

SKYWORKS SOLUTIONS, INC.

Form 10-K

November 25, 2014

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended October 3, 2014

OR

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

For the transition period from _____ to _____

Commission file number 001-05560

SKYWORKS SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware

04-2302115

(State or other jurisdiction of incorporation or organization)

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

20 Sylvan Road, Woburn, Massachusetts

01801

(Address of principal executive offices)

(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Common Stock, par value \$0.25 per share

NASDAQ Global Select Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

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

Large Accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting
company "

(Do not check if a smaller
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant (based on the closing price of the registrant's common stock as reported on the NASDAQ Global Select Market on the last business day of the registrant's most recently completed second fiscal quarter (March 28, 2014) was approximately \$6,963,439,788. The number of outstanding shares of the registrant's common stock, par value \$0.25 per share, as of November 14, 2014 was 190,653,624.

DOCUMENTS INCORPORATED BY REFERENCE

Part of Form 10-K Documents from which portions are incorporated by reference

Part III Portions of the Registrant's Proxy Statement relating to the Registrant's 2015 Annual Meeting of Stockholders (to be filed) are incorporated by reference into Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

SKYWORKS SOLUTIONS, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED OCTOBER 3, 2014

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CAUTIONARY STATEMENT

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

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

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

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

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

• BiFET (Bipolar Field Effect Transistor): integrates indium gallium phosphide based heterojunction bipolar transistors with field effect transistors on the same gallium arsenide substrate

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

CDMA (Code Division Multiple Access): a method for transmitting multiple digital signals over the same carrier frequency

Cloud (Cloud Computing): A model for delivering information technology services in which resources are retrieved from the internet through web-based tools and applications, rather than a direct connection to a server.

CMOS (Complementary Metal Oxide Semiconductor): a technology of constructing integrated circuits

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

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- GaAs (Gallium Arsenide): a compound of the elements gallium and arsenic that is used in the production of semiconductors
 - GPRS (General Packet Radio Service): an enhancement to the GSM mobile communications system that supports transmission of data packets
 - GSM (Global System for Mobile Communications): a digital cellular phone technology based on TDMA that is the predominant system in Europe, and is also used around the world
 - HBT (Heterojunction Bipolar Transistor): a type of bipolar junction transistor which uses differing semiconductor materials for the emitter and base regions, creating a heterojunction
 - Internet of Things (IoT): is the interconnection of uniquely identifiable embedded computing devices within the existing internet infrastructure
 - LED (Light Emitting Diode): a two-lead semiconductor light source
 - LTE (Long Term Evolution): 4th generation (“4G”) radio technologies designed to increase the capacity and speed of mobile telephone networks
 - pHEMT (Pseudomorphic High Electron Mobility Transistor): a type of field effect transistor incorporating a junction between two materials with different band gaps
 - RFID (Radio Frequency Identification): refers to the use of an electronic tag (typically referred to as an RFID tag) for the purpose of identification and tracking objects using radio waves
 - Satcom (Satellite Communications): where a satellite stationed in space is used for the purpose of telecommunications
 - SOI (Silicon On Insulator): technology refers to the use of layered silicon-insulator-silicon substrate in place of conventional silicon substrates in semiconductor manufacturing
 - TDMA (Time Divisional Multiple Access): technology for delivering wireless digital service using time division multiplexing
 - TD-SCDMA (Time Division Synchronous Code Division Multiple Access): a third generation wireless services (“3G”) mobile communications standard, being pursued in the People’s Republic of China
 - WCDMA (Wideband CDMA): a 3G technology that increases data transmission rates
 - WEDGE: an acronym for technologies that support both WCDMA and EDGE wireless communication systems
 - WiMAX (Worldwide Interoperability for Microwave Access): a standards-based technology enabling the delivery of last mile wireless broadband access as an alternative to cable and DSL
 - WLAN (Wireless Local Area Network): a type of local-area network that uses high-frequency radio waves rather than wires to communicate between nodes
 - Yield: The number of working chips out of the total number of chips manufactured
- Skyworks, Breakthrough Simplicity, the star design logo, Trans-Tech and SkyOne are trademarks or registered trademarks of Skyworks Solutions, Inc. or its subsidiaries in the United States and in other countries. All other brands and names listed are trademarks of their respective companies.

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PART I

ITEM 1. BUSINESS.

Skyworks Solutions, Inc., together with its consolidated subsidiaries, (“Skyworks” or the “Company”) is an innovator of high performance analog and mixed signal semiconductors linking people, places and things across a rapidly expanding number of new and previously unimagined applications including automotive, broadband, wireless infrastructure, energy management, GPS, industrial, medical, military, networking, smartphones and tablets. Our portfolio consists of amplifiers, attenuators, battery chargers, circulators, DC/DC converters, demodulators, detectors, diodes, directional couplers, filters, front-end modules, hybrids, infrastructure radio frequency, or RF, subsystems, isolators, LED drivers, mixers, modulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, power management devices, receivers, switches, technical ceramics and voltage regulators. Our key customers include Arris, Bose, Cisco, Dell, Ericsson, Foxconn, Fujitsu, General Electric, Google, Honeywell, HTC, Huawei, Landis & Gyr, Lenovo, LG Electronics, Microsoft, Nest, Netgear, Northrop Grumman, Rockwell Collins, Samsung, Sonos, and ZTE. Our competitors include Analog Devices, Avago Technologies, Linear Technology, Maxim Integrated Products, Murata Manufacturing, QUALCOMM, RF Micro Devices and Triquint Semiconductor.

In August 2014, we entered into a joint venture with Panasonic Corporation, through its Automotive & Industrial Systems Company (“Panasonic”) for the design, manufacture and sale of Panasonic’s surface acoustic wave (“SAW”) and temperature-compensated (“TC”) SAW filter products. We own a controlling 66% interest in the joint venture and have the option to acquire the remaining 34% within two years. With the overall demand for SAW and TC SAW filters increasing as the technology and product architectures become more complex and the number of required bands grows, this acquisition assists us in securing a firm supply of SAW and TC SAW filters, in addition to allowing us to integrate filters into the design and production of our own products.

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

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

Headquartered in Woburn, Massachusetts, we are a Delaware corporation that was formed in 1962. We changed our corporate name from Alpha Industries, Inc. to Skyworks Solutions, Inc. on June 25, 2002, following a business combination. We operate worldwide with engineering, manufacturing, sales and service facilities throughout Asia, Europe and North America. Our Internet address is www.skyworksinc.com. We make available free of charge on our website our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 filings on Forms 3, 4 and 5, and amendments to those reports as soon as practicable after we electronically submit such material to the SEC. The information contained on our website is not incorporated by reference in this Annual Report. You may read and copy materials that we have filed with the SEC at the SEC public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public on the SEC's Internet address at www.sec.gov.

INDUSTRY BACKGROUND

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

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In addition to the more traditional analog segments, we are embracing an entirely new generation of connected devices such as home automation systems, fitness gear and a variety of health and wellness products. While many of these products are still in the early stages of deployment, we have already captured strong positions in these new growth sectors.

The billions of connected devices that make up the Internet of Things will be enabled by a combination of sensors, microcontrollers and, most importantly for Skyworks, connectivity and power management solutions-dramatically expanding the markets we currently serve. At the same time, these connected devices are also incorporating more and more network standards.

In the connected home we have an exciting and diverse pipeline of opportunities including but not limited to gaming, entertainment, security and automation. In the broadest sense, we are seeing increased global demand for higher data rate services, like 802.11ac and LTE for mobile devices such as smartphones and tablets, which are enabling seamless connections, faster download speeds, improved signal range and longer battery life. Smartphone manufacturers and network operators are rapidly rolling out these technologies to provide users with the best possible experience.

Solving RF Challenges

This transition to ubiquitous connectivity, however, does not come without its challenges. RF solutions in ultra-thin, high performance consumer products must preserve battery life, increase data rates and solve signal interference problems while occupying minimal board space. Meeting these design challenges requires broad competencies including signal transmission and conditioning, the ability to ensure seamless hand-offs between multiple standards, power management, voltage regulation, battery charging, filtering and tuning, among others. This complexity plays directly to Skyworks' strengths. We have a strong heritage in analog systems design and have spent the last decade investing in key technologies and resources. We are at the forefront of advanced multi-chip module integration and offer unmatched technology breadth, providing deep expertise in CMOS, SOI, GaAs and filters and maintaining strategic partnerships with outside foundries.

SKYWORKS' STRATEGY

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

Diversification

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

Industry-Leading Technology

As the industry migrates to more complex LTE architectures across a multitude of wireless broadband applications, we are uniquely positioned to help mobile device manufacturers handle growing levels of system complexity in the transmit and receive chain. The trend towards increasing front-end and analog design challenges in smartphones and other mobile devices plays directly into Skyworks' core strengths and positions us to address these challenges. We believe that we offer the broadest portfolio of radio and analog solutions from the transceiver to the antenna as well as all required manufacturing process technologies. Our expertise includes BiFET, CMOS, HBT, pHEMT, SOI and silicon germanium processes. We also hold strong technology leadership positions in passive devices, as well as

advanced integration including proprietary shielding and 3-D die stacking. Our product portfolio is reinforced by a library of over 1,800 worldwide patents and other intellectual property that we own and control. Together, our industry-leading technology enables us to deliver the highest levels of product performance and integration.

Customer Relationships

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

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Delivering Operational Excellence

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

Additionally, we continue to strive to achieve the industry's shortest product design and manufacturing cycle times and highest yields. The combination of agile, flexible capacity and world-class module manufacturing and scale advantage allows us to achieve a low product cost structure while integrating multiple technologies into highly sophisticated multi-chip modules.

Maintaining a Performance Driven Culture

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

Generating Superior Operating Results and Shareholder Returns

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

SKYWORKS' PRODUCT PORTFOLIO

Our product portfolio consists of:

- **Amplifiers:** the modules that strengthen the signal so that it has sufficient energy to reach a base station
- **Attenuators:** circuits that allow a known source of power to be reduced by a predetermined factor (usually expressed as decibels)
- **Battery Chargers:** device used to replenish the energy stored in a rechargeable battery by forcing an electric current through it
- **Circulators/Isolators:** ferrite-based components commonly found on the output of high-power amplifiers used to protect receivers in wireless transmission systems
- **DC/DC Converters:** an electronic circuit which converts a source of direct current from one voltage level to another
- **Demodulators:** a device or an RF block used in receivers to extract the information that has been modulated onto a carrier or from the carrier itself
- **Detectors:** devices used to measure and control RF power in wireless systems
- **Diodes:** semiconductor devices that pass current in one direction only
- **Directional Couplers:** transmission coupling devices for separately sampling the forward or backward wave in a transmission line
- **Filters:** devices for recovering and separating mixed and modulated data in RF stages
- **Front-End Modules:** power amplifiers that are integrated with switches, duplexers, filters and other components to create a single package front-end solution
- **Hybrid:** a type of directional coupler used in radio and telecommunications
-

Infrastructure RF Subsystems: highly integrated transceivers and power amplifiers for wireless base station applications

• LED Drivers: devices which regulate the current through a light emitting diode or string of diodes for the purpose of creating light

• MIS Silicon Chip Capacitors: used in applications requiring DC blocking and RF bypassing, or as a fixed capacitance tuning element in filters, oscillators, and matching networks

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• **Mixers:** devices that enable signals to be converted to a higher or lower frequency signal and thereby allowing the signals to be processed more effectively

• **Modulators:** devices that take a baseband input signal and output a radio frequency modulated signal

• **Optocouplers/Optoisolators:** semiconductor devices that allow signals to be transferred between circuits or systems while ensuring that the circuits or systems are electrically isolated from each other

• **Phase Locked Loops:** closed-loop feedback control system that maintains a generated signal in a fixed phase relationship to a reference signal

• **Phase Shifters:** designed for use in power amplifier distortion compensation circuits in base station applications

• **Power Dividers/Combiners:** utilized to equally split signals into in-phase signals as often found in balanced signal chains and local oscillator distribution networks

• **Receivers:** electronic devices that change a radio signal from a transmitter into useful information

• **Switches:** components that perform the change between the transmit and receive function, as well as the band function for cellular handsets

• **Synthesizers:** devices that provide ultra-fine frequency resolution, fast switching speed, and low phase-noise performance

• **Technical Ceramics:** polycrystalline oxide materials used for a wide variety of electrical, mechanical, thermal and magnetic applications

• **Transceivers:** devices that have both a transmitter and a receiver which are combined and share common circuitry or a single housing

• **Voltage Regulators:** generate a fixed level which ideally remains constant over varying input voltage or load conditions

• **VCOs/Synthesizers:** fully integrated, high performance signal source for high dynamic range transceivers

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

MARKETING AND DISTRIBUTION

Our products are primarily sold through a direct global Skyworks sales force deployed across all of our major market regions. In some markets we supplement our direct sales effort with independent manufacturers' representatives and distribution partners, some of which are franchised globally with others focused in specific regional markets.

Our sales engagement begins at the earliest stages of the design of an existing or potential customer's product. We strive to provide close technical collaboration with our customers and reference design partners at the inception of new programs. These relationships allow our team to facilitate customer-driven solutions, which leverage the unique strength of our intellectual property and product portfolio while providing high value and greatly reducing time-to-market.

We believe the technical and complex nature of our products and markets demand an extraordinary commitment to maintain close ongoing relationships with our customers. As such, we strive to expand the scope of our customer relationship to include design, engineering, manufacturing, procurement, logistics and project management. We also employ a collaborative approach in developing these relationships by combining the support of our design teams, applications engineers, manufacturing personnel, sales and marketing staff and senior management. Lastly, we leverage our customer relationships with cross-selling opportunities across product lines in order to maximize revenue.

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

position Skyworks to participate in numerous opportunities for growth in the future.

CUSTOMER CONCENTRATION

A small number of customers historically has accounted for a significant portion of our net revenue. In fiscal years ended October 3, 2014 (“fiscal 2014”), September 27, 2013 (“fiscal 2013”), and September 28, 2012 (“fiscal 2012”), two customers—Foxconn Technology Group (together with its affiliates and other suppliers to a large OEM for use in multiple applications including

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smartphones, tablets, routers, desktop and notebook computers) and Samsung Electronics—each constituted more than ten percent of our net revenue. For further information regarding concentrations see [Note 16](#) to Item 8 of this Annual Report on Form 10-K.

INTELLECTUAL PROPERTY AND PROPRIETARY RIGHTS

We own or have a license to use numerous United States and foreign patents and patent applications related to our products and our manufacturing operations and processes. In addition, we own a number of trademarks and service marks applicable to certain of our products and services. We believe that our intellectual property, including patents, patent applications, trade secrets and trademarks, is of material importance to our business. We rely on patent, copyright, trademark, trade secret and other intellectual property laws, as well as non-disclosure and confidentiality agreements and other methods, to protect our confidential and proprietary technologies, designs, devices, algorithms, processes and other intellectual property. Our efforts may not meaningfully protect our intellectual property, or others may independently develop substantially equivalent or superior proprietary technologies, designs, devices, algorithms, processes or other intellectual property. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the United States, and effective copyright, patent, trademark and trade secret protection may not be available in those jurisdictions. In addition to protecting our intellectual property, we strive to strengthen our intellectual property portfolio to enhance our ability to obtain cross-licenses of intellectual property from others, to obtain access to intellectual property we do not possess and to more favorably resolve potential intellectual property claims against us. Furthermore, we seek to generate high gross margin revenue through the sale and license of non-core intellectual property and occasionally we purchase intellectual property. Due to rapid technological changes in the industry, we believe establishing and maintaining a technological leadership position depends primarily on our ability to develop new innovative products through the technical competence of our engineering personnel.

COMPETITIVE CONDITIONS

The competitive environment in the semiconductor industry is in a constant state of flux, with new products continually emerging and existing products approaching technological obsolescence. We compete on the basis of time-to-market, new product innovation, quality, performance, price, compliance with industry standards, strategic relationships with customers and baseband vendors, personnel and protection of our intellectual property. We participate in highly competitive markets against numerous competitors that may be able to adapt more quickly than we can to new or emerging technologies and changes in customer requirements, or may be able to devote greater resources to the development, promotion and sale of their products than we can.

Erosion of average selling prices of established products is typical of the semiconductor industry. Consistent with trends in the industry, we anticipate that average selling prices for our established products will continue to decline at a normalized rate of five to ten percent per year. As part of our normal course of business, we mitigate the gross margin impact of declining average selling prices with efforts to increase unit volumes, reduce material costs and lower manufacturing costs of existing products and by introducing new and higher value-added products.

RESEARCH AND DEVELOPMENT

Our products and markets demand rapid technological advancements requiring a continuous effort to enhance existing products and develop new products and technologies. Accordingly, we maintain a high level of research and development activity. We invested \$252.2 million, \$226.3 million and \$212.5 million in research and development activities during fiscal 2014, fiscal 2013 and fiscal 2012, respectively. The increase in research and development expenses in fiscal 2014 and fiscal 2013 as compared to the prior fiscal year were the result of increases in our internal product designs and product development for our target markets in each of these fiscal years. Our research and

development activities include new product development and innovations in integrated circuit design, investment in advanced semiconductor manufacturing processes, developing new packaging and test capabilities and researching next generation technologies and product opportunities. We maintain close collaborative relationships with many of our customers to help identify market demands and target our development efforts to meet those demands.

RAW MATERIALS

Raw materials for our products and manufacturing processes are generally available from several sources. It is our policy not to depend on a sole source of supply unless market or other conditions dictate otherwise. Consequently, there are limited situations where we procure certain components and services for our products from single or limited sources. We purchase materials and services primarily pursuant to individual purchase orders. However, we have entered into certain supply agreements for the purchase of raw materials or other manufacturing related services that specify minimum prices and purchase quantity based on our anticipated future requirements. Such amounts are reviewed and included in our contractual obligations and commitments as required. Certain of our suppliers consign raw materials to us at our manufacturing facilities which we take title to as needed in our manufacturing

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process. We believe we have adequate sources for the supply of raw materials and components for our manufacturing needs with suppliers located around the world.

