the financial information reflects all adjustments, consisting of adjustments of a normal recurring nature necessary to present fairly the financial position, results of operations, and cash flows of the Company. The results of operations for the three–month period ended December 29, 2006 are not necessarily indicative of the results to be expected for the full year. This information should be read in conjunction with the Company’s financial statements and notes thereto contained in the Company’s Form 10–K for the fiscal year ended September 29, 2006 as filed with the SEC.

The Company’s fiscal year ends on the Friday closest to September 30. Fiscal 2006 consisted of 52 weeks and ended on September 29, 2006, and the first quarters of fiscal 2007 and fiscal 2006 ended on December 29, 2006 and December 30, 2005, respectively.

NOTE 2. COMPREHENSIVE INCOME (LOSS)

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

	<u>Pension Adjustments</u>	<u>Accumulated Other Comprehensive Loss</u>
Balance as of September 29, 2006	(599)	(599)
Change in period	—	—
Balance as of December 29, 2006	<u>\$ (599)</u>	<u>\$ (599)</u>

NOTE 3. MARKETABLE SECURITIES

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

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Market Value</u>
Short-term available for sale securities:				
Auction rate securities	\$ 63,100	\$ —	\$ —	\$63,100
Total marketable securities	<u>\$ 63,100</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$63,100</u>

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

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

NOTE 4. INVENTORY

Inventories consist of the following (in thousands):

	<u>December 29, 2006</u>	<u>September 29, 2006</u>
Raw materials	\$ 9,100	\$ 9,476
Work-in-process	45,384	52,097
Finished goods	16,895	19,956
	<u>\$ 71,379</u>	<u>\$ 81,529</u>

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

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

	<u>December 29, 2006</u>	<u>September 29, 2006</u>
Land	\$ 9,423	\$ 9,423
Land and leasehold improvements	3,691	3,990
Buildings	56,773	55,983
Machinery and equipment	312,336	308,618
Construction in progress	23,448	22,564
	405,671	400,578
Accumulated depreciation and amortization	<u>(258,517)</u>	<u>(250,195)</u>
	<u>\$ 147,154</u>	<u>\$ 150,383</u>

NOTE 6. GOODWILL AND INTANGIBLE ASSETS

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

	Weighted Average Amortization Period (Years)	As of					
		December 29, 2006			September 29, 2006		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Goodwill		\$492,045	\$ —	\$492,045	\$493,389	\$ —	\$493,389
Amortized intangible assets							
Developed technology	10	\$ 10,550	\$ (5,743)	\$ 4,807	\$ 10,550	\$ (5,525)	\$ 5,025
Customer relationships	10	12,700	(5,726)	6,974	12,700	(5,408)	7,292
Other	3	122	(122)	—	122	(122)	—
		23,372	(11,591)	11,781	23,372	(11,055)	12,317
Unamortized intangible assets							
Trademarks		3,269	—	3,269	3,269	—	3,269
Total intangible assets		\$ 26,641	\$ (11,591)	\$ 15,050	\$ 26,641	\$ (11,055)	\$ 15,586

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

	Three-months Ended	
	December 29, 2006	December 30, 2005
Amortization expense	\$536	\$536

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

	Goodwill and Intangible Assets					
	Goodwill	Developed Technology	Customer Relationships	Trademarks	Other	Total
Balance as of September 29, 2006	\$493,389	\$ 10,550	\$ 12,700	\$ 3,269	\$ 122	\$520,030
Deductions during period	(1,344)	—	—	—	—	(1,344)
Balance as of December 29, 2006	\$492,045	\$ 10,550	\$ 12,700	\$ 3,269	\$ 122	\$518,686

The deduction to goodwill in the three-month period ended December 29, 2006 reflects the recognition of a portion of the deferred tax assets for which no benefit was previously recognized as of the date of the Merger. The future realization of certain pre-Merger deferred tax assets will be applied to reduce the carrying value of goodwill. The remaining pre-Merger deferred tax assets that could reduce goodwill in future periods are \$30.6 million as of December 29, 2006.

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

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

NOTE 7. BORROWING ARRANGEMENTS

LONG-TERM DEBT

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

	December 29, 2006	September 29, 2006
Junior notes	\$ 179,335	\$ 179,335
Less-current maturities	179,335	—
	\$ —	\$ 179,335

SHORT-TERM DEBT

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

	December 29, 2006	September 29, 2006
Junior notes	\$ 179,335	\$ —

Credit Facility

<u>50,000</u>	<u>50,000</u>
<u>\$ 229,335</u>	<u>\$ 50,000</u>

Junior notes represent the Company's 4.75% convertible subordinated notes due November 2007. These Junior notes can be converted into 110,491.1 shares of common stock per \$1,000 principal balance, which is the equivalent of a conversion price of approximately \$9.05 per share. The Company may redeem the Junior notes at any time after November 20, 2005. The redemption price of the Junior notes between the period November 20, 2005 through November 14, 2006, was \$1,011.875 per \$1,000 principal amount of notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date. The redemption price of the notes beginning on November 15, 2006 and thereafter is \$1,000 per \$1,000 principal amount of notes to be redeemed, plus accrued and unpaid interest, if any, to the redemption date. Holders may require the Company to repurchase the Junior notes upon a change in control of the Company. The Company pays interest in cash semi-annually in arrears on May 15 and November 15 of each year.

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

NOTE 8. CONTINGENCIES

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

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

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

NOTE 9. GUARANTEES AND INDEMNITIES

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

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

NOTE 10. RESTRUCTURING AND SPECIAL CHARGES

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

	<u>Three-months Ended</u>	
	<u>December 29, 2006</u>	<u>December 30, 2005</u>
Restructuring and special charges	<u>\$ 5,473</u>	<u>\$ —</u>
	<u>\$ 5,473</u>	<u>\$ —</u>

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

2006 RESTRUCTURING CHARGES AND OTHER

On September 29, 2006, the Company implemented a plan to exit its baseband product area in order to focus on its core business encompassing linear products, power amplifiers, front-end modules and radio solutions. The Company recorded various charges associated with this action.

The Company recorded additional restructuring charges of \$5.5 million related to the exit of the baseband product area in the first fiscal quarter of 2007. These charges consist of \$4.1 million relating to the exit of certain operating leases, and \$1.4 million for the write down of a technology license.

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

	<u>Facility Closings</u>	<u>License and Software Write-offs</u>	<u>Workforce Reductions</u>	<u>Asset Impairments</u>	<u>Total</u>
Charged to costs and expenses	\$ 105	\$ 9,583	\$ 13,070	\$ 4,197	\$ 26,955
Non-cash items	—	(6,426)	—	(4,197)	(10,623)
Cash payments	—	—	—	—	—
Restructuring balance, September 29, 2006	\$ 105	\$ 3,157	\$ 13,070	\$ —	\$ 16,332
Charged to costs and expenses	4,079	1,394	—	—	5,473
Non-cash items	—	(419)	—	—	(419)
Cash payments	(352)	(74)	(7,942)	—	(8,368)
Restructuring balance, December 29, 2006	<u>\$ 3,832</u>	<u>\$ 4,058</u>	<u>\$ 5,128</u>	<u>\$ —</u>	<u>\$ 13,018</u>

The Company anticipates that substantially all of the remaining payments associated with the exit of the baseband product area will be remitted by the end of fiscal year 2007. However, certain costs primarily associated with the facility closings (where the operating leases extend beyond the end of fiscal year 2007) will be remitted in periods beyond fiscal 2007.

PRE-MERGER ALPHA RESTRUCTURING PLAN

The Company assumed approximately \$7.8 million of restructuring reserves from Alpha in connection with the Merger. During the first quarters of fiscal 2007 and fiscal 2006, payments related to the restructuring reserves assumed from Alpha were \$0.1 million and \$0.1 million, respectively. As of December 29, 2006 and December 30, 2005, the restructuring reserve balance related to Alpha was \$0.6 million and \$0.9 million, respectively, and primarily related to estimated future payments on a lease that expires in 2008.

NOTE 11. SEGMENT INFORMATION

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

NOTE 12. EMPLOYEE STOCK BENEFIT PLANS

Net income for the three-month period ending December 29, 2006 and December 30, 2005 included share-based compensation expense under SFAS 123(R) of \$2.0 million and \$3.0 million, respectively. Share-based compensation expense for the three-month period ended December 29, 2006 included \$0.8 million on employee stock options, \$0.6 million on non-vested restricted stock with service and market conditions, \$0.3 million on non-vested restricted stock with service conditions and \$0.3 million on the Employee Stock Purchase Plan (“ESPP”). Share-based compensation expense for the three-month period ended December 30, 2005 included \$2.4 million on employee stock options, \$0.1 million on non-vested restricted stock with service and market conditions, \$0.1 million on non-vested restricted stock with service conditions and \$0.4 million on the ESPP.

Employee Stock Purchase Plan

The Company maintains a domestic and an international employee stock purchase plan. Under these plans, eligible employees may purchase common stock through payroll deductions of up to 10% of compensation. The price per share is the lower of 85% of the market price at the beginning or end of each offering period (generally six months). The plans provide for purchases by employees of up to an aggregate of 4.6 million shares through December 31, 2012. There were no shares of common stock purchased under these plans during the three-month periods ended December 29, 2006 and December 30, 2005. At December 29, 2006, 1.7 million shares were available for purchase under these plans. The Company recognized compensation expense of \$0.3 million and \$0.4 million for the three-month periods ended December 29, 2006 and December 30, 2005, respectively.

