## PART I

### ITEM 1. BUSINESS

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

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

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

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

### INDUSTRY BACKGROUND

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

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

At the same time, a growing number of content providers such as Google, Microsoft, HBO (a division of Time Warner), Netflix, Pandora and Amazon, are building massive libraries of cloud-based, on-demand content spurring an exploding desire to be connected to the cloud for entertainment, on-demand content and personal media storage. Supporting this ecosystem requires multiple modes

of wireless connectivity, like 3G, 4G and Wi-Fi, complemented by adjacent communications technologies such as Bluetooth, GPS and Near Field. This creates tremendous opportunity for Skyworks within applications ranging from smartphones to tablets, to media players, networking equipment and set top boxes.

All of this data traffic is stressing traditional infrastructure networks. According to Cisco's February 2013 VNI: Global Mobile Data Traffic Forecast Update, worldwide mobile data traffic will grow at a compounded annual growth rate of 66 percent from 2012 to 2017, reaching 11.2 exabytes per month by 2017. Smartphones are expected to account for more than 50 percent of the total data traffic in 2013, while tablets will represent approximately10 percent of mobile data traffic by 2015.

**High Performance Analog Semiconductors**

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

*Smart Energy*
Following a decade of promise, smart energy is poised to grow significantly. Smart grids offer utilities real-time, two-way communications with each segment of the electrical grid, assessing loads, usage, and efficiency twenty-four hours a day. Much of the developed world relies on energy transmission technology and infrastructure that was built between 60 to 80 years ago, and it's beginning to show its age, particularly as consumers experience usage restrictions and brownouts globally. Home and building automation applications in particular are beginning to gain real momentum given consumer demand for green technologies, enhanced security and energy conservation. According to a 2013 Navigant Research report, smart grid technology generated $33 billion in global revenue in 2012, and is set to more than double by the end of this decade. Unlike many other clean energy industries, smart grid’s growth underscores the diversity of its applications, which empower different technologies to lead different geographic markets depending on local energy network needs. Western European countries, for example, are focusing on smart meters as a way to meet clean energy mandates like those in the European Union’s 2020 climate goals, while Eastern European countries are investing in smart meters as a way to reduce high energy theft rates.

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

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

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

## 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 spans over 2,000 customers and over 2,500 analog components.

**Industry-Leading Technology**

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

**Customer Relationships**

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

**Delivering Operational Excellence**

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

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

**Maintaining a Performance Driven Culture**

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

**Generating Superior Operating Results and Shareholder Returns**

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

**SKYWORKS' PRODUCT PORTFOLIO**

Our product portfolio consists of:

- Amplifiers: the modules that strengthen the signal so that it has sufficient energy to reach a base station
- Attenuators: circuits that allow a known source of power to be reduced by a predetermined factor (usually expressed as decibels)
- Battery Chargers: device used to replenish the energy stored in a rechargeable battery by forcing an electric current through it
- Circulators/Isolators: ferrite-based components commonly found on the output of high-power amplifiers used to protect receivers in wireless transmission systems
- Demodulators: a device or an RF block used in receivers to extract the information that has been modulated onto a carrier or from the carrier itself
- Detectors: devices used to measure and control RF power in wireless systems
- Diodes: semiconductor devices that pass current in one direction only
- Directional Couplers: transmission coupling devices for separately sampling the forward or backward wave in a transmission line
- Filters: devices for recovering and separating mixed and modulated data in RF stages
- Front-End Modules: power amplifiers that are integrated with switches, diplexers, filters and other components to create a single package front-end solution
- Hybrid: a type of directional coupler used in radio and telecommunications
- Infrastructure RF Subsystems: highly integrated transceivers and power amplifiers for wireless base station applications
- LED Drivers: devices which regulate the current through a light emitting diode or string of diodes for the purpose of creating light
- MIS Silicon Chip Capacitors: used in applications requiring DC blocking and RF bypassing, or as a fixed capacitance tuning element in filters, oscillators, and matching networks
- Mixers: devices that enable signals to be converted to a higher or lower frequency signal and thereby allowing the signals to be processed more effectively
- Modulators: devices that take a baseband input signal and output a radio frequency modulated signal
- Optocouplers/Optoisolators: semiconductor devices that allow signals to be transferred between circuits or systems while ensuring that the circuits or systems are electrically isolated from each other
- Phase Locked Loops: closed-loop feedback control system that maintains a generated signal in a fixed phase relationship to a reference signal
- Phase Shifters: designed for use in power amplifier distortion compensation circuits in base station applications
- Power Dividers/Combiners: utilized to equally split signals into in-phase signals as often found in balanced signal chains and local oscillator distribution networks
- Receivers: electronic devices that change a radio signal from a transmitter into useful information
- Switches: components that perform the change between the transmit and receive function, as well as the band function for cellular handsets
- Synthesizers: devices that provide ultra-fine frequency resolution, fast switching speed, and low phase-noise performance
- Technical Ceramics: polycrystalline oxide materials used for a wide variety of electrical, mechanical, thermal and magnetic applications
- Transceivers: devices that have both a transmitter and a receiver which are combined and share common circuitry or a single housing
- Voltage Regulators: generate a fixed level which ideally remains constant over varying input voltage or load conditions
- VCOs/Synthesizers: fully integrated, high performance signal source for high dynamic range transceivers

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

**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 have accounted for a significant portion of our net revenue. In fiscal 2013, 2012 and 2011, Foxconn Technology Group, its affiliates and other suppliers to a large OEM for use in multiple applications including smartphones, tablets, routers, desktop and notebook computers, constituted more than ten percent of our net revenue. In fiscal 2013, 2012 and 2011, Samsung Electronics constituted more than ten percent of our net revenue. In fiscal 2011, Nokia constituted more than ten percent of our net revenue. For further information regarding concentrations see Note 15 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 $226.3 million, $212.5 million and $168.6 million in research and development activities during the fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011, respectively. The increase in research and development expense from fiscal 2012 to fiscal 2013 was a result of increases in our internal product design and development for our target markets. The increase in research and development expense from fiscal 2011 to fiscal 2012 was a result of the additional headcount and development activities associated with the acquisitions of AATI and SiGe, as well as increases in our internal product design and development for our target markets. 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 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