BACKLOG AND INVENTORY

Our sales are made pursuant to standard purchase orders and/or specified customer contracts for delivery of products, with such purchase orders officially acknowledged by us according to our own terms and conditions. We also maintain Skyworks-owned finished goods inventory at certain customer “hub” locations. We do not recognize revenue until these customers consume the Skyworks-owned inventory from these hub locations. Due to industry practice, which allows customers to cancel orders with limited advance notice to us prior to shipment, and with little or no penalty, we believe that backlog as of any particular date may not be a reliable indicator of our future revenue levels. The cancellation or deferral of product orders, the return of previously sold products, or overproduction due to a change in anticipated order volume could result in a reduction in revenue and us holding excess or obsolete inventory, which could result in inventory write-downs and, in turn, could have a material adverse effect on our financial condition.

ENVIRONMENTAL REGULATIONS

Federal, state and local requirements relating to the discharge of substances into the environment, the disposal of hazardous wastes, and other activities affecting the environment have had, and will continue to have, an impact on our manufacturing operations. Most of our customers have mandated that our products comply with various local, regional and national “green” initiatives initiated by our customers or the locations in which they operate. We believe that our current expenditures for environmental capital investment and remediation necessary to comply with present regulations governing environmental protection, and other expenditures for the resolution of environmental claims, will not have a material adverse effect on our liquidity and capital resources, competitive position or financial condition. Environmental regulations are subject to change in the future, and accordingly we are unable to assess the possible effect of compliance with future requirements.

SEASONALITY

Sales of our products are subject to seasonal fluctuation and periods of increased demand in end-user consumer applications, such as smartphones and tablet computing devices. The highest demand for our products generally occurs in our first fiscal quarter ending in December and the lowest demand for our handset products generally occurs in our second fiscal quarter ending in March.

GEOGRAPHIC INFORMATION

For information regarding net revenue by geographic region for each of the last three fiscal years, see Note 16 of Item 8 of this Annual Report on Form 10-K.

EMPLOYEES

As of October 3, 2014, we employed approximately 5,550 employees world-wide (as compared to 4,750 as of September 27, 2013). Approximately 700 of our employees in Mexico are covered by collective bargaining agreements.

ITEM 1A. RISK FACTORS.

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

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

We operate in the semiconductor industry, which is cyclical and subject to rapid declines in demand for end-user products in both the consumer and enterprise markets. Uncertain worldwide economic conditions, together with other factors such as the volatility of the financial markets, continue to make it difficult for our customers and for us to accurately forecast and plan future business activities. Although we believe that the market for our semiconductor products has stabilized to some extent, continued uncertainty and economic weakness could result in a market contraction and, as a result, our business, financial condition and results of operations would likely be materially and adversely affected. Such periods of industry downturn are characterized by diminished product demand and revenue, manufacturing overcapacity, excess inventory levels, accelerated erosion of average selling prices, bad debt, inventory

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and restructuring and/or asset impairment charges. Furthermore, downturns in the semiconductor industry may be prolonged, and any extended delay or failure of the market to recover from an economic downturn would materially and adversely affect our business, financial condition and results of operations beyond our current fiscal year.

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

Our revenues, earnings and other operating results may fluctuate significantly on a quarterly and annual basis. These fluctuations are typically the result of a number of factors, many of which are beyond our control.

These factors include, among others:

- changes in end-user demand for the products (principally smartphones) manufactured and sold by our customers, the effects of competitive pricing pressures, including decreases in average selling prices of our products,
- production capacity levels and fluctuations in manufacturing yields,
- availability and cost of materials and services from our suppliers,
- the gain or loss of significant customers,
- our ability to develop, introduce and market new products and technologies on a timely basis,
- new product and technology introductions by competitors,
- changes in the mix of products produced and sold,
- market acceptance of our products and our customers,
- our ability to continue to generate revenues by licensing and/or selling non-core intellectual property, and intellectual property disputes, including those concerning payments associated with the licensing and/or sale of intellectual property.

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

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

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

- the volatility of the financial markets,
- uncertainty regarding the prospects of the domestic and foreign economies,
- our performance and prospects,
- the performance and prospects of our major customers and competitors,
- our revenue concentrations with relatively few customers,
- the depth and liquidity of the market for our common stock,
- investor perception of us and the industry in which we operate,
- changes in earnings estimates, price targets or buy/sell recommendations by analysts,
- domestic and international political conditions,
- domestic and international tax and fiscal policy decisions, and
- the ability to successfully identify, acquire and integrate acquisition candidates.

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

In addition, fluctuations in our stock price, volume of shares traded, and changes in our trading multiples may make our stock

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attractive to momentum, hedge or day-trading investors who often shift funds into and out of stocks rapidly, exacerbating price fluctuations in either direction. Our company has been, and in the future may be, the subject of commentary by financial news media. Such commentary may contribute to volatility in our stock price. If our operating results do not meet the expectations of securities analysts, the financial news media or investors, our stock price may decline, possibly substantially over a short period of time.

There can be no assurance that we will continue to declare cash dividends.

In March 2014, we announced the initiation of a quarterly cash dividend program. We intend to pay quarterly dividends subject to capital availability and periodic determinations by our Board of Directors that cash dividends are in the best interest of our stockholders.

Future dividends may be affected by, among other factors:

- our views on potential future capital requirements, including those related to acquisitions as well as research and development;

- use of cash to consummate various acquisition transactions;

- capital requirements related to stock repurchase programs;

- changes in federal and state income tax laws or corporate laws; and

- changes to our business model.

Our dividend payments may change from time to time, and we cannot provide assurance that we will increase our dividend payment or declare dividends in any particular amounts or at all. A reduction in our dividend payments could have a negative effect on our stock price.

Disruptions in global credit and financial markets could materially and adversely affect our business and results of operations.

Current uncertainties regarding the stability of global credit and financial markets may lead consumers and businesses to postpone spending, which may cause our customers to cancel, decrease or delay their existing and future orders for our products and make it difficult for us to accurately forecast and plan our future business activities. Uncertainty regarding the future stability of the Euro Zone could cause the value of the Euro to deteriorate, thus reducing the purchasing power and demand from our European customers. In addition, financial difficulties experienced by our suppliers, customers or distributors could result in product delays and increased accounts receivable defaults. During the past few years, many governments adopted stimulus or spending programs designed to ease the economic impact of the crisis. Some of our businesses benefited from these stimulus programs and there can be no assurance that such programs will continue in the future. If economic conditions deteriorate, we may record additional charges relating to restructuring costs or the impairment of assets and our business and results of operations could be materially and adversely affected.

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

The wireless communications semiconductor industry in general and the other analog markets in which we compete in particular are very competitive. We compete with international and United States semiconductor manufacturers of all sizes in terms of resources and market share, including Analog Devices, Avago Technologies, Linear Technology, Maxim Integrated Products, Murata Manufacturing, QUALCOMM, RF Micro Devices and Triquint Semiconductor.

We currently face significant competition in our markets and expect that intense price and product competition will continue. This competition has resulted in, and is expected to continue to result in, declining average selling prices for our products and increased challenges in maintaining or increasing revenue, gross margin and market share.

Furthermore, additional competitors may enter our markets as a result of growth opportunities in communications

electronics, the trend toward global expansion by foreign and domestic competitors and technological and public policy changes. We believe that the principal competitive factors for semiconductor suppliers in our markets include, among others:

- rapid time-to-market and product ramp,
- timely new product innovation,
- product quality, reliability and performance,
- product cost and selling price,

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features available in products,
alignment with customer performance specifications,
compliance with industry standards,
strategic relationships with customers,
access to and protection of intellectual property,
ability to partner with or participate in reference designs of baseband vendors, and
maintaining access to manufacturing capacity, raw materials, supplies and services at a competitive cost.
We might not be able to successfully address these factors. Many of our competitors enjoy the benefit of:
long presence in key markets,
brand recognition,
high levels of customer satisfaction,
strong baseband partnership/participation in reference designs,
a broad product portfolio allowing them to bundle product offerings,
ownership or control of key technology or intellectual property, and
strong financial, sales and marketing, manufacturing, distribution, technical or other resources.
As a result, certain competitors may be able to adapt more quickly than we can to new or emerging technologies and changes in customer requirements or may be able to devote greater resources to the development, promotion and sale of their products than we can.

Our baseband reference design partners may leverage their market position by integrating additional functionality into their product offerings that compete with our solutions. If such a product offering were competitive with our solution as to performance, price and quality, our business could be adversely impacted.

Current and potential competitors have established, or may in the future establish, financial or strategic relationships among themselves or with customers, resellers or other third parties. These relationships may affect customers' purchasing decisions. Accordingly, it is possible that new competitors or alliances among competitors could emerge and rapidly acquire significant market share. We may not be able to compete successfully against current and potential competitors. Increased competition could result in pricing pressures, decreased gross margins and loss of revenue and market share and may materially and adversely affect our business, financial condition and results of operations.

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

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

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

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Our ability to manufacture current products, and to develop new products, depends on, among other factors, the viability and flexibility of our own internal information technology systems.

We continually evaluate expenditures for planned product development and to choose among alternatives based on our understanding of customer technical requirements, new industry standards and expectations of future market growth. We may not be able to develop and introduce new or enhanced wireless communications semiconductor products in a timely and cost-effective manner, and our products may not satisfy customer requirements or achieve market acceptance or we may not be able to anticipate new industry standards and technological changes. We also may not be able to respond successfully to new product announcements and introductions by competitors or to changes in the design or specifications of complementary products of third parties with which our products interface. If we fail to rapidly and cost-effectively introduce new and enhanced products in sufficient quantities that meet our customers' requirements, our business and results of operations would be materially and adversely harmed.

In addition, prices of many of our products decline, sometimes significantly, over time. Our products may become obsolete earlier than planned or may not have life cycles long enough to allow us to recoup the cost of our investment in designing such products. Accordingly, we believe that to remain competitive, we must continue to reduce the cost of producing and delivering existing products at the same time that we develop and introduce new or enhanced products. We may not be able to continue to reduce the cost of producing and delivering our products and thereby remain competitive.

If Original Equipment Manufacturers, or OEMs, and Original Design Manufacturers, or ODMs, of communications electronics products do not design our products into their equipment, we will have difficulty selling those products. Moreover, a "design win" from a customer does not guarantee future sales to that customer.

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

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

Our manufacturing operations are complex and subject to disruption, including due to causes beyond our control. The fabrication of integrated circuits is an extremely complex and precise process consisting of hundreds of separate steps. It requires production in a highly controlled, clean environment. Minor impurities, contamination of the clean room environment in which our products are produced, errors in any step of the fabrication process, defects in the masks used to print circuits on a wafer, defects in equipment or materials, human error, or a number of other factors can cause a substantial percentage of our products to be rejected or to malfunction. Because our operating results are highly dependent upon our ability to produce integrated circuits at acceptable manufacturing yields, these factors could have a material and adverse effect on our business.

Additionally, our operations may be affected by lengthy or recurring disruptions of operations at any of our production facilities, as well as disruptions at facilities operated by our subcontractors and customers. These

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

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

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

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

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

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

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

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

We may be subject to warranty claims, product recalls and liability claims.

Although we invest significant resources in the testing of our products, we may discover from time to time defects in our products after they have been shipped, and we may be required to incur additional development and remediation costs, or cash payments to settle claims pursuant to warranty and indemnification provisions in our customer contracts and purchase orders. The potential liabilities associated with these, and similar, provisions in certain of our customer contracts are in some cases capped at significant amounts, and in other cases are uncapped. These problems may divert our technical and other resources from other product development efforts and could result in claims against us by our customers or third parties, including liability for costs associated with product recalls, or other obligations under customer contracts. If any of our products contain defects, or have reliability, quality or compatibility problems, our reputation may be damaged and we could be subject to liability claims, which could make it more difficult for us to sell our products to existing and prospective customers and could adversely affect our operating results. Furthermore, such losses would not be covered under our existing corporate insurance programs.

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

We rely upon independent wafer fabrication facilities, called foundries, to provide silicon-based products and to supplement our

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gallium arsenide wafer manufacturing capacity. There are significant risks associated with reliance on third-party foundries, including:

- the lack of wafer supply, potential wafer shortages and higher wafer prices,
- limited ability to respond to unanticipated changes in customer demand,
- limited control over delivery schedules, manufacturing yields, production costs and quality assurance, and
- the inaccessibility of, or delays in, obtaining access to, key process technologies.

Although we have long-term supply arrangements to obtain additional external manufacturing capacity, the third-party foundries we use for our standby manufacturing capacity may allocate their limited capacity to the production requirements of other customers and we have no contractual right to prevent them from making such allocations. If we choose to use a new foundry to replace either existing or backup capacity, it will typically take an extended period of time for us to complete our qualification process for that foundry which will result in a significant passage of time before we can begin shipping products from that new foundry.

Further, the third-party foundries may experience financial difficulties, be unable to deliver products to us in a timely manner or suffer damage or destruction to their facilities, particularly since some of them are located in areas prone to natural disasters. If any disruption of manufacturing capacity occurs, we may not have alternative manufacturing sources immediately available. We may therefore experience difficulties or delays in securing an adequate supply of our products, which could impair our ability to meet our customers' needs and have a material adverse effect on our operating results.

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

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

Our manufacturing operations depend on obtaining adequate supplies of raw materials and components used in our manufacturing processes at a competitive cost. Although we maintain relationships with suppliers located around the world with the objective of ensuring that we have adequate sources for the supply of raw materials and components for our manufacturing needs, increases in demand from the semiconductor industry for such raw materials and components, as well as increased demand for commodities in general, can result in tighter supplies and higher costs. Our suppliers may not be able to meet our delivery schedules, we may lose a significant or sole supplier, a supplier may not be able to meet performance and quality specifications and we may not be able to purchase such supplies or material at a competitive cost. If a supplier were unable to meet our delivery schedules or if we lost a supplier or a supplier were unable to meet performance or quality specifications, our ability to satisfy customer obligations would be materially and adversely affected. In addition, we review our relationships with suppliers of raw materials and components for our manufacturing needs on an ongoing basis. In connection with our ongoing review, we may modify or terminate our relationship with one or more suppliers. We may also enter into sole supplier arrangements to meet certain of our raw material or component needs. While we do not typically rely on a single source of supply for our raw materials, we are currently dependent on a limited number of sole-source suppliers. If we were to lose these sole sources of supply, for any reason, a material adverse effect on our business could result until an alternate source is

obtained. To the extent we enter into additional sole supplier arrangements for any of our raw materials or components, the risks associated with our supply arrangements would be exacerbated.

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

As the source of our technological and product innovations, our key technical personnel represent a significant asset. Our success depends on our ability to continue to attract, retain and motivate qualified personnel, including executive officers and other key management and technical personnel. The competition for management and technical personnel is intense in the semiconductor industry, and therefore we may not be able to continue to attract and retain the qualified management and other personnel necessary for the design, development, manufacture and sale of our products. We may have particular difficulty attracting and retaining key personnel during periods of poor operating performance and/or declines in the price of our common stock, given among other things, the use of equity-based compensation by us and our competitors. Further, existing immigration laws make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities in the United States, limiting the pool of available talent.

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We continue to anticipate increases in human resource needs, particularly in engineering. The loss of the services of one or more of our key employees or our inability to attract, retain and motivate qualified personnel, could have a material adverse effect on our ability to operate our business.

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

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

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

Significant portions of our sales are concentrated among a limited number of customers. If we lost one or more of these major customers, or if one or more major customers significantly decreased its orders for our products, our business could be materially and adversely affected. In fiscal 2014 and 2013, two customers each accounted for greater than ten percent of our net revenue. For further discussion see Note 16 to Item 8 of this Annual Report on Form 10-K.

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

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

In addition, if a customer encounters financial difficulties of its own as a result of a change in demand or for any other reason, the customer's ability to make timely payments against our accounts receivables could be impaired.

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

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights. From time to time, third parties have asserted and may in the future assert patent, copyright, trademark and other intellectual property rights to technologies that are important to our business and have demanded and may in the future demand that we license their technology or refrain from using it.

Any litigation to determine the validity of claims that our products infringe or may infringe intellectual property rights of another, including claims arising from our contractual indemnification of our customers, regardless of their merit or

resolution, could be costly and divert the efforts and attention of our management and technical personnel. Regardless of the merits of any specific claim, we may not prevail in litigation because of the complex technical issues and inherent uncertainties in intellectual property litigation. If litigation were to result in an adverse ruling, we could be required to:

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

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

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

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

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

If we are not successful in protecting our intellectual property rights, our ability to compete successfully may be materially and adversely affected.

We rely on patent, copyright, trademark, trade secret and other intellectual property laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our proprietary technologies, information, data, devices, algorithms, processes and other intellectual property. In addition, we often incorporate the intellectual property of our customers, suppliers or other third parties into our designs, and we have obligations with respect to the non-use and non-disclosure of such third-party intellectual property. In the future, it may be necessary to engage in litigation or like activities to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others, including our customers. This could require us to expend significant resources and to divert the efforts and attention of our management and technical personnel from our business operations.

Regardless of our actions:

- the steps we take to prevent misappropriation, infringement, dilution or other violation of our intellectual property or the intellectual property of our customers, suppliers or other third parties may not be successful, and
- any of our existing or future patents, copyrights, trademarks, trade secrets or other intellectual property rights may be challenged, invalidated or circumvented.

Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our technology without authorization, develop similar technology independently or design around our patents. If any of our intellectual property protection mechanisms fails to protect our technology, it would make it easier for our competitors to offer similar products, potentially resulting in loss of market share and price erosion. Even if we receive a patent, the patent claims may not be broad enough to adequately protect our technology. Furthermore, even if we receive patent protection in the United States, we may not seek, or may not be granted, patent protection in foreign countries. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited for certain technologies and in certain foreign countries.

We attempt to control access to and distribution of our proprietary information through operational, technological and legal safeguards. Despite our efforts, parties, including former or current employees, may attempt to copy, disclose or

obtain access to our information without our authorization. Furthermore, attempts by computer hackers to gain unauthorized access to our systems or information could result in our proprietary information being compromised or in our operations being interrupted. While we attempt to prevent such unauthorized access we may be unable to anticipate the methods used, or be unable to prevent the release of our proprietary information.

We are subject to the risks of doing business internationally.