Employee Stock Option Plans

The Company has share-based compensation plans under which employees and directors may be granted options to purchase common stock. Options are generally granted with exercise prices at not less than the fair market value on the grant date, generally vest over 4 years and expire 7 or 10 years after the grant date. As of December 29, 2006, a total of 46.8 million shares are authorized for grant under the Company’s share-based compensation plans. The number of common shares reserved for granting of future awards to employees and directors under these plans was 12.5 million at December 29, 2006. In addition, options outstanding as of December 29, 2006 include 8.9 million options issued in connection with the Merger. The remaining unrecognized compensation expense on stock options at December 29, 2006 was \$23.3 million. The weighted average period over which the cost is expected to be recognized is approximately 2.9 years.

Distribution and Dilutive Effect of Options

The following table illustrates the grant dilution and exercise dilution:

(In thousands)	Three-months Ended	
	December 29, 2006	December 30, 2005
Shares of common stock outstanding	<u>163,020</u>	<u>159,290</u>
Granted	2,550	2,978
Cancelled/forfeited	(1,715)	(921)
Expired	—	—
Net options granted	835	2,057
Grant dilution (1)	0.5%	1.3%
Exercised	670	56
Exercise dilution (2)	0.4%	0.0%

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

During the three-month period ended December 29, 2006, the dilutive effect of in-the-money employee stock options was approximately 1.7 million shares or 1.0% of the basic shares outstanding based on the Company's average share price of \$6.98.

General Option Information

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

	Shares Available for Grant	Options Outstanding	
	Shares	Shares	Weighted average exercise price of shares under plan
Balance outstanding at September 30, 2005	8,415	31,578	\$ 12.99
Granted (1)	(5,770)	3,869	5.19
Exercised	—	(393)	4.44
Cancelled/forfeited (2)	2,386	(4,176)	12.65
Additional shares reserved	<u>10,000</u>	<u>—</u>	<u>—</u>
Balance outstanding at September 29, 2006	15,031	30,878	\$ 12.17
Granted (1)	(3,450)	2,550	6.73
Exercised	—	(671)	4.71
Cancelled/forfeited (2)	<u>906</u>	<u>(1,715)</u>	<u>13.85</u>
Balance outstanding at December 29, 2006	<u><u>12,487</u></u>	<u><u>31,042</u></u>	<u><u>\$ 11.79</u></u>

- (1) "Granted" under "Shares Available for Grant" includes restricted stock grants for the three-month period ended December 29, 2006 and for the year ended September 29, 2006 of 0.6 million shares and 1.0 million shares, respectively. Pursuant to the plan under which they were awarded, these restricted stock grants are deemed equivalent to the issue of 0.9 million and 1.6 million stock options, respectively. "Granted" under "Shares Available for Grant" for the year ended September 29, 2006 also includes performance awards of 0.2 million shares. Pursuant to the plan under which they were awarded, these performance shares are deemed equivalent to the issue of 0.3 million stock options.
- (2) "Cancelled" under "Shares Available for Grant" do not include any cancellations under terminated plans. For the three-month period ended December 29, 2006 and for the year ended September 29, 2006 cancellations under terminated plans were 0.8 million and 1.8 million, respectively.

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

Range of exercise Prices	Options Outstanding				Options Exercisable			
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price per share	Aggregate Intrinsic Value	Options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price per share	Aggregate Intrinsic Value
\$0.83 – \$4.99	5,185	6.2	\$ 4.75	\$ 12,098	3,317	5.8	\$ 4.62	\$ 8,156
\$5.07 – \$8.33	5,335	8.0	\$ 6.56	\$ 3,364	1,188	6.6	\$ 6.63	\$ 859
\$8.35 – \$9.18	6,751	6.6	\$ 9.06	—	5,348	7.2	\$ 9.09	—
\$9.19 – \$16.26	6,197	4.5	\$ 12.27	—	6,068	4.9	\$ 12.30	—
\$16.29 – \$21.31	6,143	3.2	\$ 19.64	—	6,143	3.3	\$ 19.64	—
\$21.56 – \$170.44	<u>1,431</u>	<u>3.0</u>	<u>\$ 33.95</u>	<u>—</u>	<u>1,431</u>	<u>3.1</u>	<u>\$ 33.95</u>	<u>—</u>
	<u><u>31,042</u></u>	<u><u>5.5</u></u>	<u><u>\$ 11.79</u></u>	<u><u>\$ 15,462</u></u>	<u><u>23,495</u></u>	<u><u>4.6</u></u>	<u><u>\$ 13.44</u></u>	<u><u>\$ 9,015</u></u>

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The aggregate intrinsic value in the preceding table represents the total pretax intrinsic value, based on the Company's closing stock price of \$7.08 as of December 29, 2006, which would have been received by the option holders had all option holders exercised their options as of that date. The aggregate intrinsic value of options exercised for the three-month periods ended December 29, 2006 and December 30, 2005 were \$1.6 million and \$0.1 million, respectively. The fair value of stock options vested at December 29, 2006 and December 30, 2005 were \$68.0 million and \$67.8 million, respectively. The total number of in-the-money options exercisable as of December 29, 2006 was 4.1 million. As of September 29, 2006, 23.1 million options were exercisable at a weighted average exercise price of \$14.05.

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

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

	<u>Shares</u>	<u>Weighted average Grant-date fair value</u>
Balance Outstanding at September 30, 2005	161	\$ 5.20
Granted	1,094	5.14
Vested	(89)	4.94
Forfeited	<u>(12)</u>	<u>5.14</u>
Balance Outstanding at September 29, 2006	1,154	\$ 5.17
Granted	626	6.74
Vested	(242)	4.99
Forfeited	<u>(25)</u>	<u>5.47</u>
Balance Outstanding at December 29, 2006	<u>1,513</u>	<u>\$ 5.84</u>

281,941 restricted stock awards and 49,000 performance awards are vested at December 29, 2006.

Valuation and Expense Information under SFAS 123(R)

The following table summarizes share-based compensation expense related to employee stock options, employee stock purchases, and restricted stock grants under SFAS 123(R) for the three-month periods ended December 29, 2006 and December 30, 2005 which was allocated as follows:

(In thousands)	Three-months Ended	
	December 29, 2006	December 30, 2005
Cost of sales	125	350
Research and development	486	1,418
Selling, general and administrative	<u>1,415</u>	<u>1,263</u>
Share-based compensation expense included in operating expenses	<u>\$ 2,026</u>	<u>\$ 3,031</u>

As of December 29, 2006 and December 30, 2005, the Company had capitalized share-based compensation expense of \$0.1 million and \$0.4 million in inventory. The Company did not recognize any tax benefit on the share-based compensation recorded in the three-month periods ended December 29, 2006 and December 30, 2005 because we have established a valuation allowance against our net deferred tax assets.

The weighted-average estimated fair value of employee stock options granted during the three-month period ended December 29, 2006 and December 30, 2005 was \$3.77 per share and \$3.06 per share, respectively, using the Black Scholes option-pricing model with the following weighted-average assumptions:

	Three-months Ended	
	December 29, 2006	December 30, 2005
Expected volatility	57.32%	66.02%
Risk free interest rate (7 year contractual life options)	4.64%	4.45%
Risk free interest rate (10 year contractual life options)	4.63%	4.45%
Dividend yield	0.00	0.00
Expected option life (7 year contractual life options)	4.57	4.42
Expected option life (10 year contractual life options)	5.86	5.84

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The Company used an arithmetic average of historical volatility and implied volatility to calculate its expected volatility at December 29, 2006. Historical volatility was determined by calculating the mean reversion of the daily-adjusted closing stock price over the past 4.5 years of the Company's existence (post-Merger). The implied volatility was calculated by analyzing the 52-week minimum and maximum prices of publicly traded call options on the Company's common stock. The Company concluded that an arithmetic average of these two calculations provided for the most reasonable estimate of expected volatility under the guidance of SFAS 123(R).

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

The expected life of employee stock options represents a calculation based upon the historical exercise, cancellation and forfeiture experience for the Company over the 4.5 years between June 2002 (post-Merger) and December 29, 2006. The Company determined that it had two populations with unique exercise behavior. These populations included stock options with a contractual life of 7 years and 10 years, respectively.

As share-based compensation expense recognized in the Consolidated Statement of Operations for the three-month period ended December 29, 2006 is actually based on awards ultimately expected to vest, it has been reduced for annualized estimated forfeitures of 12.85%. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

NOTE 13. EARNINGS PER SHARE

(In thousands, except per share amounts)	Three-months Ended	
	December 29, 2006	December 30, 2005
Net income	<u>\$ 12,037</u>	<u>\$ 4,287</u>
Weighted average shares outstanding — basic	161,183	158,573
Effect of dilutive stock options and restricted stock	<u>1,697</u>	<u>254</u>
Weighted average shares outstanding — diluted	<u>162,880</u>	<u>158,827</u>
Net income per share — basic	\$ 0.07	\$ 0.03
Effect of dilutive stock options	—	—
Net income per share — diluted	<u>\$ 0.07</u>	<u>\$ 0.03</u>

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

Debt securities convertible into approximately 19.8 million shares and equity based awards exercisable for approximately 21.5 million shares were outstanding but not included in the computation of earnings per share for the three-month period ended December 29, 2006 as their effect would have been anti-dilutive. If the Company had earned at least \$19.5 million in net income for the three-month period ended December 29, 2006, the debt securities would have been dilutive to earnings per share. Debt securities convertible into approximately 25.4 million shares and equity based awards exercisable for approximately 26.1 million shares were outstanding but not included in the computation of earnings per share for the three-month period ended December 30, 2005 as their effect would have been anti-dilutive.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report and other documents we have filed with the Securities and Exchange Commission ("SEC") contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, and are subject to the "safe harbor" created by those sections. Words such as "believes," "expects," "may," "will," "would," "should," "could," "seek," "intends," "plans," "potential," "continue," "estimates," "anticipates," "predicts," and similar expressions or variations or negatives of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this report. Additionally, statements concerning future matters such as the development of new products, enhancements or technologies, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements. Although forward-looking statements in this report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements involve inherent risks and uncertainties and actual results and outcomes may differ materially and adversely from the results and outcomes discussed in or anticipated by the forward-looking statements. A number of important factors could cause actual results to differ materially and adversely from those in the forward-looking statements. We urge you to consider the risks and uncertainties discussed in our Annual Report on Form 10-K for the fiscal year ended September 29, 2006, under the heading "Certain Business Risks" and in the other documents filed with the 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.