A substantial majority of our net revenue is derived from customers located outside the United States, primarily in countries located in the Asia-Pacific region and Europe. In addition, we have suppliers located outside the United States, and third-party packaging, assembly and test facilities and foundries located in the Asia-Pacific region. Finally, we maintain wafer fabrication facilities in Kadoma, Japan and Uozu, Japan, as well as packaging, assembly and test facilities in Mexicali, Mexico and in Singapore. Our international sales and operations are subject to a number of risks inherent in selling and operating abroad. These include, but are not limited to, risks regarding:

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currency exchange rate fluctuations, including increases or decreases in commodities prices related to such fluctuations,
local economic and political conditions, including social, economic and political instability,
labor market conditions and worker's rights,
disruptions of capital and trading markets,
inability to collect accounts receivable,
restrictive governmental actions (such as restrictions on transfer of funds and trade protection measures, including export duties, quotas, customs duties, increased import or export controls and tariffs),
changes in, or non-compliance with, legal or regulatory import/export requirements,
natural disasters, acts of terrorism, widespread illness and war,
difficulty in obtaining distribution and support,
cultural differences in the conduct of business,
direct or indirect government actions or policies aimed at supporting local industry,
the laws and policies of the United States and other countries affecting trade, foreign investment and loans, and import or export licensing requirements,
changes in current or future tax law or regulations or new interpretations thereof, by federal or state agencies or foreign governments could adversely affect our results of operations,
changes in the effective tax rate as a result of our overall profitability and mix of earnings in countries with differing statutory tax rates,
results of audits and examination of previously filed tax returns,
the possibility of being exposed to legal proceedings in a foreign jurisdiction given the numerous, and sometimes conflicting, legal regimes on matters as diverse as anti-corruption, import/export controls, content requirements, trade restrictions, tariffs, taxation, sanctions, immigration, internal and disclosure control obligations, securities regulation, anti-competition, data privacy and protection, employment and labor relations,
limitations on our ability under local laws to protect or enforce our intellectual property rights in a particular foreign jurisdiction, and
restrictions on our ability to repatriate foreign earnings and / or funds and the unfavorable tax impacts related to the same.

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

Some of the countries in which we operate and/or seek to expand are in emerging markets where legal systems may be less developed or familiar to us. Compliance with diverse legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines or monetary damages, criminal sanctions against us or our officers, prohibitions on doing business, unfavorable publicity and other reputation damage, restrictions on our ability to process information and allegations by our clients that we have not performed our contractual obligations.

We are particularly exposed to risks of doing business in China. We expect to continue to expand our business and operations in China. Our success in the Chinese markets may be adversely affected by China's continuously evolving laws and regulations, including those relating to taxation, import and export tariffs, currency controls, anti-corruption, environmental regulations, indigenous innovation, and intellectual property rights and enforcement of those rights. Enforcement of existing laws or agreements may be inconsistent. In addition, changes in the political environment, governmental policies or United States-China relations could result in revisions to laws or regulations or their interpretation and enforcement, exposure of our proprietary intellectual property, increased taxation, restrictions on imports, import duties or currency revaluations, which could have an adverse effect on our business plans and

operating results. Further, the evolving labor market and increasing labor unrest in China may have a negative impact on our customers which would result in a negative impact on our business and results of operations.

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Changes in tax regulations and/or changes in the favorable tax status of our subsidiary in Singapore could have an adverse impact on our operating results.

We are subject to taxation in many different countries and localities worldwide. To the extent the tax laws and regulations in these various countries and localities could change, our tax liability in general could increase or our tax saving strategies could be threatened. For example, our subsidiary in Singapore receives a tax holiday that is expected to be effective through September 2020. Changes in the status of this tax holiday could have a negative effect on our net income in future years.

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

To the extent that our existing cash and cash equivalents and cash generated from operations are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. If unfavorable capital market conditions exist in the event we were to seek additional financing, we may not be able to raise sufficient capital on favorable terms and on a timely basis (if at all). Failure to obtain capital when required by our business circumstances would have a material adverse effect on us.

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

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

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

- issuances of equity securities dilutive to our stockholders,
- large, transactions, restructuring or other impairment write-offs,
- the incurrence of substantial debt and assumption of unknown liabilities,
- the potential loss of key employees from the acquired company,
- recognition of additional liabilities known or unknown at the time of acquisition,
- amortization expenses related to intangible assets, and
- the diversion of management's attention from other business concerns.

Moreover, integrating acquired organizations and their products and services may be difficult, expensive, time-consuming and a strain on our resources and our relationship with employees and customers and ultimately may not be successful. Additionally, in periods following an acquisition, we will be required to evaluate goodwill and acquisition-related intangible assets for impairment. If such assets are found to be impaired, they will be written down to estimated fair value, with a charge against earnings.

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

The semiconductor industry has been subject to increasing environmental regulations, particularly those environmental requirements that control and restrict the use, transportation, emission, discharge, storage and disposal

of certain chemicals, elements and materials used or produced in the semiconductor manufacturing process. Heightened public focus on sustainability and environmental issues has also led to increased government regulation and caused certain of our customers to impose environmental standards on us as a part of doing business with them. We expect that the trend of increasing environmental awareness will continue for the foreseeable future which will result in higher costs of operations. In addition, our commitment to environmentally sustainable practices, while undertaken in a manner designed to be as efficient and cost effective as possible, may result increases in costs of operations for us relative to our competitors until technologies and methods are developed that will help reduce those costs or such practices become industry best practice.

A number of domestic and foreign jurisdictions seek to restrict the use of various substances, a number of which have been or are

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

Regulations in the United States require that we determine whether certain materials used in our products, referred to as conflict minerals, originated in the Democratic Republic of the Congo or adjoining countries, or were from recycled or scrap sources. The verification and reporting requirements, in addition to customer demands for conflict-free sourcing, impose additional costs on us and on our suppliers, and may limit the sources or increase the prices of materials used in our products. Further, if we are unable to certify that our products are conflict free, we may face challenges with our customers, which could place us at a competitive disadvantage, and our reputation may be harmed.

New climate change laws and regulations could require us to change our manufacturing processes or obtain substitute materials that may cost more or be less available for our manufacturing operations. In addition, new restrictions on emissions of carbon dioxide or other greenhouse gases could result in significant costs for us. The Commonwealth of Massachusetts has adopted greenhouse gas regulations, and the United States Congress may pass federal greenhouse gas legislation in the future. The United States Environmental Protection Agency (“EPA”) has issued greenhouse gas reporting regulations that may apply to certain of our operations. The EPA is developing other climate change-based regulations, as are certain states, that also may increase our expenses and adversely affect our operating results. We expect increased worldwide regulatory activity relating to climate change in the future. Compliance with these laws and regulations has not had a material impact on our capital expenditures, earnings, financial condition or competitive position.

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

We have used, and will continue to use, a variety of chemicals and compounds in manufacturing operations and have been and will continue to be subject to a wide range of environmental protection regulations in the United States and in foreign countries. Current or future regulation of the materials necessary for our products may have a material adverse effect on our business, financial condition and results of operations. Environmental regulations often require parties to fund remedial action for violations of such regulations regardless of fault. Consequently, it is often difficult to estimate the future impact of environmental matters, including potential liabilities. Furthermore, our customers increasingly require warranties or indemnity relating to compliance with environmental regulations. The amount of expense and capital expenditures that might be required to satisfy environmental liabilities, to complete remedial actions and to continue to comply with applicable environmental laws may have a material adverse effect on our business, financial condition and results of operations.

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

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

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

Among our product portfolio, we manufacture and sell gallium arsenide semiconductor devices and components, principally power amplifiers and switches. The production of gallium arsenide integrated circuits is often more costly than the production of silicon circuits. The cost differential is due to higher costs of raw materials for gallium arsenide and higher unit costs associated with smaller sized wafers and lower production volumes. Further, silicon based designs offer alternatives within the system architecture which

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are unavailable for gallium arsenide based designs. Therefore, to remain competitive, we must offer gallium arsenide products that provide superior performance over silicon-based alternatives. Although we manufacture and sell silicon-based power amplifiers, if we do not continue to offer gallium arsenide products that provide sufficiently superior performance to justify the cost differential, our factories could become underutilized adversely affecting our operating results. As a result of underutilization, we could expect the costs of producing gallium arsenide devices will continue to exceed the costs of producing their silicon counterparts. Silicon semiconductor technologies are widely used process technologies for certain integrated circuits and these technologies continue to improve in performance. We may not continue to identify products and markets that require performance attributes of gallium arsenide products.

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

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

- the ability of our Board of Directors to issue shares of preferred stock in one or more series without further authorization of stockholders,
- a prohibition on stockholder action by written consent,
- no stockholder right to call a special meeting of stockholders,
- a requirement that stockholders provide advance notice of any stockholder nominations of directors or any proposal of new business to be considered at any meeting of stockholders,
- a requirement that the affirmative vote of at least 66 2/3% of our shares be obtained to amend or repeal any provision of our by-laws or the provision of our certificate of incorporation relating to amendments to our by-laws,
- a requirement that the affirmative vote of at least 80% of our shares be obtained to amend or repeal the provisions of our certificate of incorporation relating to the election and removal of directors or the right to act by written consent,
- a requirement that the affirmative vote of at least 80% of our shares be obtained for business combinations unless approved by a majority of the members of the Board of Directors and, in the event that the other party to the business combination is the beneficial owner of 5% or more of our shares, a majority of the members of Board of Directors in office prior to the time such other party became the beneficial owner of 5% or more of our shares,
- a fair price provision, and
- a requirement that the affirmative vote of at least 90% of our shares be obtained to amend or repeal the fair price provision.

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

Our business and operations could suffer in the event of security breaches.

Attempts by others to gain unauthorized access to our information technology systems are becoming more sophisticated and are sometimes successful. These attempts, which might be related to industrial or other espionage, include covertly introducing malware to our computers and networks and impersonating authorized users, among others. We seek to detect and investigate all security incidents and to prevent their recurrence, but in some cases, we might be unaware of an incident or its magnitude and effects. The theft, unauthorized use or publication of our intellectual property and/or confidential business information could harm our competitive position, reduce the value of

our investment in research and development and other strategic initiatives or otherwise adversely affect our business. To the extent that any security breach results in inappropriate disclosure of our customers' or licensees' confidential information, we may incur liability as a result. In addition, we expect to devote additional resources to the security of our information technology systems.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

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ITEM 2. PROPERTIES.

We are headquartered in Woburn, Massachusetts and have executive offices in Irvine, California. For information regarding property, plant and equipment by geographic region for each of the last two fiscal years, see Note 16 of Item 8 of this Annual Report on Form 10-K. The following table sets forth our principal facilities:

Location	Owned/Leased	Square Footage	Primary Function
Woburn, Massachusetts	Owned	158,000	Corporate headquarters and manufacturing
Adamstown, Maryland	Owned	121,200	Manufacturing and office space
Newbury Park, California	Owned	111,600	Manufacturing and office space
Newbury Park, California	Leased	108,400	Design center
Irvine, California	Leased	63,400	Design center
Cedar Rapids, Iowa	Leased	42,900	Design center
Santa Clara, California	Leased	42,200	Design center
Mexicali, Mexico	Owned	380,000	Manufacturing and office space
Singapore	Leased	134,000	Filter manufacturing
Kadoma, Japan	Leased	103,000	Filter manufacturing and office space
Seoul, Korea	Leased	22,900	Design center
Ottawa, Ontario	Leased	30,900	Design center

ITEM 3. LEGAL PROCEEDINGS.

The information set forth under Note 12 of Notes to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

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PART II

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

MARKET INFORMATION

Our common stock is traded on the NASDAQ Global Select Market under the symbol "SWKS". The following table sets forth the range of high and low closing prices for our common stock for the periods indicated, as reported by the NASDAQ Global Select Market. The number of stockholders of record of Skyworks' common stock as of November 14, 2014 was 23,496.

	Fiscal Years Ended			
	October 3, 2014		September 27, 2013	
	High	Low	High	Low
First quarter	\$28.43	\$23.71	\$24.08	\$19.80
Second quarter	39.27	27.40	24.97	20.30
Third quarter	48.34	34.90	23.95	20.15
Fourth quarter	58.84	46.34	26.33	20.99

DIVIDENDS

The Company paid a total of \$41.4 million in dividends during fiscal 2014. On November 6, 2014, the board of directors declared a cash dividend of \$0.13 per share of common stock, an increase over the dividend from the prior quarter, payable on December 11, 2014 to stockholders of record as of November 18, 2014. We intend to continue to pay quarterly dividends subject to capital availability and our view that cash dividends are in the best interests of our stockholders. Future dividends may be affected by, among other items, our views on potential future capital requirements, including those relating to research and development, creation and expansion of sales distribution channels and investments and acquisitions, legal risks, stock repurchase programs, debt issuance, changes in federal and state income tax law and changes to our business model.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information regarding repurchases of common stock made during the fiscal quarter ended October 3, 2014:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximately Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
6/28/14-7/25/14	5,249	\$49.82	—	\$109.7 million
7/26/14-8/29/14	877,666(2)	\$52.60	875,000	\$63.9 million
8/30/14-10/3/14	35,777	\$56.50	—	\$63.9 million

(1) The share repurchase program approved by the Board of Directors on July 16, 2013, authorizes the repurchase of up to \$250.0 million of our common stock from time to time on the open market or in privately negotiated transactions as permitted by securities laws and other legal requirements. The share repurchase program is scheduled to expire on July 16, 2015.

(2) We repurchased 875,000 shares of common stock at an average price of \$52.60 from July 26, 2014 to August 29, 2014 as part of our share repurchase program and 2,666 shares were withheld for tax obligations under restricted stock agreements with an average price of \$53.99.

On November 11, 2014, the Board of Directors approved a new share repurchase program, pursuant to which we are authorized to repurchase up to \$300.0 million of our common stock from time to time on the open market or in privately negotiated transactions as permitted by securities laws and other legal requirements. The repurchase program is set to expire on November 11, 2016; however, it may be suspended, discontinued or extended by the Board of Directors at any time prior to its expiration on November 11, 2016. This authorized stock repurchase program replaced in its entirety the July 16, 2013 stock repurchase program. These repurchase programs have been and will be funded with our working capital.

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ITEM 6. SELECTED FINANCIAL DATA.

You should read the data set forth below in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Our fiscal year ends on the Friday closest to September 30. Fiscal 2014 consisted of 53 weeks and ended on October 3, 2014. The previous four fiscal years each consisted of 52 weeks and ended on September 27, 2013, September 28, 2012, September 30, 2011 and October 1, 2010.

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

Statement of Operations Data:	Fiscal Years Ended				
	October 3, 2014	September 27, 2013	September 28, 2012	September 30, 2011	October 1, 2010
Net revenue	\$2,291.5	\$1,792.0	\$1,568.6	\$1,418.9	\$1,071.8
Operating income	\$565.2	\$345.1	\$255.6	\$295.3	\$199.7
Operating margin	24.7 %	19.3 %	16.3 %	20.8 %	18.6 %
Net income	\$457.7	\$278.1	\$202.0	\$226.6	\$137.3
Earnings per share:					
Basic	\$2.44	\$1.48	\$1.09	\$1.24	\$0.78
Diluted	\$2.38	\$1.45	\$1.05	\$1.19	\$0.75
	As of				
Balance Sheet Data:	October 3, 2014	September 27, 2013	September 28, 2012	September 30, 2011	October 1, 2010
Working capital	\$1,131.6	\$893.6	\$700.6	\$569.2	\$585.5
Property, plant and equipment, net	\$555.9	\$328.6	\$279.4	\$251.4	\$204.4
Total assets	\$2,973.8	\$2,333.1	\$2,136.6	\$1,890.4	\$1,564.1
Stockholders' equity	\$2,532.4	\$2,101.1	\$1,905.5	\$1,609.1	\$1,316.6

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this Annual Report on Form 10-K. In addition to historical information, the following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ substantially and adversely from those referred to herein due to a number of factors, including but not limited to those described below and in Item 1A "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

OVERVIEW

We, together with our consolidated subsidiaries, are an innovator of high performance analog and mixed signal semiconductors linking people, places and things across a rapidly expanding number of new and previously unimagined applications including automotive, broadband, wireless infrastructure, energy management, GPS, industrial, medical, military, networking, smartphones and tablets. Our portfolio consists of amplifiers, attenuators, battery chargers, circulators, DC/DC converters, demodulators, detectors, diodes, directional couplers, filters, front-end modules, hybrids, infrastructure radio frequency, or RF, subsystems, isolators, LED drivers, mixers, modulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, power management devices, receivers, switches, technical ceramics and voltage regulators. Our key customers include Arris, Bose, Cisco, Dell, Ericsson, Foxconn, Fujitsu, General Electric, Google, Honeywell, HTC, Huawei, Landis & Gyr,

Lenovo, LG Electronics, Microsoft, Nest, Netgear, Northrop Grumman, Rockwell Collins, Samsung, Sonos, and ZTE. Our competitors include Analog Devices, Avago Technologies, Linear Technology, Maxim Integrated Products, Murata Manufacturing, QUALCOMM, RF Micro Devices and Triquint Semiconductor.

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RESULTS OF OPERATIONS

FISCAL YEARS ENDED OCTOBER 3, 2014, SEPTEMBER 27, 2013, AND SEPTEMBER 28, 2012.

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

	October 3, 2014	September 27, 2013	September 28, 2012		
Net revenue	100.0	% 100.0	% 100.0	%	
Cost of goods sold	55.4	57.2	57.5		
Gross profit	44.6	42.8	42.5		
Operating expenses:					
Research and development	11.0	12.6	13.5		
Selling, general and administrative	7.8	8.9	10.1		
Amortization of intangibles	1.1	1.6	2.1		
Restructuring and other charges	—	0.4	0.5		
Total operating expenses	19.9	23.5	26.2		
Operating income	24.7	19.3	16.3		
Other expense, net	—	—	—		
Income before income taxes	24.7	19.3	16.3		
Provision for income taxes	4.7	3.7	3.4		
Net income	20.0	% 15.6	% 12.9	%	

GENERAL

During the fiscal year ended October 3, 2014, the following key factors contributed to our overall results of operations, financial position and cash flows:

Net revenue increased to approximately \$2.3 billion, an increase of 28% as compared to the prior fiscal year. This increase in revenue was primarily related to our continued growth as smartphones displace traditional cellular phones, increased strength in emerging markets due to the adoption of 3G and 4G technologies, increases in tablet computing and the expansion of our analog product portfolio to address additional content within the handset and tablet markets as well as new vertical markets including medical automotive, military and industrial.