In this document, the words "we," "our," "ours" and "us" refer only to Skyworks Solutions, Inc. and not any other person or entity.

RESULTS OF OPERATIONS

THREE-MONTHS ENDED DECEMBER 29, 2006 AND DECEMBER 30, 2005

The following table sets forth the results of our operations expressed as a percentage of net revenues for the three-month periods ended December 29, 2006 and December 30, 2005:

	Three-months Ended	
	December 29, 2006	December 30, 2005
Net revenues	100.0%	100.0%
Cost of goods sold	<u>61.6</u>	<u>62.3</u>
Gross margin	38.4	37.7
Operating expenses:		
Research and development	15.5	21.4
Selling, general and administrative	12.2	11.7
Restructuring and other charges	2.8	—
Amortization	<u>0.3</u>	<u>0.3</u>
Total operating expenses	<u>30.8</u>	<u>33.4</u>
Operating income	7.6	4.3
Interest expense	(1.7)	(1.9)
Other income, net	<u>1.1</u>	<u>1.2</u>
Income before income taxes	7.0	3.6
Provision for income taxes	<u>0.9</u>	<u>1.4</u>
Net income	<u>6.1%</u>	<u>2.2%</u>

GENERAL

During the three-month period ended December 29, 2006, certain key factors contributed to our overall results of operations and cash flows from operations. More specifically:

- We substantially concluded the exit of our baseband product area and we are now focused on our core higher growth power amplifier, front-end modules, radio solution and linear product areas. We recorded additional restructuring charges of \$5.5 million related to the write-down of technology licenses and lease termination costs;
- We achieved cash provided by operations of \$15.8 million for the three-month period ended December 29, 2006 and operating income of \$14.9 million.
- While overall revenues declined, revenues from our Linear Products area increased by 61.4% from the quarter ended December 30, 2005 to the quarter ended December 29, 2006. This increase was offset by a decrease in revenues from our baseband product area (due to our exit of this product area) for the three-month period ended December 29, 2006 as compared to the first quarter of fiscal 2006;
- We achieved operating income of \$14.9 million in the first quarter of fiscal 2007 as compared to operating income of \$8.5 million in the first quarter of fiscal 2006. This 74.8% increase in operating income was primarily the result of a reduction in research and development costs of \$12.0 million resulting from the exit of our baseband product area. Additionally, gross profit in aggregate dollars and as a percentage of sales improved in the first quarter of fiscal 2007 as compared to the corresponding period in the prior year due to the achievement of a richer revenue mix partially offset by costs related to the overall reduction in inventory levels. More specifically, gross margin as a percentage of revenue increased to 38.4% from 37.7% for the quarter ended December 29, 2006 as compared to the three-month period ended December 30, 2005.
- We recorded \$2.0 million in share-based compensation expense during the three-month period ended December 29, 2006 as compared to \$3.0 million in the corresponding period in fiscal 2006. Approximately \$0.1 million, \$0.5 million and \$1.4 million were included in cost of goods sold, research and development expense and selling, general and administrative expense, respectively, for the three-month period ended December 29, 2006;

SHARED-BASED PAYMENTS

We grant stock options to purchase our common stock to our employees and directors under our stock option plans. We also grant restricted stock to certain key employees, which may have service, market or performance based conditions attached, and we also grant performance shares to certain of our key employees. Eligible employees can also purchase shares of our common stock at 85% of the lower of the fair market value on the first or the last day of the offering period under our employee stock purchase plan. The benefits provided under these plans are share-based payments subject to the provisions of revised Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS 123(R)", "Share-Based Payment." Effective October 1, 2005, we use the fair value method to apply the provisions of SFAS 123(R) with a modified prospective application which provides for certain changes to the method for valuing share-based compensation. The valuation provisions of SFAS 123(R) apply to new awards and to awards that are outstanding on the effective date and subsequently modified or cancelled. Under the modified prospective application, prior periods are not revised for comparative purposes. Share-based compensation expense recognized under SFAS 123(R) for the three-month period ended December 29, 2006 was \$2.0 million. At December 29, 2006, total unrecognized estimated compensation expense related to non-vested stock options granted prior to that date was \$23.3 million. The weighted average period over which the unrecognized estimated compensation expense related to non-vested stock options will be recognized is 2.9 years. Stock options, before forfeitures and cancellations, granted during the three-month period ended December 29, 2006 represented 1.6% of the Company's outstanding shares as of December 29, 2006.

At December 29, 2006, total unrecognized estimated compensation for restricted stock (nonvested awards) was \$7.3 million.

The Company uses the Black–Scholes option–pricing model to determine the fair value of its share–based awards. The Company’s determination of fair value of share–based payment awards on the date of grant using an option–pricing model is affected by the Company’s stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company’s expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

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

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

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

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

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

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During fiscal 2005, fiscal 2006, and fiscal 2007 we elected to gradually transition more of our share-based compensation awards to restricted stock (with service, market or performance based conditions) from traditional stock options.

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

We used an arithmetic average of historical volatility and implied volatility to calculate our expected volatility at December 29, 2006. Historical volatility was determined by calculating the mean reversion of the daily-adjusted closing stock price over the past 4.50 years of our existence (post-Merger). The implied volatility was calculated by analyzing the 52-week minimum and maximum prices of publicly traded call options on our common stock. We concluded that an arithmetic average of these two calculations provided for the most reasonable estimate of expected volatility under the guidance of SFAS 123(R). Utilizing this methodology results in a volatility of 57.32% for the three-month period ended December 29, 2006.

The expected life of employee stock options represents a calculation based upon the historical exercise experience of our stock options over the 4.5 years from June 2002 (post-Merger) to December 29, 2006. We determined that we had two populations with unique exercise behavior. These populations included stock options with a contractual life of 7 years and 10 years, respectively. This methodology results in an expected term calculation of 4.57 and 5.86 years, respectively.

The risk-free interest rate is based on the yield curve of U.S. Treasury strip securities for a period consistent with the contractual life of the option in effect at the time of grant (weighted-average of 4.64% and 4.63% for stock options with a contractual life of 7 years and 10 years, respectively, at December 29, 2006).

The post-vesting forfeiture rate is estimated using historical option cancellation information (weighted-average of 12.85% at December 29, 2006).

NET REVENUES

(dollars in thousands)	Three-months Ended	
	December 29, 2006	December 30, 2005
Net revenues	\$196,030	\$198,325
		(1.2)%

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

Net revenues decreased 1.2% overall for the first fiscal quarter of 2007 as compared to the first fiscal quarter of 2006. However, revenues from our Linear Product area increased 61.4% in the first fiscal quarter of 2007 as compared to the corresponding period in fiscal 2006. However, this increase was completely offset by a decline in revenues from our baseband product area as we implemented a plan to exit the baseband product area in September 2006. Overall average selling prices declined by approximately 8.3% in the first quarter of fiscal 2007 as compared to the corresponding period in the prior year. Net revenues from our top three customers increased to 54.3% in the first quarter of fiscal 2007 from 52.8% in the first quarter of fiscal 2006.

GROSS PROFIT

(dollars in thousands)	Three-months Ended		
	December 29, 2006	Change	December 30, 2005
Gross profit	\$75,316	0.8%	\$74,723
% of net revenues	38.4%		37.7%

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

Gross profit increased both in aggregate dollars and as a percentage of revenue for the three-months ended December 29, 2006 when compared to the corresponding period in the previous fiscal year. The increase in gross profit as a percentage of revenue was principally due to a richer revenue mix partially offset by costs related to the overall reduction in inventory levels. Additionally, we benefited from higher contribution margins received from the licensing of intellectual property during the first quarter of fiscal year 2007 as compared to the corresponding quarter in fiscal 2006.

RESEARCH AND DEVELOPMENT

(dollars in thousands)	Three-months Ended		
	December 29, 2006	Change	December 30, 2005
Research and development	\$30,412	(28.3)%	\$42,430
% of net revenues	15.5%		21.4%

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

The decrease in research and development expenses for the three-months ended December 29, 2006 when compared to the corresponding period in the previous fiscal year is predominantly attributable to decreased labor and benefit costs as a result of the workforce reductions associated with the exit of our baseband product area. In addition, efficiencies were achieved in the utilization of outside services, business travel and hardware/software costs. We also incurred lower research and development related share-based compensation expense in the first quarter of fiscal 2007 as compared to the same period in the prior year related to terminated baseband product personnel.

SELLING, GENERAL AND ADMINISTRATIVE

(dollars in thousands)	Three-months Ended		
	December 29, 2006	Change	December 30, 2005
Selling, general and administrative	\$24,028	3.3%	\$23,253
% of net revenues	12.2%		11.7%

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

Selling, general and administrative expenses increased for the three-months ended December 29, 2006 when compared to the corresponding period in the previous fiscal year primarily as the result of higher legal expenses and an increase in employee incentive costs. These cost increases were partially offset by lower marketing communication expenses incurred in the first quarter of fiscal 2007.

RESTRUCTURING AND SPECIAL CHARGES

(dollars in thousands)	Three-months Ended		December 30, 2005
	December 29, 2006	Change	
Restructuring and special charges	\$5,473	100.0%	\$ —
% of net revenues	2.8%		0.0%

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

For the three-month period ended December 29, 2006, we recorded an additional \$1.4 million related to the write-down of technology licenses and design software, and \$4.1 million related to lease obligations associated with the shut-down of certain locations associated with the baseband product area.