Operating margin increased by approximately 540 basis points to 24.7% for fiscal 2014 up from 19.3% in fiscal 2013. The increase in operating margin was primarily related to higher revenue and the leveraging impact on our gross margin and operating expenses partially offset by higher employee compensation expenses.

As a result of the aforementioned factors, overall profitability increased significantly from fiscal 2013 with both net income and diluted earnings per share increasing 64% year over year.

Our ending cash and cash equivalents balance increased 58% to \$806 million in fiscal 2014 from \$511 million in fiscal 2013. This was the result of a 54% increase in cash from operations to \$772 million in fiscal 2014 from \$500 million in fiscal 2013 due to higher net income and improvements in working capital. In addition, we invested \$209 million on capital expenditures, \$166 million to repurchase over 4.5 million shares of our common stock, \$149 million for a 66% controlling interest in a joint venture and \$41 million in cash dividend payments.

We created a joint venture with Panasonic Corporation with respect to the design, manufacture and sale of Panasonic's surface acoustic wave ("SAW") and temperature-compensated ("TC") SAW filter products. Panasonic contributed certain assets, properties, employees and rights related to its filter business, for which we acquired a 66% controlling interest.

Overall demand for SAW and TC SAW filters is increasing as technology enhancements and product architectures become more complex to support the overall evolution of wireless technology and the increasing number of frequency bands that are utilized in end consumer products. The acquisition assists us in securing a dedicated supply of SAW and TC SAW filters in addition to allowing for integrating filters into the design and production of our products.

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NET REVENUE

	Fiscal Years Ended				
	October 3, 2014	Change	September 27, 2013	Change	September 28, 2012
(dollars in millions)					
Net revenue	\$2,291.5	27.9%	\$1,792.0	14.2%	\$1,568.6

We market and sell our products directly to original equipment manufacturers of communications and electronics products, third-party original design manufacturers and contract manufacturers, and indirectly through electronic components distributors. We generally experience seasonal peaks during the second half of the calendar year primarily as a result of increased worldwide production of consumer electronics in anticipation of increased holiday sales. In addition, we periodically enter into revenue generating arrangements that leverage our broad intellectual property portfolio by licensing or selling our non-core patents or other intellectual property, and we anticipate continuing this intellectual property strategy in future periods.

The \$499.5 million increase in revenue in fiscal 2014 as compared to fiscal 2013 was primarily driven by our ability to capture a higher share of the increasing RF and analog content per device due to more complex smartphones continuing to displace traditional cellular phones, increased strength in emerging markets due to the adoption of 3G and 4G technologies, the increasing popularity of tablet computing, and our expanding analog product portfolio supporting new vertical markets including medical, automotive, military and industrial.

The \$223.4 million increase in revenue in fiscal 2013 as compared to fiscal 2012 was primarily due to the increasing demand for our 3G, Switching, Wireless LAN and GPS solutions. This increase was partially offset by lower GSM/GPRS product revenue as a result of the contracting 2G market.

For information regarding net revenue by geographic region and customer concentration, see Note 16 of Item 8 of this Annual Report on Form 10-K.

GROSS PROFIT

	Fiscal Years Ended					
	October 3, 2014	Change	September 27, 2013	Change	September 28, 2012	
(dollars in millions)						
Gross profit	\$1,022.7	33.4%	\$766.6	14.9%	\$667.1	
% of net revenue	44.6	%	42.8	%	42.5	%

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

Gross profit was \$256.1 million greater for the fiscal year ended October 3, 2014 than gross profit for the prior fiscal year. The increase in gross profit was primarily the result of higher unit volumes, lower overall per unit material and manufacturing costs with an aggregate gross profit benefit of \$273.5 million. These benefits were partially offset by the erosion of average selling price, unfavorable changes in product mix and other costs which combined to negatively

impact gross profit by \$17.4 million. As a result of these impacts, gross profit margin increased to 44.6% of net revenue for the fiscal year ended October 3, 2014.

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

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During fiscal 2014 and 2013 we continued to benefit from higher contribution margins associated with the licensing and/or sale of intellectual property although revenue associated with the licensing and/or sale of intellectual property was immaterial to the consolidated results of operations for the periods presented.

RESEARCH AND DEVELOPMENT

	Fiscal Years Ended					
	October 3, 2014	Change	September 27, 2013	Change	September 28, 2012	
(dollars in millions)						
Research and development	\$252.2	11.4%	\$226.3	6.5%	\$212.5	
% of net revenue	11.0	%	12.6	%	13.5	%

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

The increase in research and development expense in fiscal 2014 as compared to fiscal 2013 is primarily related to increased compensation expense, including share-based compensation of \$19.1 million, enhanced development activity, related services and other costs of \$6.8 million. Research and development expense decreased as a percentage of net revenue due to the aforementioned increase in net revenue.

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

SELLING, GENERAL AND ADMINISTRATIVE

	Fiscal Years Ended					
	October 3, 2014	Change	September 27, 2013	Change	September 28, 2012	
(dollars in millions)						
Selling, general and administrative	\$179.1	12.1%	\$159.7	0.8%	\$158.4	
% of net revenue	7.8	%	8.9	%	10.1	%

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

The increase in fiscal 2014 as compared to fiscal 2013 was primarily related to increased compensation expense including share-based compensation of \$8.1 million, legal expense related to ongoing litigation of \$3.9 million and acquisition related expenses of \$3.4 million. Selling, general and administrative expenses decreased as a percentage of net revenue due to the decrease in the aforementioned expenses as well as the increase in net revenue.

The increase in fiscal 2013 as compared to fiscal 2012 was primarily related to increased compensation expense offset by the decrease in aggregated acquisition-related and legal expenses incurred in the prior fiscal year. Selling, general and administrative expenses decreased as a percentage of net revenue due to the decrease in the aforementioned expenses as well as the increase in net revenue.

AMORTIZATION OF INTANGIBLES

	Fiscal Years Ended					
	October 3, 2014	Change	September 27, 2013	Change	September 28, 2012	
(dollars in millions)						
Amortization of intangibles	\$25.9	(11.0)%	\$29.1	(11.3)%	\$32.8	
% of net revenue	1.1	%	1.6	%	2.1	%

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Amortization expense decreased in fiscal 2014 when compared to the prior fiscal year due to the end of the estimated useful lives of certain fully amortized intangible assets acquired in prior fiscal years. This decrease was partially offset by the amortization of intangibles acquired in the Panasonic transaction.

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

PROVISION FOR INCOME TAXES

	Fiscal Years Ended					
	October 3, 2014	Change	September 27, 2013	Change	September 28, 2012	
(dollars in millions)						
Provision for income taxes	\$107.5	61.9	66.4	25.5	\$52.9	
% of net revenue	4.7	%	3.7	%	3.4	%

The annual effective tax rate for fiscal 2014 of 19.0% was less than the United States federal statutory rate of 35% primarily due to benefits of 13.7% related to foreign earnings taxed at a rate less than the United States federal rate, benefits of 1.9% related to a domestic production activities deduction, and benefits of 3.5% from the settlement of the IRS audit of our fiscal 2011 income tax return, partially offset by income tax rate expense impact of 2.0% related to a change in our tax reserves.

We operate under a tax holiday in Singapore, which is effective through September 30, 2020. This tax holiday is conditional upon our compliance in meeting certain employment and investment thresholds in Singapore. The impact of the tax holiday decreased Singapore's taxes by \$12.6 million and \$10.0 million for the fiscal years ended October 3, 2014 and September 27, 2013, respectively. This resulted in tax benefits of \$0.07 and \$0.05 of diluted earnings per share for the fiscal years ended October 3, 2014 and September 27, 2013, respectively.

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

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

LIQUIDITY AND CAPITAL RESOURCES

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
(dollars in millions)			
Cash and cash equivalents at beginning of period	\$511.1	\$ 307.1	\$ 410.8
Net cash provided by operating activities	772.4	499.7	285.2
Net cash used in investing activities	(357.1)	(123.0)	(302.8)
Net cash used in financing activities	(120.6)	(172.7)	(86.1)
Cash and cash equivalents at end of period	\$805.8	\$ 511.1	\$ 307.1

Cash Flow from Operating Activities:

Cash provided by operating activities is net income adjusted for certain non-cash items and changes in certain operating assets and liabilities. For fiscal 2014, we generated \$772.4 million in cash flow from operations, an increase of \$272.7 million when compared to \$499.7 million generated in fiscal 2013. The increase in cash flow from operating activities during the fiscal year ended October 3, 2014 was related to higher net income combined with a net cash inflow from changes in operating assets and liabilities and the effects of non-cash depreciation and share-based compensation. Specifically, the changes in operating assets and liabilities that were sources of cash were: \$74.2 million in accounts payable related to the timing of vendor payments, \$63.4 million related to tax liabilities, payroll related accruals and other accrued expenses which include accrued expenses related to ongoing operations of an acquired interest in a joint venture and \$7.3 million related to other current and long-term assets. These sources of cash were offset

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by uses of cash of \$12.4 million in accounts receivable due to the timing of customer collections and \$6.1 million related to an increase in inventory.

Cash Flow from Investing Activities:

Cash flow from investing activities consists of capital expenditures, the sale and maturity of investments and acquisitions, net of cash acquired. Cash flow used in investing activities was \$357.1 million during fiscal 2014, compared to \$123.0 million during fiscal 2013. This increase was related to capital expenditures of \$208.6 million related to the purchase of manufacturing equipment to support increased production in anticipation of accelerating demand from key customers at our wafer fabrication facilities located in the United States and our assembly and test facility in Mexicali, Mexico and the acquisition of a 66% interest in a joint venture with Panasonic Corporation for \$148.5 million in cash during fiscal 2014.

Cash Flow from Financing Activities:

Cash flows from financing activities consist primarily of cash transactions related to debt and equity. During fiscal 2014, we had net cash outflows of \$120.6 million, compared to \$172.7 million in fiscal 2013. The decrease in cash used in financing activities was primarily related to the increase in stock option proceeds and the excess tax benefit reclassification from operating activities during fiscal 2014. During fiscal 2014 we had the following significant uses of cash:

- \$165.7 million related to our repurchase of approximately 4.5 million shares of our common stock pursuant to the share repurchase program approved by our Board of Directors on July 16, 2013;
- \$41.4 million in cash dividend payments related to our \$0.11 per share dividends declared on our common stock outstanding during the fiscal year; and
- \$22.1 million related to the minimum statutory payroll tax withholdings upon vesting of employee performance and restricted stock awards.

These uses of cash were partially offset by the net proceeds from employee stock option exercises of \$67.8 million and the tax benefit from stock option exercises of \$40.8 million during fiscal 2014.

Liquidity:

Cash and cash equivalent balances were \$805.8 million at October 3, 2014, representing an increase of \$294.7 million from September 27, 2013. The increase resulted from \$772.4 million in cash generated from operations which is partially offset by \$208.6 million in capital expenditures for increased production capacity, \$165.7 million used to repurchase 4.5 million shares of stock, \$148.5 million in cash to acquire a 66% interest in a joint venture with Panasonic Corporation and \$41.4 million in cash dividend payments during fiscal 2014. Based on our historical results of operations, we expect that our cash and cash equivalents on hand and the cash we expect to generate from operations will be sufficient to fund our research and development, capital expenditures, acquisitions, working capital, quarterly cash dividend payments (if such dividends are declared by the Board of Directors) and other cash requirements for at least the next 12 months. However, we cannot be certain that our cash on hand and cash generated from operations will be available in the future to fund all of our capital and operating requirements. In addition, any future strategic investments and acquisitions may require additional cash and capital resources. If we are unable to obtain sufficient cash or capital to meet our needs on a timely basis and on favorable terms, our business and operations could be materially and adversely affected.

Our invested cash balances primarily consist of highly liquid term deposits with original maturities of 90 days or less and money market funds where the underlying securities primarily consist of United States treasury obligations, United States agency obligations and repurchase agreements collateralized by United States government and agency obligations.

Our cash and cash equivalent balance of \$805.8 million at October 3, 2014 consisted of \$608.4 million held domestically and \$197.4 million held by foreign subsidiaries. Of the cash and cash equivalents held by our foreign

subsidiaries at October 3, 2014, \$141.9 million is considered by us to be indefinitely reinvested and would be subject to material tax effects if repatriated. The remaining \$55.5 million of foreign cash and cash equivalents can be repatriated without any tax consequences.

OFF-BALANCE SHEET ARRANGEMENTS

All significant contractual obligations are recorded on our consolidated balance sheet or fully disclosed in the notes to our consolidated financial statements. We have no material off-balance sheet arrangements as defined in SEC Regulation S-K- 303(a)(4)(ii).

CONTRACTUAL CASH FLOWS

Set forth below is a summary of our contractual payment obligations related to our operating leases, other commitments and long-term liabilities at October 3, 2014 (in millions):

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Obligation	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	Thereafter
Other long-term liabilities (1)	\$46.5	\$4.7	\$—	\$—	\$41.8
Operating lease obligations	44.3	13.1	17.5	8.9	4.8
Other commitments (2)	92.7	14.2	78.5	—	—
Total	\$183.5	\$32.0	\$96.0	\$8.9	\$46.6

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

(2) Other commitments consist of liabilities related to business combinations, contractual license and royalty payments, and other purchase obligations. See Note 11 of Item 8 of this Annual Report on Form 10-K

CRITICAL ACCOUNTING ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Securities and Exchange Commission has defined critical accounting policies as those that are both most important to the portrayal of our financial condition and results and which require our most difficult, complex or subjective judgments or estimates. Based on this definition, we believe our critical accounting policies include revenue recognition, inventory valuation, impairment of long-lived assets, goodwill and intangibles, business combinations, share-based compensation, loss contingencies and income taxes. Note 2 of Item 8 on this Annual Report on Form 10-K describes the significant accounting policies and methods used in the preparation of our consolidated financial statements.

On an ongoing basis, we evaluate the judgments and estimates underlying all of our accounting policies. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures, and reported amounts of revenues and expenses. These estimates and assumptions are based on our best judgments using historical experience and other factors, including the current economic environment, which we believe to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, factors may arise over time that lead us to change our methods, estimates and judgments that could materially and adversely affect our results of operations.

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

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

Goodwill and Purchased Intangible Assets. We evaluate goodwill and other purchased intangible assets for impairment annually on the first day of the fourth fiscal quarter and whenever events or circumstances arise that may indicate that the carrying value of the goodwill or other intangibles may not be recoverable.

The impairment evaluation of goodwill involves comparing the fair value to the carrying value of the reporting unit. We use the market price of the Company's stock adjusted for a market premium to calculate the fair value of the reporting unit. If the fair value exceeds the carrying value, then it is concluded that no goodwill impairment has occurred. If the carrying value of the reporting unit exceeds its fair value, a second step is required to measure the possible goodwill impairment loss.

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In the second step, if required, we would use a discounted cash flow methodology to determine the implied fair value of our goodwill. The implied fair value of the reporting unit's goodwill would then be compared to the carrying value of the goodwill. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, we would recognize a loss equal to the excess.

Our impairment analyses contain uncertainties because it requires management to make assumptions and to apply judgment to items such as: estimated control premiums, discount rate, future cash flows, the profitability of future business strategies and useful lives. Historically, we have not experienced material differences between our impairment calculations and actual results.

Business Combinations. We apply significant estimates and judgments in order to determine the fair value of the identified tangible and intangible assets acquired, liabilities assumed and goodwill recognized in business combinations. The value of all assets and liabilities are recognized at fair value as of the acquisition date using a market participant approach.

In measuring the fair value, we utilize a number of valuation techniques consistent with the market approach, income approach and/ or cost approach. The valuation of the identifiable assets and liabilities includes assumptions such as projected revenue, royalty rates, weighted average cost of capital, discount rates and estimated useful lives. These assessments can be significantly affected by our judgments. Historically, we have not experienced material differences in our assigned values and actual results.

Share-Based Compensation. We have a share-based compensation plan which includes non-qualified stock options, restricted and performance share awards and units, employee stock purchase plan and other special share-based awards. Note 9 of Item 8 of this Annual Report on Form 10-K details our current share-based compensation programs.

We determine the fair value of our non-qualified stock options at the date of grant using the Black-Scholes options-pricing model. For restricted and performance based awards and units, we determine the fair value based on the grant date fair value of the Company's stock based on the most probable outcome of the underlying performance metric, as applicable. For more complex performance awards with market-based conditions we employ a Monte Carlo simulation and determine the fair value based on the most probable outcome of the performance metric. Our determination of fair value of share-based items on the date of grant contains assumptions regarding a number of highly complex and subjective variables including, but not limited to: our expected stock price volatility over the term of the award, correlation coefficients, risk-free rate, the expected life of the award, forfeiture rates, and a dividend yield with compensation expense recognized over the requisite service period of the underlying award. Management periodically evaluates these assumptions and updates share-based compensation expense accordingly. Historically, we have not experienced material differences in our estimates and actual results.

Loss Contingencies. We record an estimate for loss contingencies such as a legal proceeding or claims if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We disclose material loss contingencies if there is at least a reasonable possibility that a loss has been incurred.

Our loss contingency analysis contains uncertainties because it requires management to assess the degree of probability of an unfavorable outcome and to make a reasonable estimate of the amount of potential loss. Historically, we have not experienced material differences between our estimates and actual results.

Income Taxes. We account for income taxes using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between tax and financial reporting. Deferred tax assets and liabilities are measured using the currently enacted tax rates that apply to taxable income in effect for the years in which those tax assets are expected to be realized or settled. We record a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized. Significant management judgment is required in developing our provision for income taxes, including the determination of

deferred tax assets and liabilities and any valuation allowances that might be required against the deferred tax assets. ASC 740 Income Taxes (“ASC 740”) clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with GAAP. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on derecognition, classification, interest and penalties, accounting in the interim periods and disclosure.