On September 29, 2006, we implemented a plan to exit our baseband product area in order to focus on our core business encompassing linear products, radio solutions, power amplifiers and front-end modules.

For additional information regarding restructuring charges and liability balances, see Note 10 of Notes to Interim Consolidated Financial Statements

AMORTIZATION OF INTANGIBLE ASSETS

(dollars in thousands)	Three-months Ended		December 30, 2005
	December 29, 2006	Change	
Amortization	\$536	0.0%	\$536
% of net revenues	0.3%		0.3%

In 2002, we recorded \$36.4 million of intangible assets consisting of developed technology, customer relationships and a trademark. These assets are principally being amortized on a straight-line basis over a 10-year period.

INTEREST EXPENSE

(dollars in thousands)	Three-months Ended		December 30, 2005
	December 29, 2006	Change	
Interest expense	\$3,249	(14.8)%	\$3,812
% of net revenues	1.7%		1.9%

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

The decrease in interest expense for the three-month period ended December 29, 2006 when compared to the corresponding period in fiscal 2006 is primarily due to the retirement of \$50.7 million of our Junior Notes in March 2006 and the associated decrease in required interest payments.

See Note 7 of Notes to Interim Consolidated Financial Statements for information related to our borrowing arrangements.

OTHER INCOME, NET

(dollars in thousands)	Three-months Ended		December 30, 2005
	December 29, 2006	Change	
Other income, net	\$2,155	(7.1)%	\$2,319
% of net revenues	1.1%		1.2%

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

The decrease in other income for the three-month period ended December 29, 2006 when compared to the corresponding period in the previous fiscal year is primarily related to a translation gain recorded on the remeasurement of accounts for the three-month period ended December 30, 2005. There were no significant gains or losses recorded in the same period in fiscal 2007.

PROVISION FOR INCOME TAXES

(dollars in thousands)	Three-months Ended	
	December 29, 2006	December 30, 2005
Provision for income taxes	\$1,736	\$2,724
% of net revenues	0.9%	1.4%

As a result of our history of operating losses and the expectation of future operating results, we determined that it is more likely than not that historical income tax benefits will not be realized except for certain future deductions associated with our foreign operations. Consequently, as of December 29, 2006, we have maintained a valuation allowance against all of our net U.S. deferred tax assets. Deferred tax assets have been recognized for foreign operations when management believes they will be recovered during the carry forward period.

The provision for income taxes for the three-months ended December 29, 2006 and December 30, 2005 consists of approximately \$1.3 million and \$1.4 million, respectively, of U.S. income taxes recorded as a charge reducing the carrying value of goodwill. As noted in our Annual Report on Form 10-K, no benefit has been recognized for certain pre-Merger deferred tax assets. The benefit from the recognition of these deferred items reduces the carrying value of goodwill instead of reducing income tax expense. We will evaluate the realization of the pre-Merger deferred tax assets on a quarterly basis and adjust the provision for income taxes accordingly. As a result, the effective tax rate may vary in subsequent quarters.

In addition, the provision for income taxes for the three-months ended December 29, 2006 and December 30, 2005, consists of approximately \$0.2 million and \$1.1 million of foreign income taxes incurred by foreign operations, respectively. The provision for income taxes for the three-months ended December 29, 2006 and December 30, 2005 included \$0.0 million and \$0.8 million of foreign taxes related to the reduction of the carrying value of the deferred tax asset attributable to our Mexico operations. In 2006, the Company reorganized its Mexico operations. As a result, the long-term deferred tax asset relating to the impairment of its Mexico assets was written off because the machinery and equipment was transferred to a United States Company. Therefore, the income tax provision for December 29, 2006 does not include any amortization related to this deferred tax asset.

For the three-months ended December 29, 2006, U.S. income tax was provided on current earnings attributable to our operations in Mexico. No provision has been made for U.S. federal, state, or additional foreign income taxes, which would be due upon the actual or deemed distribution of undistributed earnings of our other foreign subsidiaries, which have been or are, intended to be permanently reinvested. The effect on our financial statements is immaterial.

LIQUIDITY AND CAPITAL RESOURCES

(dollars in thousands)	Three-months Ended	
	December 29, 2006	December 30, 2005
Cash and cash equivalents at beginning of period	\$136,749	\$ 116,522
Net cash provided by operating activities	15,760	22,000
Net cash (used in) investing activities	(41,234)	(15,278)
Net cash provided by financing activities	<u>2,657</u>	<u>248</u>
Cash and cash equivalents at end of period	<u>\$113,932</u>	<u>\$ 123,492</u>

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Based on our results of operations for fiscal 2006 and the first quarter of fiscal 2007 along with current trends, we expect our existing sources of liquidity, together with cash expected to be generated from operations and short-term investments along with our ability to access financial markets for additional debt or equity financing, will allow us to sufficiently fund our research and development, capital expenditures, debt obligations (to replace existing or maturing debt instruments), purchase obligations, working capital and other cash requirements for at least the next 12 months. However, we cannot assure you that the capital required to fund these expenses will be available in the future. In addition, any strategic investments and acquisitions that we may make to help us grow our business may require additional capital resources. If we are unable to obtain enough capital to meet our capital needs on a timely basis or at all, our business and operations could be materially adversely affected.

Cash, cash equivalent balances and short-term investments increased \$12.1 million to \$177.0 million at December 29, 2006 from \$164.9 million at September 29, 2006. The number of days sales outstanding for the three-months ended December 29, 2006 decreased to 76 from 79 for the corresponding period in the previous fiscal year. Annualized inventory turns for the three-months ended December 29, 2006 were 6.8 compared to 6.3 for the corresponding period in the previous fiscal year.

During the three-months ended December 29, 2006, we generated \$15.8 million in cash from operating activities as we achieved net income of \$12.0 million, experienced a decrease in inventory balances of \$10.3 million and an increase in other liabilities of \$1.1 million offset by an increase in receivables of \$4.3 million and a decrease in accounts payables of \$17.0 million. We incurred multiple non-cash charges (e.g., depreciation, amortization, contribution of common shares to savings and retirement plans, share-based compensation expense and non-cash restructuring expense) totaling \$15.1 million.

Cash used in investing activities for the three-months ended December 29, 2006, consisted of net purchases of \$35.0 million in auction rate securities and capital expenditures of \$6.3 million primarily related to the purchase of equipment utilized to support an anticipated expanded level of highly integrated product demand requiring more technologically enhanced manufacturing capacity. We believe a focused program of capital expenditures will be required to sustain our current manufacturing capabilities. Future capital expenditures will be funded by the generation of positive cash flows from operations. We may also consider acquisition opportunities to extend our technology portfolio and design expertise and to expand our product offerings.

Cash provided by financing activities for the three-months ended December 29, 2006, primarily is comprised of cash provided by stock option exercises of \$3.2 million.

In connection with our exit of the baseband product area, we anticipate making remaining cash payments of approximately \$15.8 million in future periods. We anticipate the majority of these payments will be remitted in fiscal 2007. We expect our existing sources of liquidity, together with cash expected to be generated from operations and short-term investments, will be sufficient to fund these costs associated with the exit of our baseband product area.

CONTRACTUAL OBLIGATIONS

Our contractual obligations disclosure in our annual report on Form 10-K for the year ended September 29, 2006 has not materially changed since we filed that report, with the exception that we reclassified our convertible subordinated notes from long-term debt to short-term debt in the quarter ended December 29, 2006 due to the fact that such notes become due in November 2007. Our short-term debt is more fully described in Note 7 of this Form 10-Q.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2006, the FASB issued FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109” (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company expects to adopt FIN48 on September 29, 2007, the first day of fiscal 2008 and has not yet determined the impact this interpretation will have on our results from operations or financial position.

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

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to foreign exchange and interest rate risk. There have been no material changes in market risk exposures from those disclosed in our Annual Report on Form 10–K for the fiscal year ended September 29, 2006.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 29, 2006. The term “disclosure controls and procedures,” as defined in Rules 13a–15(e) and 15d–15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies

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its judgment in evaluating the cost–benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 29, 2006, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in internal control over financial reporting.

No changes in our internal control over financial reporting (as defined in Rules 13a–15(f) and 15d–15(f) of the Exchange Act) occurred during the fiscal quarter ended December 29, 2006 that has materially affected, or is reasonably likely to materially affect, Skyworks' internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors disclosed in Item 1A, of our Annual Report on Form 10–K for the year ended September 29, 2006.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c)

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

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximately Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</u>
November 7, 2006	74,677(1)	\$ 6.73	N/A(2)	N/A(2)

- (1) All shares of common stock reported in the table above were purchased by us, at the fair market value of the common stock on November 7, 2006, in connection with the satisfaction of tax withholding obligations under restricted stock agreements between us and certain of our executive officers and key employees.
- (2) We have no publicly announced plans or programs.

ITEM 6. EXHIBITS

Number	Description
10.L	Skyworks Solutions Inc 2002 Qualified Employee Stock Purchase Plan (as amended 1/31/06)
10.S	Skyworks Solutions Inc 2005 Long-Term Incentive Plan (as amended 1/31/06)
31.1*	Certification of the Company's Chief Executive Officer pursuant to Securities Exchange Act of 1934, as amended, Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Chief Financial Officer pursuant to Securities Exchange Act of 1934, as amended, Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.

SIGNATURES

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

SKYWORKS SOLUTIONS, INC.