The application of tax laws and regulations to calculate our tax liabilities is subject to legal and factual interpretation, judgment, and uncertainty in a multitude of jurisdictions. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations, and court rulings. We recognize potential liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and interest will be due. We record an amount as an estimate of probable additional income tax liability at the largest amount that we feel is more likely than not, based upon the technical merits of the position, to be sustained upon audit by the relevant tax authority. We record a valuation allowance against deferred tax assets that we feel are more likely than not to not be realized. Historically, we have not experienced material differences between our estimates and actual results.

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OTHER MATTERS

Inflation did not have a material impact on our results of operations during the three-year period ended October 3, 2014.

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

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

Investment and Interest Rate Risk

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

	October 3, 2014
Cash and cash equivalents (time deposits, certificate of deposits and money market funds)	\$805.8
Available for sale securities (auction rate securities) at carrying value	2.3
Total	\$808.1

The main objectives of our investment activities are the liquidity and preservation of capital. Our cash equivalent investments have short-term maturity periods which dampen the impact of market or interest rate risk. Credit risk associated with our investments is not material as our money market and deposits are diversified across several financial institutions with high credit ratings which reduces the amount of credit exposure to any one counter party.

Based on our results of operations for the fiscal year ended October 3, 2014, a hypothetical reduction in the interest rates on our cash and cash equivalents to zero would result in an immaterial reduction of interest income with a de minimis impact to income before taxes.

We own \$3.2 million of par value auction rate securities which are currently valued at \$2.3 million as of October 3, 2014. In the event that the market conditions change in the future and our auction rate security becomes fully and permanently impaired, the impact to income before income taxes would be the par value of the auction rate security of approximately \$3.2 million as of October 3, 2014.

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

Exchange Rate Risk

Substantially all sales to customers and arrangements with third-party manufacturers provide for pricing and payment in United States dollars, thereby reducing the impact of foreign exchange rate fluctuations on our results. A small percentage of our international operational expenses are denominated in foreign currencies. Exchange rate volatility could negatively or positively impact those operating costs. For the fiscal years ended October 3, 2014, September 27, 2013 and September 28, 2012, the Company had foreign exchange gains/(losses) of \$0.1 million, \$(1.1) million and \$(0.4) million, respectively. Increases in the value of the United States dollar relative to other currencies could make our products more expensive, which could negatively impact our ability to compete. Conversely, decreases in the value of the United States dollar relative to other currencies could result in our suppliers raising their prices to

continue doing business with us. Fluctuations in currency exchange rates could have a greater effect on our business in the future to the extent our expenses increasingly become denominated in foreign currencies.

The Company may enter into foreign currency forward and option contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Company's practice is to hedge a portion of its material foreign exchange exposures. However, the Company may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The following consolidated financial statements of the Company are included herewith:

(1)	<u>Report of Independent Registered Public Accounting Firm</u>	Page <u>35</u>
(2)	Consolidated Statements of Operations for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012	Page <u>36</u>
(3)	<u>Consolidated Statements of Comprehensive Income for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012</u>	Page <u>37</u>
(4)	<u>Consolidated Balance Sheets at October 3, 2014 and September 27, 2013</u>	Page <u>38</u>
(5)	Consolidated Statements of Cash Flows for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012	Page <u>39</u>
(6)	<u>Consolidated Statements of Stockholders' Equity for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012</u>	Page <u>40</u>
(7)	<u>Notes to Consolidated Financial Statements</u>	Page <u>41</u> through <u>62</u>

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

Skyworks Solutions, Inc.:

We have audited the accompanying consolidated balance sheets of Skyworks Solutions, Inc. and subsidiaries as of October 3, 2014 and September 27, 2013, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholders' equity for each of the years in the three-year period ended October 3, 2014. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule listed in Item 15 of the 2014 Form 10-K. We also have audited Skyworks Solutions, Inc.'s internal control over financial reporting as of October 3, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Skyworks Solutions, Inc.'s management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule, and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Skyworks Solutions, Inc. and subsidiaries as of October 3, 2014 and September 27, 2013, and the results of its operations and its cash flows for each of the years in the three-year period ended October 3, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, Skyworks Solutions, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of October 3,

2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Skyworks Solutions, Inc. acquired the Panasonic SAW and TC SAW filter business (FilterCo) during 2014, and management excluded from its assessment of the effectiveness of Skyworks Solutions, Inc. and subsidiaries' internal control over financial reporting as of October 3, 2014, FilterCo's internal control over financial reporting associated with 9.0% of total consolidated assets (of which 2.9% represents goodwill and intangible assets included within the scope of the assessment) included in the consolidated financial statements of Skyworks Solutions, Inc. and subsidiaries as of and for the year ended October 3, 2014. Our audit of internal control over financial reporting of Skyworks Solutions, Inc. and subsidiaries also excluded an evaluation of the internal control over financial reporting of FilterCo.

/s/ KPMG LLP

Boston, Massachusetts

November 25, 2014

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Net revenue	\$2,291.5	\$1,792.0	\$1,568.6
Cost of goods sold	1,268.8	1,025.4	901.5
Gross profit	1,022.7	766.6	667.1
Operating expenses:			
Research and development	252.2	226.3	212.5
Selling, general and administrative	179.1	159.7	158.4
Amortization of intangibles	25.9	29.1	32.8
Restructuring and other charges	0.3	6.4	7.8
Total operating expenses	457.5	421.5	411.5
Operating income	565.2	345.1	255.6
Other expense, net	—	(0.6	) (0.7
Income before income taxes	565.2	344.5	254.9
Provision for income taxes	107.5	66.4	52.9
Net income	\$457.7	\$278.1	\$202.0
Earnings per share:			
Basic	\$2.44	\$1.48	\$1.09
Diluted	\$2.38	\$1.45	\$1.05
Weighted average shares:			
Basic	187.2	187.5	185.8
Diluted	192.6	192.2	191.8
Cash dividends declared and paid per share	\$0.22	\$—	\$—

See accompanying Notes to Consolidated Financial Statements.

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Net income	\$457.7	\$278.1	\$202.0
Other comprehensive income, net of tax			
Pension adjustments	—	0.7	(0.3)
Foreign currency translation adjustment	(4.0)	—	—
Comprehensive income	\$453.7	\$278.8	\$201.7

See accompanying Notes to Consolidated Financial Statements.

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

	As of October 3, 2014	September 27, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$805.8	\$511.1
Receivables, net of allowance for doubtful accounts of \$0.8 and \$0.5, respectively	317.6	292.7
Inventory	270.8	229.5
Other current assets	35.0	40.0
Total current assets	1,429.2	1,073.3
Property, plant and equipment, net	555.9	328.6
Goodwill	851.0	800.5
Intangible assets, net	75.0	64.8
Deferred tax assets, net	50.8	54.1
Other assets	11.9	11.8
Total assets	\$2,973.8	\$2,333.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$200.6	\$126.5
Accrued compensation and benefits	70.7	41.2
Other current liabilities	26.3	12.0
Total current liabilities	297.6	179.7
Long-term tax liabilities	41.6	45.9
Other long-term liabilities	102.2	6.4
Total liabilities	441.4	232.0
Commitments and contingencies (Note 11 and Note 12)		
Stockholders' equity:		
Preferred stock, no par value: 25.0 shares authorized, no shares issued	—	—
Common stock, \$0.25 par value: 525.0 shares authorized; 214.2 shares issued and 189.2 shares outstanding at October 3, 2014, and 207.5 shares issued and 187.9 shares outstanding at September 27, 2013	47.3	47.0
Additional paid-in capital	2,248.2	2,041.4
Treasury stock, at cost	(553.1)	(365.3)
Retained earnings	794.9	378.9
Accumulated other comprehensive loss	(4.9)	(0.9)
Total stockholders' equity	2,532.4	2,101.1
Total liabilities and stockholders' equity	\$2,973.8	\$2,333.1

See accompanying Notes to Consolidated Financial Statements.

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Cash flows from operating activities:			
Net income	\$457.7	\$278.1	\$202.0
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation	86.0	71.7	72.2
Depreciation	96.8	74.3	69.5
Amortization of intangible assets	25.9	29.1	33.2
Contribution of common shares to savings and retirement plans	17.1	17.1	16.1
Deferred income taxes	3.3	13.7	12.9
Excess tax benefit from share-based compensation	(40.8)	) (10.8)	) (6.8)
Change in fair value of contingent consideration	—	—	(5.4)
Other	1.0	0.3	0.5
Changes in assets and liabilities net of acquired balances:			
Receivables, net	(12.4)	) 4.9	(109.2)
Inventory	(6.1)	) 3.4	(19.3)
Other current and long-term assets	7.3	(0.2)	) (9.5)
Accounts payable	74.2	(14.1)	) 15.2
Other current and long-term liabilities	62.4	32.2	13.8
Net cash provided by operating activities	772.4	499.7	285.2
Cash flows from investing activities:			
Capital expenditures	(208.6)	) (123.8)	) (94.1)
Payments for acquisitions, net of cash acquired	(148.5)	) —	(229.6)
Sales and maturities of short term investments	—	0.8	20.9
Net cash used in investing activities	(357.1)	) (123.0)	) (302.8)
Cash flows from financing activities:			
Retirement of debt and line of credit	—	—	(48.1)
Payment of contingent consideration	—	(1.1)	) (52.9)
Excess tax benefit from share-based compensation	40.8	10.8	6.8
Repurchase of common stock - payroll tax withholdings on equity awards	(22.1)	) (18.6)	) (18.6)
Repurchase of common stock - share repurchase program	(165.7)	) (184.9)	) (12.4)
Dividends paid	(41.4)) —	—
Net proceeds from exercise of stock options	67.8	21.1	39.1
Net cash used in financing activities	(120.6)	) (172.7)	) (86.1)
Net increase (decrease) in cash and cash equivalents	294.7	204.0	(103.7)
Cash and cash equivalents at beginning of period	511.1	307.1	410.8
Cash and cash equivalents at end of period	\$805.8	\$511.1	\$307.1
Supplemental cash flow disclosures:			
Income taxes paid	\$63.2	\$26.2	\$19.8
Interest paid	\$—	\$—	\$0.2

See accompanying Notes to Consolidated Financial Statements.

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

	Shares of common stock	Par value of common stock	Shares of treasury stock	Value of treasury stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive loss	Total stockholders' equity
Balance at September 30, 2011	186.4	\$46.6	9.0	\$(130.8)	\$1,796.0	\$ (101.2)	\$ (1.3)	\$ 1,609.3
Net income	—	—	—	—	—	202.0	—	202.0
Exercise and settlement of share based awards and related tax benefit, net of shares withheld for taxes	6.7	1.7	0.8	(18.6)	73.4	—	—	56.5
Share-based compensation expense	—	—	—	—	71.9	—	—	71.9
Reacquisition of equity components of convertible notes	—	—	—	—	(21.5)	—	—	(21.5)
Share repurchase program	(0.8)	(0.2)	0.8	(12.4)	0.2	—	—	(12.4)
Other comprehensive loss	—	—	—	—	—	—	(0.3)	(0.3)
Balance at September 28, 2012	192.3	\$48.1	10.6	\$(161.8)	\$1,920.0	\$ 100.8	\$ (1.6)	\$ 1,905.5
Net income	—	—	—	—	—	278.1	—	278.1
Exercise and settlement of share based awards and related tax benefit, net of shares withheld for taxes	3.7	0.9	0.9	(18.6)	48.8	—	—	31.1
Share-based compensation expense	—	—	—	—	70.6	—	—	70.6
Share repurchase program	(8.1)	(2.0)	8.1	(184.9)	2.0	—	—	(184.9)
Other comprehensive loss	—	—	—	—	—	—	0.7	0.7
Balance at September 27, 2013	187.9	\$47.0	19.6	\$(365.3)	\$2,041.4	\$ 378.9	\$ (0.9)	\$ 2,101.1
Net income	—	—	—	—	—	457.7	—	457.7
Exercise and settlement of share based awards and related tax benefit, net of shares withheld for taxes	5.8	1.4	0.9	(22.1)	129.9	—	—	109.2

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Share-based compensation expense	—	—	—	—	75.8	—	—	75.8
Share repurchase program	(4.5)	(1.1)	4.5	(165.7)	1.1	—	—	(165.7)
Dividends declared	—	—	—	—	—	(41.7)	—	(41.7)
Other comprehensive income	—	—	—	—	—	—	(4.0)	(4.0)
Balance at October 3, 2014	189.2	\$47.3	25.0	\$(553.1)	\$2,248.2	\$ 794.9	\$ (4.9)	\$ 2,532.4

See accompanying Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Skyworks Solutions, Inc., together with its consolidated subsidiaries, (“Skyworks” or the “Company”) is an innovator of high performance analog and mixed signal semiconductors linking people, places and things across a rapidly expanding number of new and previously unimagined applications including automotive, broadband, wireless infrastructure, energy management, GPS, industrial, medical, military, networking, smartphones and tablets. Our portfolio consists of amplifiers, attenuators, battery chargers, circulators, DC/DC converters, demodulators, detectors, diodes, directional couplers, filters, front-end modules, hybrids, infrastructure radio frequency, or RF, subsystems, isolators, LED drivers, mixers, modulators, optocouplers, optoisolators, phase shifters, PLLs/synthesizers/VCOs, power dividers/combiners, power management devices, receivers, switches, technical ceramics and voltage regulators.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

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

FISCAL YEAR

The Company’s fiscal year ends on the Friday closest to September 30. Fiscal year 2014 consisted of 53 weeks and ended on October 3, 2014. Fiscal years 2013 and 2012 each consisted of 52 weeks and ended on September 27, 2013 and September 28, 2012, respectively.

USE OF ESTIMATES

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

REVENUE RECOGNITION

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

allowances are recorded based on historical experience or pursuant to contractual arrangements necessitating revenue reserves.

CASH AND CASH EQUIVALENTS

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

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ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

INVESTMENTS

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

DERIVATIVES

The Company utilizes derivative financial instruments to manage market risks associated with fluctuations in foreign currency exchange rates on specific transactions that occur in the normal course of business. The criteria the Company uses for designating an instrument as a hedge is the instrument's effectiveness in risk reduction. To receive hedge accounting treatment, hedges must be highly effective at offsetting the impact of the hedge transaction. All derivatives, whether designated as hedging relationships or not, are recorded at fair value and are included as either an asset or liability on the balance sheet.

The Company uses a combination of option contracts to offset the foreign currency impact of certain transactions. The terms of these derivatives typically match the timing of the underlying transaction with the initial fair value, if any, and subsequent gains or losses on the change in fair value being reported in earnings within the same income statement line as the impact of the foreign currency transaction due to changes in the currency value.

FAIR VALUE

ASC 820 Fair Value Measurement and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principle or most advantageous market in an orderly transaction between market participants at the measurement date. Applicable accounting guidance provides a hierarchy for inputs used in measuring fair value that prioritize the use of observable inputs over the use of unobservable inputs, when such observable inputs are available. The three levels of inputs that may be used to measure fair value are as follows:

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

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.

Level 3 - Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by the Company.

It's the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements. When available, the Company uses quoted market prices to measure fair value. If market prices are not available, the Company is required to make judgments about assumptions market participants would use to estimate the fair value of a financial instrument.

The Company measures certain assets and liabilities at fair value on a recurring basis and recognizes transfers within the fair value hierarchy at the end of the fiscal quarter in which the change in circumstances that caused the transfer occurred.

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

INVENTORY

Inventory is stated at the lower of cost or market on a first-in, first-out basis.

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PROPERTY, PLANT AND EQUIPMENT

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

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

VALUATION OF LONG-LIVED ASSETS

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

GOODWILL AND INDEFINITE INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are not amortized but are tested at least annually for impairment in accordance with the provisions of ASC 350 Intangibles-Goodwill and Other ("ASC 350") or more frequently if indicators of impairment exist. Intangible assets with indefinite useful lives comprise an insignificant portion of the total book value of the Company's intangible assets. The Company assesses its conclusion regarding reporting units in conjunction with the annual goodwill impairment test, and has determined that it has one reporting unit for the purposes of allocating and testing goodwill under ASC 350.

The goodwill impairment test is a two-step process. The first step of the Company's impairment analysis compares its fair value to its net book value to determine if there is an indicator of impairment. To determine fair value, ASC 350 allows for the use of several valuation methodologies, although it states that quoted market prices are the best evidence of fair value and shall be used as the basis for measuring fair value where available. In the Company's calculation of fair value, it considers the closing price of its common stock on the selected testing date, the number of shares of its common stock outstanding and other marketplace activity such as a related control premium. If the calculated fair value is determined to be less than the book value of the Company, then the Company performs step two of the impairment analysis. Step two of the analysis compares the implied fair value of the Company's goodwill to its book value. If the book value of the Company's goodwill exceeds its implied fair value, an impairment loss is recognized equal to that excess. In step two of the Company's annual impairment analysis, if such a step is required, the Company primarily uses the income approach methodology of valuation, which includes the discounted cash flow method as well as other generally accepted valuation methodologies, to determine the implied fair value of the Company's goodwill. Significant management judgment is required in preparing the forecasts of future operating results that are used in the discounted cash flow method of valuation. Should step two of the impairment test be

required, the estimates management would use would be consistent with the plans and estimates that the Company uses to manage its business. In addition to testing goodwill for impairment on an annual basis, factors such as unexpected adverse business conditions, deterioration of the economic climate, unanticipated technological changes, adverse changes in the competitive environment, loss of key personnel and acts by governments and courts, are considered by management and may signal that the Company's intangible assets including goodwill have possibly become impaired and result in additional interim impairment testing.

In fiscal 2014, the Company performed an impairment test of its goodwill as of the first day of the fourth fiscal quarter in accordance with the Company's regularly scheduled annual testing. The results of this test indicated that the Company's goodwill was not impaired based on step one of the test; accordingly step two of the test was not performed.

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BUSINESS COMBINATIONS

The Company uses the acquisition method of accounting for business combinations in accordance with ASC 805 Business Combinations, and recognizes assets acquired and liabilities assumed at their fair values on the date acquired. Goodwill represents the excess of the purchase price over the fair value of the net assets. The fair values of the assets and liabilities acquired are determined based upon the Company's valuation using a combination of market, income or cost approaches. The valuation involves making significant estimates and assumptions which are based on detailed financial models including the projection of future cash flows, the weighted average cost of capital and any cost savings that are expected to be derived in the future.

SHARE-BASED COMPENSATION

The Company applies ASC 718 Compensation-Stock Compensation ("ASC 718") which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including non-qualified employee stock options, share awards and units, employee stock purchase plan and other special share-based awards based on estimated fair values.

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

Share-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. Share-based compensation expense recognized in the Consolidated Statement of Operations for the fiscal year ended October 3, 2014 includes actual expense on vested awards and expense associated with unvested awards, and has been reduced for estimated forfeitures. ASC 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company reviews actual forfeitures at least annually.

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

For more complex performance awards and units with market-based performance conditions we employ a Monte Carlo simulation valuation method to calculate the fair value of the awards based on the most likely outcome. Under the Monte Carlo simulation, a number of highly complex and subjective variables are used including, but not limited to: the expected stock price volatility over the term of the award, a correlation coefficient, the risk-free rate, the expected life of the award, and dividend yield.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as incurred.

LOSS CONTINGENCIES

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

loss may have been incurred. The Company's legal costs are expensed as incurred.

FOREIGN CURRENCIES

The Company's primary functional currency is the United States dollar. Gains and losses related to foreign currency transactions, conversion of foreign denominated cash balances and translation of foreign currency financial statements are included in current results. For certain foreign entities that utilize local currencies as their functional currency, the resulting unrealized translation gains and losses are reported as cumulative translation adjustment through other comprehensive income (loss) for each period.

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INCOME TAXES

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

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

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

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

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers, which supersedes most of the current revenue recognition requirements. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. New disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers are also required. This guidance is effective for the Company in the first quarter of fiscal year 2018 and

early application is not permitted. Entities must adopt the new guidance using one of two retrospective application methods. The Company is currently evaluating the standard but does not expect it to have a material impact on our financial position, results of operations or cash flows.

3. BUSINESS COMBINATIONS

On July 7, 2014, the Company entered into a stock purchase agreement (the “Agreement”) with Panasonic Corporation, through its Automotive & Industrial Systems Company (“Panasonic”), Skyworks Panasonic Filter Solutions Japan Co., Ltd. (“FilterCo”), Skyworks Panasonic Filter Solutions Singapore Pte. Ltd., a wholly owned subsidiary of FilterCo (“FilterSub”), Skyworks Luxembourg S.a.r.l., and Panasonic Asia Pacific Pte. Ltd. providing for the formation of a joint venture with respect to the design, manufacture and sale of Panasonic’s surface acoustic wave (“SAW”) and temperature-compensated (“TC”) SAW filter products. On August 1, 2014, pursuant to the terms contemplated by the Agreement, Panasonic completed its contribution to FilterCo and its wholly owned subsidiary, FilterSub, certain assets, properties, employees and rights related to its SAW and TC SAW filter business. Also on August 1, 2014 the Company completed its acquisition of a 66% controlling interest in FilterCo for \$148.5 million in cash,

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subject to certain working capital adjustments. The working capital adjustment has been estimated and is included in the purchase price and recorded in other current liabilities on the balance sheet. Following the two-year anniversary of the closing of this acquisition, the Company will have the right to acquire from Panasonic, and Panasonic will have the right to sell to the Company, the remaining 34% interest in FilterCo for \$76.5 million, subject to certain potential foreign exchange fluctuation adjustments as described in the Agreement (collectively the “purchase options”).

Overall demand for SAW and TC SAW filters is increasing as technology enhancements and product architectures become more complex to support the overall evolution of wireless technology and the increasing number of frequency bands that are utilized in end consumer products. The acquisition assists the Company in securing a dedicated supply of SAW and TC SAW filters in addition to allowing for integrating filters into the design and production of the Company's products.

The purchase options allow the Company to acquire the remaining 34% interest in FilterCo from Panasonic for a fixed price of \$76.5 million on or after the second anniversary of the acquisition and permit Panasonic to sell its remaining 34% interest to the Company under the same terms. These options are non-transferable and terminate if the Company exercises its option to purchase, or Panasonic exercises its option to sell, the non-controlling interest. Accordingly, the Company concluded that the purchase options are embedded in the non-controlling interest because they are not legally detachable from the non-controlling interest nor are they separately exercisable because the non-controlling interest terminates upon exercising of the options.

In accordance with ASC 480 Distinguishing Liabilities from Equity, the Company will account for the purchase option and non-controlling interest on a combined basis because it reflects the economic substance of the transaction and the Company retains the risks and rewards of owning FilterCo over the option period. Accordingly, the purchase option is considered to be seller financing of the remaining 34% of FilterCo and as a result, will be recorded as a liability for the future purchase of the remaining interest. The Company will not recognize a non-controlling interest in the consolidated financial statements. The \$76.5 million settlement amount of this liability was measured at its present value in the determination of purchase price for this acquisition. The difference between the present value and settlement amount will be accreted to earnings ratably over the option period. As of October 3, 2014, the present value of this liability was \$74.0 million and included in other long-term liabilities on the balance sheet.

Although the settlement amount of the purchase option is fixed, it contains a foreign exchange adjustment (“foreign exchange collar”). In the event the exchange rate between the United States dollar and the Japanese yen fluctuates outside of a predetermined range as defined in the Agreement upon exercising of the options the total amount the Company owes to Panasonic can change. This feature was intended for the parties to share in foreign exchange exposure outside of this range and does not impact the fair value of the remaining interest in FilterCo. As of the date of the acquisition the fair value of the foreign exchange collar was immaterial and was excluded from the determination of purchase price and accounted for separately from the acquisition (see Note 4 Fair Value in these Notes to the Consolidated Financial Statements for further information). As of October 3, 2014, the exchange rate between the United States dollar and Japanese yen was within the foreign exchange collar.

The Company reviewed ASC 810 Consolidations, and concluded that FilterCo does not meet the definition of a variable interest entity. The Company controls FilterCo through its voting rights and absorbs all of FilterCo's expected losses or residual returns. Panasonic does not share in the risks and rewards of FilterCo. Accordingly, the Company consolidated 100% of FilterCo's activity and eliminated all intercompany transactions and will not recognize a non-controlling interest.

The allocation of the purchase price to the assets and liabilities recognized in the Company's acquisition of FilterCo was not finalized at the time of filing this annual report on Form 10-K. The preliminary allocation of the purchase price reflected in the accompanying financial statements is based upon estimates and assumptions which are subject to

change within the measurement period (up to one year from the acquisition date as prescribed in the ASC 805 Business Combinations). The preliminary allocation of the purchase price is based on the estimated fair values of the assets acquired and liabilities assumed by major class related to the FilterCo acquisition and are reflected, as of the acquisition date, in the accompanying financial statements as follows (in millions):

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	As of August 1, 2014
Estimated fair value of assets acquired	
Accounts receivable	\$12.2
Inventory	35.5
Property, plant and equipment	121.2
Developed technology	36.2
Goodwill	50.5
Liabilities assumed	(22.4)
Estimated fair value of net assets acquired	\$233.2

The preliminary amount of the FilterCo purchase price allocated to goodwill of \$50.5 million represents the expected synergies from cost reductions and manufacturing efficiencies. The Company expects that substantially all of the goodwill recognized in this transaction will not be deductible for tax purposes.

The Company considers FilterCo's patented and unpatented technologies, manufacturing know-how and trade secrets to be closely related and as a result have combined these into one identifiable intangible asset as of the acquisition date. The fair value of the developed technology asset was preliminarily valued at \$36.2 million and will be amortized on a straight-line basis over its estimated useful life of three years as of August 1, 2014. The estimated fair value of the intangible asset acquired was primarily determined using a relief from royalty method based on significant inputs that were not observed. The Company considers the fair value of each of the acquired intangible assets to be Level 3 assets due to the significant estimates and assumptions used by management in establishing the estimated fair values. See Note 4, Fair Value, in these Notes to the Consolidated Financial Statements for the definition of Level 3 assets.

The assumed liabilities of FilterCo include an estimate for a net pension obligation that had not yet transferred to the Company as of October 3, 2014. FilterCo employees located in Japan were covered under a pension plan provided by Panasonic. In the Company's second quarter of fiscal 2015, these employees will cease their employment with Panasonic and will become FilterCo employees. Employee benefits offered under the Panasonic pension will not change and as a result, the employee transfer will include a pro-rata share of pension assets and obligations that are entitled to all transferred employees. The Company preliminarily estimates this obligation of \$6.4 million as of October 3, 2014 and upon the completion of the employee and pension related assets and obligation transfer, the Company will compute its fair value assessment of the pension assets and obligations in accordance with ASC 715 Compensation - Retirement Benefits. Any adjustment related to this fair value calculation to benefits that existed as of the acquisition date will be treated as a measurement period adjustment.

Net revenue and net income for FilterCo have been included in the Consolidated Statements of Operations from the acquisition date through the end of the fiscal year on October 3, 2014 and the impact of FilterCo's ongoing operations on the Company's net revenue and net income were immaterial. The Company recognized transaction related costs associated with this acquisition of approximately \$3.4 million during the fiscal year ended October 3, 2014 which were included within the sales, administrative and general expense line item on the statement of operations.

The unaudited pro forma financial results for the fiscal years ended October 3, 2014 and September 27, 2013 combine the unaudited historical results of Skyworks with the unaudited historical results of FilterCo for the fiscal years ended October 3, 2014 and September 27, 2013, respectively. The results include the effects of unaudited pro forma adjustments as if FilterCo was acquired at the beginning of the prior fiscal year, September 29, 2012. The unaudited pro forma results presented include amortization charges for acquired intangible assets, adjustments for increases in the fair value of acquired inventory, other charges and related tax effects. The pro forma financial results presented below do not include any anticipated synergies or other expected benefits of the acquisition. These unaudited results are presented for informational purposes only and are not necessarily indicative of future operations (in millions,

except per share amounts):

	Fiscal Years-Ended	
	October 3, 2014	September 27, 2013
Revenue	\$2,324.9	\$1,819.6
Net income	\$451.7	\$256.4
Diluted earnings per common share	\$2.35	\$1.33

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4. FAIR VALUE

The Company groups its financial assets and liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

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

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.

Level 3 - Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by the Company.

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

The Company measures certain assets and liabilities at fair value on a recurring basis such as our financial instruments and derivatives. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the fiscal year ended October 3, 2014.

As of October 3, 2014, the Company's Level 3 assets included an auction rate security which is classified as available for sale and recorded in other long-term assets and is scheduled to mature in 2017. Due to the illiquid market for this security the Company has classified the carrying value as a Level 3 asset with the difference between the par and carrying value being categorized as a temporary loss and recorded in accumulated other comprehensive loss. There were no changes to the value of the auction rate security categorized as a Level 3 asset during the fiscal year ended October 3, 2014.

As of October 3, 2014, the Company purchased a currency call option and sold a currency put option to primarily match the underlying strike prices and timing of the foreign exchange collar detailed in Note 3, Business Combinations, in these Notes to the Consolidated Financial Statements. These net currency options are intended to hedge the potential cash exposure related to fluctuations in the exchange rate between the United States dollar and Japanese yen. The Company nets the fair value of the foreign currency option with the fair value of the foreign exchange collar and records the change in earnings each period. The Company measures the fair value of these derivatives using prices and assumptions such as yield curves and option volatilities. As of October 3, 2014, these derivatives have been classified as Level 3 assets and the net change in fair value had a de minimis impact to the consolidated results.

The Company classified its future purchase obligation related to the remainder of the outstanding interest in FilterCo from Panasonic as a Level 3 liability. The Company calculated the present value of this obligation in its determination of goodwill using unobservable inputs and management judgment. The difference between the calculated present value and the fixed settlement amount is being accreted to earnings ratably over the remaining purchase option period. See Note 3, Business Combinations in these Notes to the Consolidated Financial Statements for further detail.

As of October 3, 2014, assets and liabilities recorded at fair value on a recurring basis consisted of the following (in millions):

	Fair Value Measurements		
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs (Level 3)
Total			

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		(Level 1)	(Level 2)	
Assets				
Money market funds	\$444.5	\$444.5	\$—	\$—
Auction rate security	2.3	—	—	2.3
Foreign currency derivative assets	0.7	—	—	0.7
Total	\$447.5	\$444.5	\$—	\$3.0
Liabilities				
Purchase obligation recorded for business combinations	\$74.0	\$—	\$—	\$74.0
Foreign currency derivative liabilities	0.7	—	—	0.7
Total	\$74.7	\$—	\$—	\$74.7

Assets Measured and Recorded at Fair Value on a Nonrecurring Basis

The Company's non-financial assets and liabilities, such as goodwill, intangible assets, and other long-lived assets resulting from business combinations are measured at fair value using valuation methodologies at the date of acquisition and subsequently re-

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measured if there are indicators of impairment. There were no indicators of impairment identified during the fiscal year ended October 3, 2014.

5. INVENTORY

Inventory consists of the following (in millions):

	As of October 3, 2014	September 27, 2013
Raw materials	\$45.4	\$25.2
Work-in-process	145.9	128.3
Finished goods	71.3	65.0
Finished goods held on consignment by customers	8.2	11.0
Total inventories	\$270.8	\$229.5

6. PROPERTY, PLANT AND EQUIPMENT

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

	As of October 3, 2014	September 27, 2013
Land and improvements	\$11.6	\$12.2
Buildings and improvements	90.7	60.3
Furniture and fixtures	26.9	23.4
Machinery and equipment	952.9	668.1
Construction in progress	95.0	95.3
Total property, plant and equipment, gross	1,177.1	859.3
Accumulated depreciation and amortization	(621.2	) (530.7
Total property, plant and equipment, net	\$555.9	\$328.6

7. GOODWILL AND INTANGIBLE ASSETS

The Company's goodwill balance increased as of October 3, 2014 due to the acquisition of FilterCo, as discussed in Note 3, Business Combinations, in these Notes to the Consolidated Financial Statements. The Company tests its goodwill and non-amortizing trademarks for impairment annually as of the first day of its fourth fiscal quarter and in interim periods if certain events occur indicating the carrying value of goodwill or non-amortizing trademarks may be impaired. There were no indicators of impairment noted during the fiscal year ended October 3, 2014.

Intangible assets consist of the following (in millions):

	As of October 3, 2014			As of September 27, 2013			
	Weighted average amortization period remaining (years)	Gross carrying amount	Net Accumulated amortization	Net carrying amount	Gross carrying amount	Net Accumulated amortization	Net carrying amount
Customer relationships	2.0	\$57.2	\$ (39.4	) \$17.8	\$78.7	\$ (49.3	) \$29.4
	2.5	96.2	(40.6	) 55.6	88.9	(55.3	) 33.6

Developed technology and
other

IPR&D	0	6.1	(6.1	)	—	6.1	(5.9	)	0.2
Trademarks	Indefinite	1.6	—		1.6	1.6	—		1.6
Total intangible assets		\$161.1	\$ (86.1)	\$75.0	\$175.3	\$ (110.5)	\$64.8

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The net carrying amount of intangible assets increased for the fiscal year ended October 3, 2014 due to the identifiable intangible assets from the acquisition of FilterCo as discussed in Note 3, Business Combinations, in these Notes to the Consolidated Financial Statements. The increase in intangible assets was offset by the write-down of the gross carrying amount and associated accumulated amortization of fully amortized intangible assets that no longer provide a specific benefit to the Company. This write-down of gross intangible assets did not impact the net carrying amount of intangible assets as of October 3, 2014.

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

	2015	2016	2017	2018	2019	Thereafter
Amortization expense	\$33.1	\$28.3	\$12.0	\$—	\$—	\$—

8. INCOME TAXES

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
United States	\$346.8	\$164.8	\$113.1
Foreign	218.4	179.7	141.8
Income before income taxes	\$565.2	\$344.5	\$254.9

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

	Fiscal Years Ended			
	October 3, 2014	September 27, 2013	September 28, 2012	
Current tax expense (benefit):				
Federal	\$88.2	\$38.0	\$32.4	
State	(0.5) 0.1	(1.7)
Foreign	13.5	14.8	8.6	
	101.2	52.9	39.3	
Deferred tax expense (benefit):				
Federal	12.3	14.4	13.0	
State	(4.6) (4.9) (3.7)
Foreign	(11.2	) (0.1	) 0.4
	(3.5	) 9.4	9.7
Change in valuation allowance	9.8	4.1	3.9	
Provision for income taxes	\$107.5	\$66.4	\$52.9	

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The actual income tax expense is different than that which would have been computed by applying the federal statutory tax rate to income before income taxes. A reconciliation of income tax expense as computed at the United States Federal statutory income tax rate to the provision for income tax expense follows (in millions):

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Tax expense at United States statutory rate	\$197.8	\$120.6	\$89.2
Foreign tax rate difference	(77.3	) (49.8	) (44.7
Deemed dividend from foreign subsidiary	—	—	2.4
Research and development credits	(2.8	) (16.3	) (1.7
Change in tax reserve	11.0	11.7	10.4
Change in valuation allowance	9.8	4.1	3.9
Domestic production activities deduction	(10.9	) (5.0	) (3.9
Audit settlements and adjustments	(19.7	) 1.9	—
Other, net	(0.4	) (0.8	) (2.7
Provision for income taxes	\$107.5	\$66.4	\$52.9

The Company operates in foreign jurisdictions with income tax rates lower than the United States tax rate of 35%. The Company's tax benefits related to foreign earnings taxed at a rate less than the United States federal rate were \$77.3 million and \$49.8 million for the fiscal years ended October 3, 2014 and September 27, 2013, respectively.

During the fourth quarter of fiscal 2014, the Company concluded an Internal Revenue Service (“IRS”) examination of its federal income tax return for fiscal year 2011. As a result of the conclusion of the IRS examination, the Company agreed to various adjustments to its fiscal 2011 tax return which resulted in the recognition of additional tax expense of \$0.7 million and \$1.9 million for fiscal years 2014 and 2013, respectively. In addition, the conclusion of the IRS examination also resulted in a decrease in our uncertain tax positions of \$20.9 million in fiscal 2014, of which \$20.4 million was recognized as a benefit to tax expense.