Date: February 7, 2007

By: /s/ David J. Aldrich
David J. Aldrich, President and Chief
Executive Officer (Principal Executive
Officer)

By: /s/ Allan M. Kline
Allan M. Kline, Chief Financial Officer
(Principal Financial Officer)

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EXHIBIT INDEX

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SKYWORKS SOLUTIONS, INC.

2002 EMPLOYEE STOCK PURCHASE PLAN

1. PURPOSE.

The Skyworks Solutions, Inc. 2002 Employee Stock Purchase Plan (hereinafter the "Plan") is intended to provide a method whereby employees of Skyworks Solutions, Inc. (the "Company") and its participating subsidiaries (as defined in Article 18) will have an opportunity to acquire a proprietary interest in the Company through the purchase of shares of the Company's Common Stock. It is the intention of the Company to have the Plan qualify as an "employee stock purchase plan" under Section 423 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The provisions of the Plan shall, accordingly, be construed so as to extend and limit participation in a manner consistent with the requirements of that Section of the Internal Revenue Code.

2. ELIGIBLE EMPLOYEES.

All employees of the Company or any of its participating subsidiaries who are employed by the Company at least ten (10) business days prior to the first day of the applicable Offering Period shall be eligible to receive options under this Plan to purchase the Company's Common Stock. Except as otherwise provided herein, persons who become eligible employees after the first day of any Offering Period shall be eligible to receive options on the first day of the next succeeding Offering Period on which options are granted to eligible employees under the Plan. For the purpose of this Plan, the term employee shall not include an employee whose customary employment is less than twenty (20) hours per week or is for not more than five (5) months in any calendar year.

As amended, 1/31/06

Approved by Stockholders 3/30/06

In no event may an employee be granted an option if such employee, immediately after the option is granted, owns stock possessing five (5%) percent or more of the total combined voting power or value of all classes of stock of the Company or of its parent corporation or subsidiary corporation as the terms "parent corporation" and "subsidiary corporation" are defined in Section 424(e) and (f) of the Internal Revenue Code. For purposes of determining stock ownership under this paragraph, the rules of Section 424(d) of the Internal Revenue Code shall apply and stock which the employee may purchase under outstanding options shall be treated as stock owned by the employee.

3. STOCK SUBJECT TO THE PLAN.

The stock subject to the options granted hereunder shall be shares of the Company's authorized but unissued Common Stock or shares of Common Stock reacquired by the Company, including shares purchased in the open market. Subject to approval of the stockholders, the aggregate number of shares which may be issued pursuant to the Plan is 3,880,000 for all Offering Periods, subject to increase or decrease by reason of stock split-ups, reclassifications, stock dividends, changes in par value and the like. If any option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, the unpurchased shares subject to such option shall again be available under the Plan. If the number of shares of Common Stock available for any Offering Period is

As amended, 1/31/06
Approved by Stockholders 3/30/06

insufficient to satisfy all purchase requirements for that Offering Period, the available shares for that Offering Period shall be apportioned among participating employees in proportion to their options.

4. OFFERING PERIODS AND STOCK OPTIONS.

There shall be Offering Periods during which payroll deductions will be accumulated under the Plan. Each Offering Period includes only regular pay days falling within it. The Committee shall be expressly permitted to establish the Offering Periods, including the Offering Commencement Date and Offering Termination Date of any Offering Period, under this Plan; provided, however, that, in no event shall any Offering Period extend for more than twenty-four (24) months. The Offering Commencement Date is the first day of each Offering Period. The Offering Termination Date is the applicable date on which an Offering Period ends under this Plan.

As amended, 1/31/06

Approved by Stockholders 3/30/06

Subject to the foregoing, the Offering Periods shall generally commence and end as follows:

OFFERING COMMENCEMENT DATES -----	OFFERING TERMINATION DATES -----
Each August 1 Each February 1	Each January 31 Each July 31

Provided, however, that (i) the Offering Commencement Date and Offering Termination Date of the initial Offering Period under this Plan shall be October 21, 2002 and March 31, 2003, respectively, and (ii) the Offering Commencement Date and Offering Termination Date of the Offering Period immediately following the initial Offering Period under this Plan shall be April 1, 2003 and July 31, 2003, respectively.

On each Offering Commencement Date, the Company will grant to each eligible employee who is then a participant in the Plan an option to purchase on the Offering Termination Date at the Option Exercise Price, as hereinafter provided, that number of full shares of Common Stock reserved for the purpose of the Plan, up to a maximum of 1,000 shares, subject to increase or decrease (i) at the discretion of the Committee before each Offering Period or (ii) by reason of stock split-ups, reclassifications, stock dividends, changes in par value and the like (the "Share Cap"); provided that such employee remains eligible to participate in the Plan throughout such Offering Period. If the eligible employee's accumulated payroll deductions on the Offering Termination Date would enable the eligible

As amended, 1/31/06
Approved by Stockholders 3/30/06

employee to purchase more than the Share Cap except for the Share Cap, the excess of the amount of the accumulated payroll deductions over the aggregate purchase price of the Share Cap shall be refunded to the eligible employee as soon as administratively practicable by the Company, without interest. The Option Exercise Price for each Offering Period shall be the lesser of (i) eighty-five percent (85%) of the fair market value of the Common Stock on the Offering Commencement Date, or (ii) eighty-five percent (85%) of the fair market value of the Common Stock on the Offering Termination Date, in either case rounded up to the next whole cent. In the event of an increase or decrease in the number of outstanding shares of Common Stock through stock split-ups, reclassifications, stock dividends, changes in par value and the like, an appropriate adjustment shall be made in the number of shares and Option Exercise Price per share provided for under the Plan, either by a proportionate increase in the number of shares and proportionate decrease in the Option Exercise Price per share, or by a proportionate decrease in the number of shares and a proportionate increase in the Option Exercise Price per share, as may be required to enable an eligible employee who is then a participant in the Plan to acquire on the Offering Termination Date that number of full shares of Common Stock as his accumulated payroll deductions on such date will pay for at a price equal to the lesser of (i) eighty-five percent (85%) of the fair market value of the Common Stock on the Offering Commencement Date, or (ii) eighty-five percent (85%) of the fair market value of the Common Stock on the Offering Termination Date, in either case rounded up to the next whole cent, as so adjusted.

For purposes of this Plan, the term "fair market value" means, if the Common Stock is listed on a national securities exchange or is on the National Association of Securities Dealers Automated Quotation ("Nasdaq") National Market system, the closing sale price of the Common Stock on such exchange or as reported on Nasdaq or, if the Common Stock is traded in the over-the-counter securities

As amended, 1/31/06
Approved by Stockholders 3/30/06

market, but not on the Nasdaq National Market, the closing bid quotation for the Common Stock, each as published in The Wall Street Journal. If no shares of Common Stock are traded on the Offering Commencement Date or Offering Termination Date, the fair market value will be determined on the next regular business day on which shares of Common Stock are traded.

For purposes of this Plan the term "business day" as used herein means a day on which there is trading on the Nasdaq National Market or such national securities exchange on which the Common Stock is listed.

No employee shall be granted an option which permits his rights to purchase Common Stock under the Plan and any similar plans of the Company or any parent or subsidiary corporations to accrue at a rate which exceeds \$25,000 of fair market value of such stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with and shall be construed in accordance with Section 423(b)(8) of the Internal Revenue Code. If the participant's accumulated payroll deductions on the last day of the Offering Period would otherwise enable the participant to purchase Common Stock in excess of the Section 423(b)(8) limitation described in this paragraph, the excess of the amount of the accumulated payroll deductions over the aggregate purchase price of the shares actually purchased shall be refunded as soon as administratively practicable to the participant by the Company, without interest.

As amended, 1/31/06

Approved by Stockholders 3/30/06

5. EXERCISE OF OPTION.

Each eligible employee who continues to be a participant in the Plan on the Offering Termination Date shall be deemed to have exercised his or her option on such date and shall be deemed to have purchased from the Company such number of full shares of Common Stock reserved for the purpose of the Plan as his or her accumulated payroll deductions on such date will pay for at the Option Exercise Price subject to the Share Cap and the Section 423(b)(8) limitation described in Article 4. If a participant is not an employee on the Offering Termination Date and throughout an Offering Period, he or she shall not be entitled to exercise his or her option.

If a participant's accumulated payroll deductions in his or her account are based on a currency other than the U.S. dollar, then on the Offering Termination Date the accumulated payroll deductions in his or her account will be converted into an equivalent value of U.S. dollars based upon the U.S. dollar-foreign currency exchange rate in effect on that date, as reported in The Wall Street Journal, provided that such conversion does not result in an Option Exercise Price which is, in fact, less than the lesser of an amount equal to 85 percent of the fair market value of the Common Stock at the time such option is granted or 85 percent of the fair market value of the Common Stock at the time such option is exercised. The Plan administrators (as defined in Article 19) shall have the right to change such conversion date, as they deem appropriate to effectively purchase shares on any Offering Termination Date, provided that such action does not cause the Plan, or any grants under the Plan, to fail to qualify under Section 423 of the Internal Revenue Code.

As amended, 1/31/06
Approved by Stockholders 3/30/06

6. AUTHORIZATION FOR ENTERING PLAN.

An eligible employee may enter the Plan by following a written, electronic or other enrollment process, including a payroll deduction authorization, as prescribed by the Plan administrators under generally applicable rules. Except as may otherwise be established by the Plan administrators under generally applicable rules, all enrollment authorizations shall be effective only if delivered to the designated Plan administrator(s) in accordance with the prescribed procedures not later than ten (10) business days before an applicable Offering Commencement Date. Participation may be conditioned on an eligible employee's consent to transfer and process personal data and on acknowledgment and agreement to Plan terms and other specified conditions.

The Company will accumulate and hold for the employee's account the amounts deducted from his or her pay. No interest will be paid thereon. Participating employees may not make any separate cash payments into their account.