The federal tax credit available under the Internal Revenue Code for research and development expenses expired on December 31, 2013. As of October 3, 2014, the United States Congress had not taken action to extend the Research and Experimentation Tax Credit. Accordingly, the income tax provision for the year ended October 3, 2014, does not reflect the impact of any research and development tax credits that would have been earned after December 31, 2013, had the federal tax credit not expired.

In December 2013, Mexico enacted a comprehensive tax reform package, which became effective on January 1, 2014. As a result of this change, the Company adjusted its deferred taxes in that jurisdiction, resulting in the recognition of a tax benefit that reduced the Company's foreign income tax expense by \$4.6 million for year ended October 3, 2014.

On October 2, 2010, the Company expanded its presence in Asia by launching operations in Singapore. The Company operates under a tax holiday in Singapore, which is effective through September 30, 2020. The tax holiday is conditional upon the Company's compliance with certain employment and investment thresholds in Singapore. The impact of the tax holiday decreased Singapore's taxes by \$12.6 million and \$10.0 million for the fiscal years ended October 3, 2014 and September 27, 2013, respectively. This resulted in tax benefits of \$0.07 and \$0.05 of diluted earnings per share for the fiscal years ended October 3, 2014 and September 27, 2013, respectively.

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

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

	Fiscal Years Ended	
	October 3, 2014	September 27, 2013
Deferred Tax Assets:		
Current:		
Inventory	\$5.3	\$3.7
Bad debts	0.2	0.2
Accrued compensation and benefits	5.0	4.0
Product returns, allowances and warranty	4.9	1.6
Restructuring	0.2	0.3
Other, net	0.3	0.5
Current deferred tax assets	15.9	10.3
Less valuation allowance	(6.4)	(3.2)
Net current deferred tax assets	9.5	7.1
Long-term:		
Intangible assets	4.7	5.5
Share-based and other deferred compensation	39.4	37.0
Net operating loss carry forwards	12.7	20.3
Federal tax credits	13.0	16.0
State tax credits	43.1	38.5
Other, net	2.7	2.0
Long-term deferred tax assets	115.6	119.3
Less valuation allowance	(54.4)	(47.8)
Net long-term deferred tax assets	61.2	71.5
Deferred tax assets	131.5	129.6
Less valuation allowance	(60.8)	(51.0)
Net deferred tax assets	70.7	78.6
Deferred Tax Liabilities:		
Current:		
Prepaid insurance	(0.8)	(0.8)
Current deferred tax liabilities	(0.8)	(0.8)
Long-term:		
Property, plant and equipment	(11.6)	(14.3)
Intangible assets	(1.2)	(3.1)
Long-term deferred tax liabilities	(12.8)	(17.4)
Net deferred tax liabilities	(13.6)	(18.2)
Total deferred tax assets	\$57.1	\$60.4

In accordance with GAAP, management has determined that it is more likely than not that a portion of its historic and current year income tax benefits will not be realized. As of October 3, 2014, the Company has maintained a valuation allowance of \$60.8 million. This valuation allowance is comprised of \$43.1 million related to domestic state tax credits, and \$17.7 million related to foreign deferred tax assets. If these benefits are recognized in a future period the valuation allowance on deferred tax assets will be reversed and up to a \$60.4 million income tax benefit, and up to a \$0.4 million reduction to goodwill, may be recognized. The Company will need to generate \$144.7 million of future United States federal taxable income to utilize our United States deferred tax assets as of October 3, 2014.

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

As of October 3, 2014, the Company has United States federal net operating loss carry forwards of approximately \$21.5 million. The utilization of these net operating losses is subject to certain annual limitations as required under Internal Revenue Code section 382 and similar state income tax provisions. The United States federal net operating loss carry forwards expire at various dates through 2031. The Company also has United States federal income tax credit carry forwards of \$7.0 million, of which \$6.9 million of federal income tax credit carry forwards have not been recorded as a deferred tax asset. The Company also has state income tax credit carry forwards of \$43.1 million, net of federal benefits, for which the Company has provided a valuation allowance. The United States federal tax credits expire at various dates through 2030. The state tax credits relate primarily to California research tax credits which can be carried forward indefinitely.

The Company has continued to expand its operations and increase its investments in numerous international jurisdictions. These activities will increase the Company's earnings attributable to foreign jurisdictions. As of October 3, 2014, no provision has been made for United States federal, state, or additional foreign income taxes related to approximately \$739.6 million of undistributed earnings of foreign subsidiaries which have been or are intended to be permanently reinvested. It is not practicable to determine the United States federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested.

The Company's gross unrecognized tax benefits totaled \$51.8 million and \$63.2 million as of October 3, 2014 and September 27, 2013, respectively. Of the total unrecognized tax benefits at October 3, 2014, \$41.8 million would impact the effective tax rate, if recognized. The remaining unrecognized tax benefits would not impact the effective tax rate, if recognized, due to the Company's valuation allowance and certain positions which were required to be capitalized. There are no positions which the Company anticipates could change within the next twelve months.

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

	Unrecognized tax benefits
Balance at September 27, 2013	\$63.2
Decreases based on positions related to prior years	(1.2)
Increases based on positions related to current year	11.0
Decreases relating to settlements with taxing authorities	(20.9)
Decreases relating to lapses of applicable statutes of limitations	(0.3)
Balance at October 3, 2014	\$51.8

During the year ended October 3, 2014, the Company recognized \$0.3 million of previously unrecognized tax benefits related to the expiration of the statute of limitations. The Company recognized \$0.5 million of accrued interest or penalties related to unrecognized tax benefits during fiscal 2014. The decrease in unrecognized tax benefits of \$20.9 million was related to the settlement of the Company's IRS audit of fiscal year 2011.

The Company's major tax jurisdictions as of October 3, 2014 are the United States, California, Iowa, Singapore, Mexico and Canada. For the United States, the Company has open tax years dating back to fiscal 1999 due to the carry forward of tax attributes. For California, the Company has open tax years dating back to fiscal 1999 due to the carry forward of tax attributes. For Iowa, the Company has open tax years dating back to fiscal 2003 due to the carry forward of tax attributes. For Canada, the Company has open tax years dating back to fiscal 2007. For Mexico, the Company has open tax years back to fiscal 2008. For Singapore, the Company has open tax years dating back to fiscal 2011. The Company is subject to audit examinations by the respective taxing authorities on a periodic basis, of which

the results could impact our financial position, results of operations or cash flows.

9. STOCKHOLDERS' EQUITY

COMMON STOCK

At October 3, 2014, the Company is authorized to issue 525.0 million shares of common stock, par value \$0.25 per share, of which 214.2 million shares are issued and 189.2 million shares outstanding.

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

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

PREFERRED STOCK

The Company's Certificate of Incorporation has authorized and permits the Company to issue up to 25.0 million shares of preferred stock without par value in one or more series and with rights and preferences that may be fixed or designated by the Company's Board of Directors without any further action by the Company's stockholders. The designation, powers, preferences, rights and qualifications, limitations and restrictions of the preferred stock of each series will be fixed by the certificate of designation relating to such series, which will specify the terms of the preferred stock. At October 3, 2014, the Company had no shares of preferred stock issued or outstanding.

SHARE REPURCHASE

During the fiscal year ended October 3, 2014, the Company paid approximately \$165.7 million (including commissions) in connection with the repurchase of 4.5 million shares of its common stock (paying an average price of \$36.46 per share) under the July 16, 2013 \$250.0 million share repurchase plan. This plan was initially valid through July 16, 2015 and allowed for the repurchase of the Company's common stock on the open market or in privately negotiated transactions, in compliance with applicable securities laws and other legal requirements. As of October 3, 2014, \$63.9 million remained available under the share repurchase plan.

On November 11, 2014, the Board of Directors approved a new share repurchase program, pursuant to which the Company is authorized to repurchase up to \$300.0 million of its common stock from time to time on the open market or in privately negotiated transactions as permitted by securities laws and other legal requirements. The repurchase program is set to expire on November 11, 2016; however, it may be suspended, discontinued or extended by the Board of Directors at any time prior to its expiration on November 11, 2016. This authorized stock repurchase program replaced in its entirety the July 16, 2013 stock repurchase program. These repurchases have been and will be funded with the Company's working capital.

During the fiscal year ended September 27, 2013, the Company paid approximately \$184.9 million (including commissions) in connection with the repurchase of 8.1 million shares of its common stock (paying an average price of \$22.75 per share).

DIVIDENDS

The Company announced the initiation of a quarterly cash dividend program on March 3, 2014. On November 6, 2014, the Company announced that the Board of Directors declared a cash dividend on the Company's common stock of \$0.13 per share, an increase compared to the dividend from the prior quarter. These dividends are payable on December 11, 2014 to the Company's stockholders of record as of the close of business on November 18, 2014. Future

dividends are subject to declaration by the Board of Directors. During the fiscal year ended October 3, 2014, the Company declared cash dividends per common share during the period presented as follows (in millions except per share amounts):

	Per Share	Total
First quarter	\$—	\$—
Second quarter	—	—
Third quarter	0.11	20.8
Fourth quarter	0.11	20.9
	\$0.22	\$41.7

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EMPLOYEE STOCK BENEFIT PLANS

As of October 3, 2014, the Company has the following equity compensation plans under which its equity securities were authorized for issuance to its employees and/or directors:

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

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

As of October 3, 2014, a total of 90.9 million shares are authorized for grant under the Company's share-based compensation plans, with 7.5 million options outstanding. The number of common shares reserved for future awards to employees and directors under these plans was 14.8 million at October 3, 2014. The Company grants equity awards under the 2005 Long-Term Incentive Plan to employees and the 2008 Director Long-Term Incentive Plan for non-employee directors.

2005 Long-Term Incentive Plan. Under this plan, officers, employees, non-employee directors and certain consultants may be granted stock options, restricted stock awards and units, performance stock awards and units and other share-based awards. The plan has been approved by the stockholders. Under the plan, up to 55.9 million shares have been authorized for grant. A total of 14.0 million shares are available for new grants as of October 3, 2014. The maximum contractual term of the awards is seven years from the date of grant. Options granted under the plan are exercisable at the determination of the compensation committee and generally vest ratably over four years. Restricted stock awards and units granted under the plan at the determination of the compensation committee generally vest over four or more years. With respect to restricted stock awards, dividends are accumulated and paid when the underlying shares vest. If the underlying shares are forfeited for any reason, the rights to the dividends with respect to such shares are also forfeited. No dividends or dividend equivalents are paid or accrued with respect to restricted stock unit awards or other awards until the shares underlying such awards become vested and are issued to the award holder. Performance stock awards and units are contingently granted depending on the achievement of certain predetermined performance goals and generally vest over three or more years.

2008 Director Long-Term Incentive Plan. Under this plan, non-employee directors may be granted stock options, restricted stock awards and other share-based awards. The plan has been approved by the stockholders. Under the plan a total of 1.5 million shares have been authorized for option grants. A total of 0.7 million shares are available for new grants as of October 3, 2014. The maximum contractual term of the director awards is ten years from the date of grant. Options granted under the plan are generally exercisable over four years. Restricted stock awards granted under the plan are exercisable at the determination of the compensation committee and generally vest over three or more years. With respect to restricted stock awards, dividends are accumulated and paid when the underlying shares vest. If the underlying shares are forfeited for any reason, the rights to the dividends with respect to such shares are also forfeited.

Employee Stock Purchase Plans. The Company maintains a domestic and an international employee stock purchase plan. Under these plans, eligible employees may purchase common stock through payroll deductions of up to 10% of

their compensation. The price per share is the lower of 85% of the fair market value of the common stock at the beginning or end of each offering period (generally six months). The plans provide for purchases by employees of up to an aggregate of 9.7 million shares. Shares of common stock purchased under these plans in fiscal years ended October 3, 2014, September 27, 2013, and September 28, 2012 were 0.5 million, 0.5 million, and 0.5 million, respectively. At October 3, 2014, there are 1.5 million shares available for purchase. The Company recognized compensation expense of \$4.1 million, \$3.9 million and \$3.5 million for the fiscal years ended October 3, 2014, September 27, 2013, and September 28, 2012, respectively related to the employee stock purchase plan. The unrecognized compensation expense on the employee stock purchase plan at October 3, 2014 was \$1.3 million. The weighted average period over which the cost is expected to be recognized is approximately four months.

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Stock Options

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

	Shares (in millions)	Weighted average exercise price	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in millions)
Balance outstanding at September 27, 2013	10.7	\$16.76		
Granted	1.8	\$29.56		
Exercised	(4.8)	\$14.20		
Canceled/forfeited	(0.2)	\$21.39		
Balance outstanding at October 3, 2014	7.5	\$21.26	4.3	\$254.2
Exercisable at October 3, 2014	3.0	\$16.46	3.1	\$117.1

The weighted-average grant date fair value per share of employee stock options granted during the fiscal years ended October 3, 2014, September 27, 2013 and September 28, 2012 was \$11.91, \$9.31, and \$8.91, respectively. The total grant date fair value of the options vested during the fiscal years ending October 3, 2014, September 27, 2013 and September 28, 2012 was \$21.8 million, \$33.5 million and \$25.4 million, respectively.

Restricted and Performance Awards and Units

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

	Shares (In millions)	Weighted average grant date fair value
Non-vested awards outstanding at September 27, 2013	5.7	\$20.31
Granted (1)	2.6	\$26.69
Vested	(2.3)	\$21.11
Canceled/forfeited	(0.3)	\$19.95
Non-vested awards outstanding at October 3, 2014	5.7	\$21.48

(1) includes performance shares granted and earned based on maximum performance under the underlying performance metrics

The weighted average grant date fair value per share for awards granted during the fiscal years ended October 3, 2014, September 27, 2013 and September 28, 2012 was \$26.69, \$20.19, and \$19.31, respectively. The total grant date fair value of the awards vested during the fiscal years ending October 3, 2014, September 27, 2013 and September 28, 2012 was \$63.1 million, \$53.5 million and \$53.8 million, respectively.

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

	Fiscal Years Ended		
	October 3 2014	September 27 2013	September 28 2012
Options	\$101.3	\$26.2	\$54.5
Awards	\$63.1	\$53.5	\$53.8

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Valuation and Expense Information under ASC 718

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Cost of goods sold	\$11.3	\$10.2	\$9.4
Research and development	36.2	28.2	28.0
Selling, general and administrative	38.5	33.3	34.8
Total share-based compensation expense	\$86.0	\$71.7	\$72.2
Share-based compensation tax benefit	\$25.6	\$21.4	\$22.2

The Company capitalized share-based compensation expense of \$1.7 million, \$2.1 million and \$2.0 million in inventory at October 3, 2014, September 27, 2013 and September 28, 2012, respectively.

The following table summarizes total compensation costs related to unvested share based awards not yet recognized and the weighted average period over which it is expected to be recognized at October 3, 2014:

	Unrecognized compensation cost for unvested awards (in millions)	Weighted average remaining recognition period (in years)
Options	\$28.1	2.1
Awards	\$56.8	1.5

The fair value of the restricted awards and units are equal to the closing market price of the Company's common stock on the date of grant. The fair value of the performance awards and units are equal to the closing market price of the Company's common stock on the date of grant and the expense is updated for the achievement of the underlying performance metrics.

The Company issued performance share units during fiscal 2014 that contained a market-based condition. The fair value of these performance share units were estimated on the date of the grant using a Monte Carlo simulation with the following weighted average assumptions:

	Fiscal Year Ended October 3, 2014	
Volatility of common stock	36.96	%
Average volatility of peer companies	29.59	%
Average correlation coefficient of peer companies	0.47	
Risk-free interest rate	0.11	%

The fair value of each stock option is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Expected volatility	47.40	% 57.71	% 59.21

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Risk-free interest rate	1.83	% 1.29	% 0.52	%
Dividend yield	0.83	0.00	0.00	
Expected option life (in years)	4.6	4.2	4.1	

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

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life of the Company's employee stock options. The Company began paying dividends in the third fiscal quarter of 2014 and due to the date of the Company's broad-based grant in November 2013, a dividend yield was not included in the Black-Scholes option pricing model. The dividend yield was included in the Black-Scholes option pricing model for options granted after the Company declared its first dividend. Due to the number of options issued after the dividend was announced, there was an immaterial impact to the option valuation and share-based compensation for the fiscal year ended October 3, 2014.

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

10. EMPLOYEE BENEFIT PLAN, PENSIONS AND OTHER RETIREE BENEFITS

The Company maintains a 401(k) plan covering substantially all of its employees based in the United States under which all employees at least twenty-one years old are eligible to receive discretionary Company contributions. Discretionary Company contributions are determined by the Board of Directors and may be in the form of cash or the Company's stock. The Company has generally contributed a match of up to 4% of an employee's contributed annual eligible compensation. For the fiscal years ended October 3, 2014, September 27, 2013, and September 28, 2012, the Company contributed shares of 0.2 million, 0.3 million, and 0.3 million, respectively, and recognized expense of \$6.2 million, \$6.2 million, and \$6.0 million, respectively.

Pre-Merger Defined Benefit Pension:

The Company terminated the pre-merger pension benefit plan that was inherited as part of the 2002 merger that created Skyworks covering certain former employees during the fiscal year ended October 3, 2014. The Company transferred the future obligations due under the plan to an independent third party and recognized an immaterial loss during the fiscal year ended October 3, 2014.

11. COMMITMENTS

The Company has various operating leases primarily for buildings, computers and equipment. Rent expense amounted to \$11.1 million, \$10.8 million, and \$10.5 million in fiscal years ended October 3, 2014, September 27, 2013, and September 28, 2012, respectively. Future minimum payments under these non-cancelable leases are as follows (in millions):

	2015	2016	2017	2018	2019	Thereafter	Total
Future minimum payments	\$13.1	10.0	7.5	6.6	2.3	4.9	\$44.4

In addition, the Company has entered into licensing agreements for intellectual property rights and maintenance and support services. Pursuant to the terms of these agreements, the Company is committed to making aggregate payments of \$3.3 million and \$1.9 million in fiscal years 2015 and 2016, respectively.