Unless an employee files a new authorization, or withdraws from the Plan, his or her deductions and purchases under the authorization he or she has on file under the Plan will continue as long as the Plan remains in effect. An employee may increase or decrease the amount of his or her payroll deductions as of the next Offering Commencement Date by filing a revised payroll deduction authorization in accordance with the procedures then applicable to such actions. Except as may otherwise be established by the Plan administrators under generally applicable rules, all revised authorizations shall be effective only if delivered to the designated Plan administrator(s) in accordance with the prescribed procedures not later than ten (10) business days before the next Offering Commencement Date.

As amended, 1/31/06
Approved by Stockholders 3/30/06

7. MAXIMUM AMOUNT OF PAYROLL DEDUCTIONS.

An employee may authorize payroll deductions in an amount of not less than one percent (1%) and not more than ten percent (10%) (in whole number percentages only) of his or her eligible compensation. Such deductions shall be determined based on the employee's election in effect on the payday on which such eligible compensation is paid. An employee may not make any additional payments into such account. Eligible compensation means the wages as defined in Section 3401(a) of the Internal Revenue Code, determined without regard to any rules that limit compensation included in wages based on the nature or location or employment or services performed, including without limitation base pay, shift premium, overtime, gain sharing (profit sharing), incentive compensation, bonuses and commissions and all other payments made to the employee for services as an employee during the applicable payroll period, and excluding the value of any qualified or non-qualified stock option granted to the employee to the extent such value is includible in the taxable wages, reimbursements or other expense allowances, fringe benefits, moving expenses, deferred compensation, and welfare benefits, but determined prior to any exclusions for any amounts deferred under Sections 125, 401(k), 402(e)(3), 402(h)(1)(B), 403(b) or 457(b) of the Internal Revenue Code or for certain contributions described in Section 457(h)(2) of the Internal Revenue Code that are treated as Company contributions.

8. UNUSED PAYROLL DEDUCTIONS.

Only full shares of Common Stock may be purchased. Any balance remaining in an employee's account after a purchase will be reported to the employee and will be carried forward to the next Offering Period. However, in no event will the

As amended, 1/31/06

Approved by Stockholders 3/30/06

amount of the unused payroll deductions carried forward from a payroll period exceed the Option Exercise Price per share for that Offering Period. If for any Offering Period the amount of unused payroll deductions should exceed the Option Exercise Price per share, the amount of the excess for any participant shall be refunded to such participant, without interest.

9. CHANGE IN PAYROLL DEDUCTIONS.

Unless otherwise permitted by the Committee prior to the commencement of an Offering Period, payroll deductions may not be increased, decreased or suspended by a participant during an Offering Period. However, a participant may withdraw in full from the Plan.

10. WITHDRAWAL FROM THE PLAN.

An employee may withdraw from the Plan and withdraw all but not less than all of the payroll deductions credited to his or her account under the Plan prior to the Offering Termination Date by completing and filing a withdrawal notification with the designated Plan administrator(s) in accordance with the prescribed procedures, in which event the Company will refund as soon as administratively practicable without interest the entire balance of such employee's deductions not previously used to purchase Common Stock under the Plan. Except as may otherwise be prescribed by the Plan administrators under generally applicable rules, all withdrawals shall be effective only if delivered to the designated Plan administrator(s) in accordance with the prescribed procedures not later than ten (10) business days before the Offering Termination Date.

As amended, 1/31/06

Approved by Stockholders 3/30/06

An employee who withdraws from the Plan is like an employee who has never entered the Plan; the employee's rights under the Plan will be terminated and no further payroll deductions will be made. To reenter, such an employee must re-enroll pursuant to the provisions of Article 6 before the next Offering Commencement Date which cannot, however, become effective before the beginning of the next Offering Period following his withdrawal.

11. ISSUANCE OF STOCK.

As soon as administratively practicable after each Offering Period the Company shall deliver (by electronic or other means) to the participant the Common Stock purchased under the Plan, except as specified below. The Plan administrators may permit or require that the Common Stock shares be deposited directly with a broker or agent designated by the Plan administrators, and the Plan administrators may utilize electronic or automated methods of share transfer. In addition, the Plan administrators may require that shares be retained with such broker or agent for a designated period of time (and may restrict dispositions during that period) and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares or to restrict transfer of such shares as required to ensure that the Company's applicable tax withholding obligations are satisfied.

12. NO TRANSFER OR ASSIGNMENT OF EMPLOYEE'S RIGHTS.

An employee's rights under the Plan are his or hers alone and may not be transferred or assigned to, or availed of by, any other person. Any option granted to an employee may be exercised only by him or her, except as provided in Article 13 in the event of an employee's death.

As amended, 1/31/06
Approved by Stockholders 3/30/06

13. TERMINATION OF EMPLOYEE'S RIGHTS.

Except as set forth in Article 14, an employee's rights under the Plan will terminate when he or she ceases to be an employee because of retirement, resignation, lay-off, discharge, death, change of status, failure to remain in the customary employ of the Company for twenty (20) hours or more per week, or for any other reason. Notwithstanding anything to the contrary contained in Article 10, a withdrawal notice will be considered as having been received from the employee on the day his or her employment ceases, and all payroll deductions not used to purchase Common Stock will be refunded without interest.

Notwithstanding anything to the contrary contained in Article 10, if an employee's payroll deductions are interrupted by any legal process, a withdrawal notice will be considered as having been received from him or her on the day the interruption occurs.

14. DEATH OF AN EMPLOYEE.

Upon termination of the participating employee's employment because of death, the person(s) entitled to receipt of the Common Stock and/or cash as provided in this Article 14 shall have the right to elect, by written notice given to the Plan administrators prior to the expiration of the thirty (30) day period commencing with the date of the death of the employee, either (i) to withdraw, without interest,

As amended, 1/31/06
Approved by Stockholders 3/30/06

all of the payroll deductions credited to the employee's account under the Plan, or (ii) to exercise the employee's option for the purchase of shares of Common Stock on the next Offering Termination Date following the date of the employee's death for the purchase of that number of full shares of Common Stock reserved for the purpose of the Plan which the accumulated payroll deductions in the employee's account at the date of the employee's death will purchase at the applicable Option Exercise Price (subject to the limitations set forth in Article 4), and any excess in such account (in lieu of fractional shares) will be paid to the employee's estate as soon as administratively practicable, without interest. In the event that no such written notice of election shall be duly received by the Plan administrators, the payroll deductions credited to the employee's account at the date of the employee's death will be paid to the employee's estate as soon as administratively practicable, without interest.

Except as provided in the preceding paragraph, in the event of the death of a participating employee, the Company shall deliver such Common Stock and/or cash to the executor or administrator of the estate of the employee.

15. TERMINATION AND AMENDMENTS TO PLAN.

The Plan may be terminated at any time by the Company's Board of Directors. It will terminate in any case on December 31, 2012, or if sooner, when all of the shares of Common Stock reserved for the purposes of the Plan have been purchased. In the event that the Board of Directors terminates the Plan pursuant to this Article 15, the date of such termination shall be deemed as the Offering Termination Date of the applicable Offering Period in which such termination date occurs. Upon such termination or any other termination of the Plan, all payroll deductions not used to purchase Common Stock will be refunded without interest.

As amended, 1/31/06

Approved by Stockholders 3/30/06

The Committee or the Board of Directors may from time to time adopt amendments to the Plan provided that, without the approval of the stockholders of the Company, no amendment may (i) except as provided in Articles 3, 4, 24 and 25, increase the number of shares that may be issued under the Plan; (ii) change the class of employees eligible to receive options under the Plan, if such action would be treated as the adoption of a new plan for purposes of Section 423(b) of the Internal Revenue Code; or (iii) cause Rule 16b-3 under the Securities Exchange Act of 1934 to become inapplicable to the Plan.

16. LIMITATIONS OF SALE OF STOCK PURCHASED UNDER THE PLAN.

The Plan is intended to provide shares of Common Stock for investment and not for resale. The Company does not, however, intend to restrict or influence any employee in the conduct of his or her own affairs. An employee may, therefore, sell stock purchased under the Plan at any time the employee chooses, subject to compliance with any applicable federal or state securities laws and subject to any restrictions imposed under Articles 11 and 26. Each employee agrees by entering the Plan to promptly give the Company notice of any such Common Stock disposed of within two years after the Offering Commencement Date on which the Common Stock was purchased showing the number of such shares disposed of. The employee assumes the risk of any market fluctuations in the price of such Common Stock.

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17. COMPANY'S OFFERING OF EXPENSES RELATED TO PLAN.

The Company will bear all costs of administering and carrying out the Plan.

18. PARTICIPATING SUBSIDIARIES.

The term "participating subsidiaries" shall mean any present or future subsidiary of the Company which is designated by the Committee to participate in the Plan. The Committee shall have the power to make such designation(s) before or after the Plan is approved by the stockholders.

19. ADMINISTRATION OF THE PLAN.

The Plan may be administered by the Compensation Committee, or such other committee as may be appointed by the Board of Directors of the Company (the "Committee"). No member of the Committee shall be eligible to participate in the Plan while serving as a member of the Committee. In the event that the Board of Directors fails to appoint or refrains from appointing a Committee, the Board of Directors shall have all power and authority to administer the Plan (in such event the word "Committee" shall refer to the Board of Directors).

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The Committee shall have the authority to construe and interpret the Plan and options, and to establish, amend and revoke rules and regulations for the administration of the Plan. The Committee, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective. The interpretation and construction by the Committee of any provisions of the Plan or of any option granted under it shall be final. The Committee may from time to time adopt such rules and regulations for carrying out the Plan as it may deem best. Without limiting the foregoing, the Committee shall have the power, subject to, and within the limitations of, the express provisions of the Plan: (i) to determine when and how options to purchase shares of Common Stock shall be granted and the provisions of each Offering Period (which need not be identical); (ii) to designate from time to time which participating subsidiaries of the Company shall be eligible to participate in the Plan; (iii) to determine the Offering Commencement Date and Offering Termination Date of any Offering Period; (iv) to increase or decrease the maximum number of shares which may be purchased by an eligible employee in any Offering Period; (v) to amend the Plan as provided in Article 15, and (vi) generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and the participating subsidiaries.

The Committee may delegate to one or more individuals the day-to-day administration of the Plan. Without limitation, subject to the terms and conditions of this Plan, the President, the Chief Financial Officer of the Company, and any other officer of the Company or committee of officers or employees designated by the Committee (collectively, the "Plan administrators"), shall each be authorized to determine the methods through which eligible employees may elect to participate, amend their participation, or withdraw from participation in the Plan, and establish methods of enrollment by means of a manual or electronic

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form of authorization or an integrated voice response system. The Plan administrators are further authorized to determine the matters described in Article 11 concerning the means of issuance of Common Stock and the procedures established to permit tracking of disqualifying dispositions of shares or to restrict transfer of such shares.

With respect to persons subject to Section 16 of the Securities and Exchange Act of 1934, as amended, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under said Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by that Committee.

No member of the Board of Directors or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted under it. The Company shall indemnify each member of the Board of Directors and the Committee to the fullest extent permitted by law with respect to any claim, loss, damage or expense (including counsel fees) arising in connection with their responsibilities under this Plan.

As soon as administratively practicable after the end of each Offering Period, the Plan administrators shall prepare and distribute or make otherwise readily available by electronic means or otherwise to each participating employee in the Plan information concerning the amount of the participating employee's accumulated payroll deductions as of the Offering Termination Date, the Option Exercise Price for such Offering Period, the number of shares of Common Stock purchased by the participating employee with the participating employee's accumulated payroll deductions, and the amount of any unused payroll deductions either to be carried forward to the next Offering Period, or returned to the participating employee without interest.

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20. OPTIONEES NOT STOCKHOLDERS.

Neither the granting of an option to an employee nor the deductions from his or her pay shall constitute such employee a stockholder of the Company with respect to the shares covered by such option until such shares have been purchased by and issued to him.

21. APPLICATION OF FUNDS.

The proceeds received by the Company from the sale of Common Stock pursuant to options granted under the Plan may be used for any corporate purposes, and the Company shall not be obligated to segregate participating employees' payroll deductions.

22. GOVERNMENTAL REGULATION.

The Company's obligation to sell and deliver shares of the Company's Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such stock.

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In this regard, the Board of Directors may, in its discretion, require as a condition to the exercise of any option that a Registration Statement under the Securities Act of 1933, as amended, with respect to the shares of Common Stock reserved for issuance upon exercise of the option shall be effective.

23. TRANSFERABILITY.

Neither payroll deductions credited to an employee's account nor any rights with regard to the exercise of an option or to receive stock under the Plan may be assigned, transferred, pledged, or otherwise disposed of in any way by the employee. Any such attempted assignment, transfer, pledge, or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Article 10.

24. EFFECT OF CHANGES OF COMMON STOCK.

If the Company should subdivide or reclassify the Common Stock which has been or may be optioned under the Plan, or should declare thereon any dividend payable in shares of such Common Stock, or should take any other action of a similar nature affecting such Common Stock, then the number and class of shares of Common Stock which may thereafter be optioned (in the aggregate and to any individual participating employee) shall be adjusted accordingly.

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25. MERGER OR CONSOLIDATION.

If the Company should at any time merge into or consolidate with another corporation, the Board of Directors may, at its election, either (i) terminate the Plan and refund without interest the entire balance of each participating employee's payroll deductions, or (ii) entitle each participating employee to receive on the Offering Termination Date upon the exercise of such option for each share of Common Stock as to which such option shall be exercised the securities or property to which a holder of one share of the Common Stock was entitled upon and at the time of such merger or consolidation, and the Board of Directors shall take such steps in connection with such merger or consolidation as the Board of Directors shall deem necessary to assure that the provisions of this Article 25 shall thereafter be applicable, as nearly as reasonably possible. A sale of all or substantially all of the assets of the Company shall be deemed a merger or consolidation for the foregoing purposes.

26. WITHHOLDING OF ADDITIONAL TAX.

By electing to participate in the Plan, each participant acknowledges that the Company and its participating subsidiaries are required to withhold taxes with respect to the amounts deducted from the participant's compensation and accumulated for the benefit of the participant under the Plan, and each participant agrees that the Company and its participating subsidiaries may deduct additional amounts from the participant's compensation, when amounts are added to the participant's account, used to purchase Common Stock or

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refunded, in order to satisfy such withholding obligations. Each participant further acknowledges that when Common Stock is purchased under the Plan the Company and its participating subsidiaries may be required to withhold taxes with respect to all or a portion of the difference between the fair market value of the Common Stock purchased and its purchase price, and each participant agrees that such taxes may be withheld from compensation otherwise payable to such participant. It is intended that tax withholding will be accomplished in such a manner that the full amount of payroll deductions elected by the participant under Article 7 will be used to purchase Common Stock. However, if amounts sufficient to satisfy applicable tax withholding obligations have not been withheld from compensation otherwise payable to any participant then, notwithstanding any other provision of the Plan, the Company may withhold such taxes from the participant's accumulated payroll deductions and apply the net amount to the purchase of Common Stock, unless the participant pays to the Company, prior to the exercise date, an amount sufficient to satisfy such withholding obligations. Each participant further acknowledges that the Company and its participating subsidiaries may be required to withhold taxes in connection with the disposition of stock acquired under the Plan and agrees that the Company or any participating subsidiary may take whatever action it considers appropriate to satisfy such withholding requirements, including deducting from compensation otherwise payable to such participant an amount sufficient to satisfy such withholding requirements or conditioning any disposition of Common Stock by the participant upon the payment to the Company or such subsidiary of an amount sufficient to satisfy such withholding requirements.

27. APPROVAL OF STOCKHOLDERS.

This Plan was first adopted by the Board of Directors on September 25, 2002 and amended on January 14, 2003, and approved, as amended, by the stockholders of the Company on March 10, 2003.

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SKYWORKS SOLUTIONS, INC.
2005 LONG-TERM INCENTIVE PLAN

1. Purpose

The purpose of this 2005 Long-Term Incentive Plan (the "Plan") of Skyworks Solutions, Inc., a Delaware corporation (the "Company"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to align their interests with those of the Company's stockholders. Except where the context otherwise requires, the term "Company" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "Board").

2. Eligibility

All of the Company's employees, officers, consultants and advisors are eligible to receive options, stock appreciation rights, restricted stock and other stock-based awards (each, an "Award") under the Plan. Each person who receives an Award under the Plan is deemed a "Participant".

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award. No director or person acting pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under the Plan made in good faith.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

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(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Awards to employees or officers of the Company or any of its present or future subsidiary corporations and to exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the terms of the Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to Awards that the officers may grant; provided further, however, that no officer shall be authorized to grant Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act).

4. Stock Available for Awards

(a) Number of Shares. Subject to adjustment under Section 9, Awards may be made under the Plan covering up to 15,000,000 shares of common stock, \$.25 par value per share, of the Company (the "Common Stock").

(b) Counting of Shares. Subject to adjustment under Section 9, an Option shall be counted against the share limit specified in Section 4(a) as one share for each share of common stock subject to the Option, and an Award that is not an Option (a "Non-Option Award") shall be counted against the share limit specified in Section 4(a) as one and one-half (1.5) shares for each share of Common Stock issued upon settlement of such Non-Option Award.

(c) Lapses. If any Award expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or results in any Common Stock not being issued, the unused Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(d) Section 162(m) Per-Participant Limit. The maximum number of shares of Common Stock with respect to which Awards may be granted to any Participant under the Plan shall be 750,000 per calendar year. For purposes of the foregoing limit, the combination of an Option in tandem with an SAR (as each is hereafter defined) shall be treated as a single Award. The per-Participant limit described in this Section 4(d) shall be construed and applied consistently with Section 162(m) of the Code or any successor provision thereto, and the regulations thereunder ("Section 162(m)").

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5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. Any Option granted pursuant to the Plan is not intended to be an incentive stock option described in Code Section 422 and shall be designated a "Nonqualified Stock Option".

(b) Exercise Price. The Board shall establish the exercise price of each Option and specify such exercise price in the applicable option agreement; provided, however, that the exercise price shall not be less than 100% of the Fair Market Value (as defined below in subsection (g)(3)) at the time the Option is granted.

(c) Limitation on Repricing. Unless such action is approved by the Company's stockholders: (1) no outstanding Option granted under the Plan may be amended to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option (other than adjustments pursuant to Section 9) and (2) the Board may not cancel any outstanding Option and grant in substitution therefore new Awards under the Plan covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled Option.

(d) No Reload Rights. No Option granted under the Plan shall contain any provision entitling the optionee to the automatic grant of additional Options in connection with any exercise of the original Option.

(e) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement; provided, however, that no Option will be granted for a term in excess of seven (7) years.

(f) Exercise of Option. Options may be exercised by delivery to the Company of a written notice of exercise signed by the proper person or by any other form of notice (including electronic notice) approved by the Board together with payment in full as specified in Section 5(g) for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company following exercise either as soon as practicable or, subject to such conditions as the Board shall specify, on a deferred basis (with the Company's obligation to be evidenced by an instrument providing for future delivery of the deferred shares at the time or times specified by the Board).