12. CONTINGENCIES

Legal Matters

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

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

The Company monitors the status of legal proceedings and other contingencies on an ongoing basis to ensure amounts are recognized and/or disclosed in our financial statements and footnotes as required by Accounting Standards Codification 450, Loss Contingencies. At the time of this filing, the Company had not recorded any accrual for loss contingencies associated with its legal proceedings as losses resulting from such matters were determined not to be probable. The Company does not believe there

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are any pending legal proceedings that are reasonably possible to result in a material loss. We are engaged in various legal actions in the normal course of business and, while there can be no assurances, the Company believes the outcome of all pending litigation involving the Company will not have, individually or in the aggregate, a material adverse effect on its business.

13. GUARANTEES AND INDEMNITIES

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

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

14. RESTRUCTURING AND OTHER CHARGES

As of October 3, 2014, the Company recorded restructuring and other charges of approximately \$0.3 million related to costs associated with organizational restructuring plans initiated in the prior fiscal year. The Company does not anticipate any material charges in future periods related to these plans.

The Company recorded restructuring and other charges of approximately \$6.4 million related to severance costs associated with separate organizational restructuring plans undertaken to reduce headcount during the fiscal year ended September 27, 2013. These restructuring plans are largely complete and have been aggregated into the "FY13 Restructuring Programs" line item in the summary table below.

During the fiscal year ended September 28, 2012, the Company recorded approximately \$5.8 million related to employee severance and \$0.6 million related to lease termination costs associated with the Advanced Analogic Technologies Inc. ("AATI") restructuring during the fiscal year. The Company began formulating the restructuring plans prior to the acquisition of AATI and none of these costs were included in the purchase accounting for AATI. As of October 3, 2014, these restructuring activities and cash payments are complete and the Company does not anticipate any further charges. Charges and payments related to these restructuring plans are summarized under "Other Restructuring" in the table below.

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

	Balance at September 30, 2011	Current Charges	Cash Payments	Balance at September 28, 2012
Other Restructuring				
Employee Severance costs	\$0.5	\$7.2	\$(6.8)	) \$0.9
Lease and other contractual obligations	1.5	0.6	(1.3)	) 0.8
Total	\$2.0	\$7.8	\$(8.1)	) \$1.7
	Balance at September 28, 2012	Current Charges	Cash Payments	Balance at September 27, 2013
FY13 Restructuring Programs				
Employee Severance costs	\$—	\$6.4	\$(5.8)	) \$0.6
Other Restructuring				
Employee Severance costs	0.9	—	(0.9)) —
Lease and other contractual obligations	0.8	—	(0.4)	) 0.4
Total	\$1.7	\$6.4	\$(7.1)	) \$1.0
	Balance at September 27, 2013	Current Charges	Cash Payments	Balance at October 3, 2014
FY13 Restructuring Programs				
Employee Severance costs	\$0.6	\$0.3	\$(0.6)	) \$0.3
Other Restructuring				
Lease and other contractual obligations	0.4	—	(0.2)	) 0.2
Total	\$1.0	\$0.3	\$(0.8)	) \$0.5

15. EARNINGS PER SHARE

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Net income	\$457.7	\$278.1	\$202.0
Weighted average shares outstanding – basic	187.2	187.5	185.8
Effect of dilutive equity based awards	5.4	4.7	5.7
Dilutive effect of convertible debt	—	—	0.3
Weighted average shares outstanding – diluted	192.6	192.2	191.8
Net income per share – basic	\$2.44	\$1.48	\$1.09
Net income per share - diluted	\$2.38	\$1.45	\$1.05
Anti-dilutive common stock equivalents	0.9	5.4	4.0

Basic earnings per share are calculated by dividing net income by the weighted average number of shares of the Company's common stock outstanding. The calculation of diluted earnings per share includes the dilutive effect of

equity based awards which were outstanding during the fiscal years ending October 3, 2014, September 27, 2013 and September 28, 2012, as well as convertible debt which was outstanding during fiscal 2012, using the treasury stock method. Certain of the Company's outstanding stock options, noted in the table above, were excluded because they were anti-dilutive, but could become dilutive in the future.

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16. SEGMENT INFORMATION AND CONCENTRATIONS

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

GEOGRAPHIC INFORMATION

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
United States	\$47.5	\$67.3	\$70.3
Other Americas	25.5	10.2	18.4
Total Americas	73.0	77.5	88.7
China	1,574.4	979.3	820.1
Taiwan	322.2	387.5	311.7
South Korea	107.4	102.9	103.2
Other Asia-Pacific	166.9	202.0	207.4
Total Asia-Pacific	2,170.9	1,671.7	1,442.4
Europe, Middle East and Africa	47.6	42.8	37.5
	\$2,291.5	\$1,792.0	\$1,568.6

The Company's revenues by geography do not necessarily correlate to end market demand by region. For example, if the Company sells a product to a distributor in Taiwan, the sale is reflected within the Taiwan line item above; however, that distributor, in turn, may sell the product to an end customer in a different geography. The Company's revenue to external customers is generated principally from the sale of semiconductor products that facilitate various wireless communication applications. Accordingly, the Company considers its product offerings to be similar in nature and therefore not segregated for reporting purposes.

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

	As of	
	October 3, 2014	September 27, 2013
Mexico	\$290.1	\$176.9
United States	138.7	140.2
Singapore	60.8	—
Japan	58.8	—
Rest of world	7.5	11.5
	\$555.9	\$328.6

CONCENTRATIONS

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of trade accounts receivable. Trade accounts receivables are primarily derived from sales to manufacturers of communications and consumer products

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and electronic component distributors. Ongoing credit evaluations of customers' financial condition are performed and collateral, such as letters of credit and bank guarantees, are required whenever deemed necessary.

In fiscal 2014, 2013 and 2012, two customers—Foxconn Technology Group (together with its affiliates and other suppliers to a large OEM for use in multiple applications including smartphones, tablets, routers, desktop and notebook computers), and Samsung Electronics—each constituted more than ten percent of our net revenue.

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

	Fiscal Years Ended		
	October 3, 2014	September 27, 2013	September 28, 2012
Company A	34%	36%	29%
Company B	10%	15%	17%

At October 3, 2014, the Company's three largest accounts receivable balances comprised 58% of aggregate gross accounts receivable. This concentration was 51% and 60% at September 27, 2013 and September 28, 2012, respectively.

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

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

	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal year
Fiscal 2014					
Net revenue	\$505.2	\$481.0	\$587.0	\$718.2	\$2,291.5
Gross profit	222.0	212.4	264.2	324.0	1,022.7
Net income	94.5	76.9	111.4	174.9	457.7
Per share data (1)					
Net income, basic	\$0.51	\$0.41	\$0.59	\$0.93	\$2.44
Net income, diluted	\$0.49	\$0.40	\$0.58	\$0.90	\$2.38
Fiscal 2013					
Net revenue	\$453.7	\$425.2	\$436.1	\$477.0	\$1,792.0
Gross profit	192.6	176.7	188.2	209.1	766.6
Net income	66.5	61.7	65.7	84.2	278.1
Per share data (1)					
Net income, basic	\$0.35	\$0.33	\$0.35	\$0.45	\$1.48
Net income, diluted	\$0.34	\$0.32	\$0.34	\$0.44	\$1.45

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

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

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 October 3, 2014. 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

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information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on management's evaluation of our disclosure controls and procedures as of October 3, 2014, 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.

Changes in internal controls over financial reporting.

There are no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the period covered by this report that have materially affected or are reasonable likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, 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 and includes those policies and procedures that:

• Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

• Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

• Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

Management has excluded the internal controls over financial reporting for the acquisition during the period of FilterCo which was acquired on August 1, 2014. FilterCo's financial statements constitute approximately 9.0% of the Company's total consolidated assets (of which 2.9% represents goodwill and intangible assets included within the scope of the assessment) as of October 3, 2014.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of October 3, 2014. In making this assessment, the Company's management used the criteria set forth by the Committee

of Sponsoring Organizations of the Treadway Commission (COSO) 1992 Internal Control-Integrated Framework. Based on their assessment, management concluded that, as of October 3, 2014, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting as stated within their report which appears herein.

ITEM 9B. OTHER INFORMATION.

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information under the captions “Directors and Executive Officers”, “Corporate Governance Committees of the Board of Directors” and “Other Matters Section 16(a) Beneficial Ownership Reporting Compliance” in our definitive proxy statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. We make available our code of business conduct and ethics free of charge through our website, which is located at www.skyworksinc.com. We intend to disclose any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the SEC and the NASDAQ Global Select Market by posting any such amendment or waivers on our website and disclosing any such waivers in a Form 8-K filed with the SEC.

ITEM 11. EXECUTIVE COMPENSATION.

The information to be included under the caption “Information about Executive and Director Compensation” in our definitive proxy statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

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

The information to be included under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our definitive proxy statement for the 2015 Annual Meeting of Stockholders is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information to be included under the captions “Certain Relationships and Related Transactions” and “Corporate Governance Director Independence” in our definitive proxy statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information to be included under the caption “Ratification of Independent Registered Public Accounting Firm—Audit Fees” in our definitive proxy statement for the 2015 Annual Meeting of Stockholders is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

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

1. Index to Financial Statements	Page number in this report
Report of Independent Registered Public Accounting Firm	Page <u>35</u>
Consolidated Statements of Operations for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012	Page <u>36</u>
Consolidated Statements of Comprehensive Income for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012	Page <u>38</u>
Consolidated Balance Sheets at October 3, 2014 and September 27, 2013	Page <u>38</u>
Consolidated Statements of Cash Flows for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012	Page <u>39</u>
Consolidated Statements of Stockholders' Equity for the Years Ended October 3, 2014, September 27, 2013 and September 28, 2012	Page <u>40</u>
Notes to Consolidated Financial Statements	Pages <u>41</u> through <u>62</u>
2. The schedule listed below is filed as part of this Annual Report on Form 10-K:	Page number in this report
Schedule II-Valuation and Qualifying Accounts	Page <u>68</u>
All other required schedule information is included in the Notes to Consolidated Financial Statements or is omitted because it is either not required or not applicable.	
3. The Exhibits listed in the Exhibit Index immediately preceding the Exhibits are filed as a part of this Annual Report on Form 10-K.	

(b) Exhibits

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 25, 2014

SKYWORKS SOLUTIONS, INC.
Registrant

By: /s/ David J. Aldrich
David J. Aldrich
Chairman and Chief Executive Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on November 25, 2014.

Signature and Title

/s/ David J. Aldrich
David J. Aldrich
Chairman and Chief Executive Officer
(principal executive officer)

/s/ Donald W. Palette
Donald W. Palette
Executive Vice President and Chief Financial Officer
(principal accounting and financial officer)

Signature and Title

/s/ Kevin L. Beebe
Kevin L. Beebe
Director

/s/Timothy R. Furey
Timothy R. Furey
Director

/s/ Balakrishnan S. Iyer
Balakrishnan S. Iyer
Director

/s/ Christine King
Christine King
Director

/s/ David P. McGlade
David P. McGlade
Director

/s/ David J. McLachlan
David J. McLachlan
Director

/s/ Robert A. Schriesheim
Robert A. Schriesheim
Director

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SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

(In millions)

Description	Beginning Balance	Charged to Cost and Expenses	Deductions	Misc. (1)	Ending Balance
Year Ended September 28, 2012					
Allowance for doubtful accounts	\$0.8	\$0.3	\$(0.5)	) \$—	\$0.5
Reserve for sales returns	\$3.3	\$8.5	\$(6.1)	) \$0.7	\$6.4
Allowance for excess and obsolete inventories	\$11.5	\$6.6	\$(7.6)	) \$7.8	\$18.3
Year Ended September 27, 2013					
Allowance for doubtful accounts	\$0.5	\$0.2	\$(0.2)	)	\$0.5
Reserve for sales returns	\$6.4	\$3.1	\$(4.8)	) \$—	\$4.7
Allowance for excess and obsolete inventories	\$18.3	\$12.6	\$(16.4)	) \$—	\$14.5
Year Ended October 3, 2014					
Allowance for doubtful accounts	\$0.5	\$0.2	\$0.1	\$—	\$0.8
Reserve for sales returns	\$4.7	\$12.7	\$(3.3)	) \$—	\$14.1
Allowance for excess and obsolete inventories	\$14.5	\$24.6	\$(17.2)) \$—	\$21.9

(1) Includes acquired balances

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EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Incorporated by Reference			Filed Filing Date Herewith
			File No.	Exhibit		
2.1	Agreement and Plan of Merger dated as of May 17, 2011 by and among the Company, Silver Bullet Acquisition Corp, SiGe Semiconductor, Inc. and Shareholder Representative Services LLC, solely in its capacity as the representative and agent of the Company Stockholders	10-Q/A	001-05560	10.E		11/17/2011
2.2	Agreement and Plan of Merger dated as of May 26, 2011, by and among the Company, PowerCo Acquisition Corp. and Advanced Analogic Technologies Incorporated	8-K	001-05560	2.2		12/5/2011
2.3	Amendment No. 1 dated as of November 30, 2011, to Agreement and Plan of Merger, dated as of May 26, 2011, by and among the Company, PowerCo Acquisition Corp. and Advanced Analogic Technologies Incorporated	8-K	001-05560	2.1		12/5/2011
2.4	Memorandum of Understanding dated as of April 28, 2014, by and between the Company and Panasonic Corporation, acting through Automotive & Industrial Systems Company	10-Q	001-05560	10.1		7/30/2014
2.5	Stock Purchase Agreement dated as of July 2, 2014, by and among the Company, Skyworks Luxembourg S.A.R.L., Panasonic Corporation, acting through Automotive & Industrial Systems Company, Panasonic Asia Pacific Pte., Ltd., Skyworks Panasonic Filter Solutions Japan Co., Ltd. and Skyworks Panasonic Filter Solutions Singapore Pte. Ltd.					X
3.1	Restated Certificate of Incorporation, As Amended	10-Q	001-05560	3.A		8/9/2011
3.2	Second Amended and Restated By-laws, As Amended	10-Q	001-05560	3.1		5/2/2014
4.1	Specimen Certificate of Common Stock Alpha Industries, Inc. Long-Term	S-3	333-92394	4		7/15/2002
10.1*	Compensation Plan dated September 24, 1990; amended March 28, 1991; and as further amended October 27, 1994	10-K	001-05560	10.B		12/14/2005
10.2*	Alpha Industries Executive Compensation Plan dated January 1, 1995, and Trust for the Alpha Industries Executive Compensation Plan dated January 3, 1995	10-K	001-05560	10.D		12/14/2005
10.3*	Skyworks Solutions, Inc. 1999 Employee Long-Term Incentive Plan	10-K	001-05560	10.L		12/23/2002

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10.4*	Skyworks Solutions, Inc. Directors' 2001 Stock Option Plan	8-K	001-05560	10.2	5/4/2005
10.5*	Form of Notice of Stock Option Grant under the Company's Directors' 2001 Stock Option Plan	8-K	001-05560	10.3	5/4/2005
10.6*	Skyworks Solutions, Inc. 2002 Employee Stock Purchase Plan	10-Q	001-05560	10.D	1/31/2013
10.7*	Skyworks Solutions, Inc. Non-Qualified Employee Stock Purchase Plan	10-Q	001-05560	10.E	1/31/2013
10.8*	Skyworks Solutions, Inc. Amended and Restated 2005 Long-Term Incentive Plan	8-K	001-05560	10.1	5/13/2013
10.9*	Form of Nonstatutory Stock Option Agreement under the Company's 2005 Long-Term Incentive Plan	10-Q	001-05560	10.B	1/31/2013

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference			Filed Herewith
			File No.	Exhibit	Filing Date	
10.10*	Form of Performance Share Agreement under the Company's 2005 Long-Term Incentive Plan	10-Q	001-05560	10.C	1/31/2013	
10.11*	Form of Restricted Stock Unit Agreement under the Company's 2005 Long-Term Incentive Plan	8-K	001-05560	10.1	5/9/2014	
10.12*	Skyworks Solutions, Inc. Amended and Restated 2008 Director Long-Term Incentive Plan, as Amended	10-Q	001-05560	10.1	5/2/2014	
10.13*	Form of Restricted Stock Agreement under the Company's 2008 Director Long-Term Incentive Plan	10-Q	001-05560	10.NN	5/7/2008	
10.14*	Form of Nonstatutory Stock Option Agreement under the Company's 2008 Director Long-Term Incentive Plan	10-Q	001-05560	10.OO	5/7/2008	
10.15*	Advanced Analogic Technologies Incorporated 1998 Amended Stock Plan	10-K	001-05560	10.CC	11/21/2012	
10.16*	Advanced Analogic Technologies Incorporated 2005 Equity Incentive Plan	10-K	001-05560	10.DD	11/21/2012	
10.17*	Fiscal 2014 Executive Incentive Plan	10-Q	001-05560	10.A	1/29/2014	
10.18*	Skyworks Solutions, Inc. Cash Compensation Plan for Directors	10-Q	001-05560	10.1	7/30/2014	
10.19*	Amended and Restated Change of Control / Severance Agreement, dated January 22, 2008, between the Company and David Aldrich	10-Q	001-05560	10.W	5/7/2008	
10.20*	Amendment dated November 23, 2010 to Amended and Restated Change of Control / Severance Agreement, dated January 22, 2008, between the Company and David Aldrich	10-Q	001-05560	10.KK	2/8/2011	
10.21*	Change of Control / Severance Agreement, dated January 22, 2008, between the Company and Liam Griffin	10-Q	001-05560	10.X	5/7/2008	
10.22*	Change of Control / Severance Agreement, dated January 22, 2008, between the Company and Mark Tremallo	10-Q	001-05560	10.DD	5/7/2008	
10.23*	Change of Control / Severance Agreement, dated January 22, 2008, between the Company and Donald Palette	10-Q	001-05560	10.II	5/7/2008	
10.24*	Change of Control / Severance Agreement, dated January 22, 2008, between the Company and Bruce Freyman	10-Q	001-05560	10.KK	5/7/2008	
21	Subsidiaries of the Company					X
23.1	Consent of KPMG LLP					X
31.1	Certification of the Company's Chief Executive Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the					X

31.2	Sarbanes-Oxley Act of 2002 Certification of the Company's Chief Financial Officer pursuant to Securities and Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference			Filed Herewith
			File No.	Exhibit	Filing Date	
32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

* Indicates a management contract or compensatory plan or arrangement.