(g) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

- (1) in cash or by check, payable to the order of the Company;

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(2) except as the Board may otherwise provide in an option agreement, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) when the Common Stock is registered under the Securities Exchange Act of 1934 (the "Exchange Act"), by delivery of shares of Common Stock owned by the Participant valued at their fair market value as determined by (or in a manner approved by) the Board ("Fair Market Value"), provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent permitted by applicable law and by the Board, by (i) delivery of a promissory note of the Participant to the Company on terms determined by the Board, or (ii) payment of such other lawful consideration as the Board may determine; or

(5) by any combination of the above permitted forms of payment.

(h) Substitute Options. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Options in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Options may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Options contained in the other sections of this Section 5 or in Section 2.

6. Stock Appreciation Rights.

(a) General. A Stock Appreciation Right, or SAR, is an Award entitling the holder, upon exercise, to receive Common Stock determined in whole or in part by reference to appreciation, from and after the date of grant, in the fair market value of a share of Common Stock. SARs may be based solely on appreciation in the fair market value of Common Stock or on a comparison of such appreciation with some other measure of market growth such as (but not limited to) appreciation in a recognized market index. The date as of which such appreciation or other measure is determined shall be the exercise date unless another date is specified by the Board in the SAR Award.

(b) Grants. Stock Appreciation Rights may be granted in tandem with, or independently of, Options granted under the Plan.

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(1) Tandem Awards. When Stock Appreciation Rights are expressly granted in tandem with Options, (i) the Stock Appreciation Right will be exercisable only at such time or times, and to the extent, that the related Option is exercisable (except to the extent designated by the Board in connection with a Reorganization Event and will be exercisable in accordance with the procedure required for exercise of the related Option; (ii) the Stock Appreciation Right will terminate and no longer be exercisable upon the termination or exercise of the related Option, except to the extent designated by the Board in connection with a Reorganization Event and except that a Stock Appreciation Right granted with respect to less than the full number of shares covered by an Option will not be reduced until the number of shares as to which the related Option has been exercised or has terminated exceeds the number of shares not covered by the Stock Appreciation Right; (iii) the Option will terminate and no longer be exercisable upon the exercise of the related Stock Appreciation Right; and (iv) the Stock Appreciation Right will be transferable only with the related Option.

(2) Independent SARs. A Stock Appreciation Right not expressly granted in tandem with an Option will become exercisable at such time or times, and on such conditions, as the Board may specify in the SAR Award.

(c) Exercise. Stock Appreciation Rights may be exercised by delivery to the Company of a written notice of exercise signed by the proper person or by any other form of notice (including electronic notice) approved by the Board, together with any other documents required by the Board.

7. Restricted Stock; Restricted Stock Units.

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("Restricted Stock"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. Instead of granting Awards for Restricted Stock, the Board may grant Awards entitling the recipient to receive shares of Common Stock to be delivered at the time such shares of Common Stock vest ("Restricted Stock Units") subject to such terms and conditions on the delivery of the shares of Common Stock as the Board shall determine (each Award for Restricted Stock or Restricted Stock Units is referred to herein as a "Restricted Stock Award").

(b) Terms and Conditions. The Board shall determine the terms and conditions of a Restricted Stock Award, including the conditions for repurchase (or forfeiture) and the issue price, if any.

(c) Stock Certificates. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the

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Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, "Designated Beneficiary" shall mean the Participant's estate.

8. Other Stock-Based Awards.

Other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property, may be granted hereunder to Participants ("Other Stock Unit Awards"). Such Other Stock Unit Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock Unit Awards may be paid in shares of Common Stock or cash, as the Board shall determine. Subject to the provisions of the Plan, the Board shall determine the conditions of each Other Stock Unit Awards, including any purchase price applicable thereto and any conditions applicable thereto, including without limitation, performance-based conditions.

9. Adjustments for Changes in Common Stock and Certain Other Events.

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under this Plan, (ii) the sub-limits set forth in Section 4(b), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share- and per-share provisions of each Stock Appreciation Right, (v) the repurchase price per share subject to each outstanding Restricted Stock Award and (vi) the share- and per-share-related provisions of each outstanding Other Stock Unit Award, shall be appropriately adjusted by the Company (or substituted Awards may be made, if applicable) to the extent determined by the Board.

(b) Reorganization Events.

(1) Definition. A "Reorganization Event" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any exchange of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock Awards. In connection with a Reorganization Event, the Board shall take any one or more

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of the following actions as to all or any outstanding Awards on such terms as the Board determines: (i) provide that Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that the Participant's unexercised Options or other unexercised Awards shall become exercisable in full and will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become realizable or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "Acquisition Price"), make or provide for a cash payment to a Participant equal to (A) the Acquisition Price times the number of shares of Common Stock subject to the Participant's Options or other Awards (to the extent the exercise price does not exceed the Acquisition Price) minus (B) the aggregate exercise price of all such outstanding Options or other Awards, in exchange for the termination of such Options or other Awards, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof) and (vi) any combination of the foregoing.

For purposes of clause (i) above, an Option shall be considered assumed if, following consummation of the Reorganization Event, the Option confers the right to purchase, for each share of Common Stock subject to the Option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of Options to consist solely of common stock of the acquiring or succeeding corporation (or an affiliate thereof) equivalent in fair market value to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

To the extent all or any portion of an Option becomes exercisable solely as a result of clause (ii) above, the Board may provide that upon exercise of such Option the Participant shall receive shares subject to a right of repurchase by the Company or its successor at the Option exercise price; such repurchase right (x) shall lapse at the same rate as the Option would have become exercisable under its terms and (y) shall not apply to any shares subject to the Option that were exercisable under its terms without regard to clause (ii) above.

(3) Consequences of a Reorganization Event on Restricted Stock Awards. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the

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Company, the repurchase and other rights of the Company under each outstanding Restricted Stock Award shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Common Stock subject to such Restricted Stock Award. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock Award or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock Awards then outstanding shall automatically be deemed terminated or satisfied.

(c) Change in Control Events.

(1) Definition. A "Change in Control Event" will be deemed to have occurred if the Continuing Directors (as defined below) cease for any reason to constitute a majority of the Board. For this purpose, a "Continuing Director" will include any member of the Board as of the Effective Date (as defined below) and any individual nominated for election to the Board by a majority of the then Continuing Directors.

(2) Consequences of a Change in Control Event on Options. Notwithstanding any other provision of this Plan to the contrary, if a Change in Control Event occurs, except to the extent specifically provided to the contrary in the instrument evidencing any Option or any other agreement between a Participant and the Company, any options outstanding as of the date such Change of Control is determined to have occurred and not then exercisable shall become fully exercisable to the full extent of the original grant.

(3) Consequences of a Change in Control Event on Restricted Stock Awards. Notwithstanding any other provision of this Plan to the contrary, if a Change in Control Event occurs, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock Award or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock Awards then outstanding shall automatically be deemed terminated or satisfied.

10. General Provisions Applicable to Awards

(a) Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Such written instrument may be in the form of an

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agreement signed by the Company and the Participant or a written confirming memorandum to the Participant from the Company. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. The Board shall determine the effect on an Award of the disability, death, or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. Each Participant shall pay to the Company, or make provision satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with an Award to such Participant. Except as the Board may otherwise provide in an Award, for so long as the Common Stock is registered under the Exchange Act, Participants may satisfy such tax obligations in whole or in part by delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; provided, however, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares surrendered to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements. The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

(f) Amendment of Award. Except as provided in Section 5, the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type and changing the date of exercise or realization, provided that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

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(h) Acceleration. Except as otherwise provided in Section 9(c), the Board may at any time provide that any Award shall become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

11. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares. Notwithstanding the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to such Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date on which it is adopted by the Board (the "Effective Date"), but no Award may be granted unless and until the Plan has been approved by the Company's stockholders. No Awards shall be granted under the Plan after the completion of 10 years from the earlier of (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time; provided that, to the extent required by Section 162(m), no Award granted to a Participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until such amendment shall have been approved by the Company's stockholders if required by Section 162(m) (including the vote required under Section 162(m)); and provided further that, without approval of the Company's stockholders, no amendment may (1) increase the number of

As amended, January 31, 2006
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shares authorized under the Plan (other than pursuant to Section 9), (2) materially increase the benefits provided under the Plan, (3) materially expand the class of participants eligible to participate in the Plan, (4) expand the types of Awards provided under the Plan or (5) make any other changes that require stockholder approval under the rules of the Nasdaq National Market, Inc. No Award shall be made that is conditioned upon stockholder approval of any amendment to the Plan.

(e) Provisions for Foreign Participants. The Board may modify Awards or Options granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

(f) Compliance With Code Section 409A. No Award shall provide for deferral of compensation that does not comply with Section 409A of the Code, unless the Board, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code.

(g) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, without regard to any applicable conflicts of law.

As amended, January 31, 2006
Approved by Stockholders March 30, 2006

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CERTIFICATION OF THE CEO PURSUANT TO SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David J. Aldrich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Skyworks Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2007

/s/ David J. Aldrich

David J. Aldrich
Chief Executive Officer
President

CERTIFICATION OF THE CFO PURSUANT TO SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, RULES 13a-14(a) AND 15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Allan M. Kline, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Skyworks Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report and
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2007

/s/ Allan M. Kline

Allan M. Kline
Chief Financial Officer
Vice President

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

In connection with the quarterly report of Skyworks Solutions, Inc. (the “Company”) on Form 10–Q for the period ending December 29, 2006 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David J. Aldrich, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that:

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ David J. Aldrich

David J. Aldrich
Chief Executive Officer President
February 7, 2007

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

In connection with the quarterly report of Skyworks Solutions, Inc. (the “Company”) on Form 10–Q for the period ending December 29, 2006 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Allan M. Kline, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002, that:

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Allan M. Kline

Allan M. Kline
Chief Financial Officer
Vice President
February 7, 2007