

Fairchild Semiconductor International, Inc.
Consolidated Statements of Operations
(In millions, except per share amounts)
(Unaudited)

	Three Months Ended			Twelve Months Ended	
	December 30, 2007	September 30, 2007	December 31, 2006	December 30, 2007	December 31, 2006
Total revenue	\$ 431.9	\$ 426.8	\$ 418.3	\$ 1,670.2	\$ 1,651.1
Cost of sales (1)	296.9	297.4	296.9	1,179.7	1,154.3
Gross margin	135.0	129.4	121.4	490.5	496.8
Gross margin %	31.3%	30.3%	29.0%	29.4%	30.1%
Operating expenses:					
Research and development (2)	27.4	26.9	26.5	109.8	107.5
Selling, general and administrative (3)	55.3	57.3	60.2	230.3	241.9
Amortization of acquisition-related intangibles	5.5	5.6	5.9	23.5	23.5
Restructuring and impairments	2.3	2.4	3.2	10.8	3.2
Purchased in-process research and development	-	0.2	-	3.9	-
Charge for potential litigation outcomes, net	-	7.8	8.2	9.5	8.2
(Gain) loss on sale of product line, net	-	0.4	-	0.4	(6.0)
Total operating expenses	90.5	100.6	104.0	388.2	378.3
Operating income	44.5	28.8	17.4	102.3	118.5
Other expense, net	5.0	5.0	3.3	20.2	19.7
Income before income taxes	39.5	23.8	14.1	82.1	98.8
Provision for income taxes	5.5	3.5	5.4	18.1	15.4
Net income	<u>\$ 34.0</u>	<u>\$ 20.3</u>	<u>\$ 8.7</u>	<u>\$ 64.0</u>	<u>\$ 83.4</u>
Net income per common share:					
Basic	<u>\$ 0.27</u>	<u>\$ 0.16</u>	<u>\$ 0.07</u>	<u>\$ 0.52</u>	<u>\$ 0.68</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.16</u>	<u>\$ 0.07</u>	<u>\$ 0.51</u>	<u>\$ 0.67</u>
Weighted average common shares:					
Basic	<u>124.4</u>	<u>124.5</u>	<u>122.7</u>	<u>124.1</u>	<u>122.2</u>
Diluted	<u>126.2</u>	<u>126.8</u>	<u>124.8</u>	<u>126.3</u>	<u>124.4</u>

(1) Equity compensation expense included in cost of sales	\$ 1.1	\$ 1.2	\$ 1.4	\$ 5.3	\$ 5.6
(2) Equity compensation expense included in research and development	\$ 1.2	\$ 0.9	\$ 0.9	\$ 4.1	\$ 4.3
(3) Equity compensation expense included in selling, general and adminis	\$ 3.5	\$ 4.0	\$ 4.4	\$ 15.4	\$ 16.8

Fairchild Semiconductor International, Inc.
Reconciliation of Net Income To Adjusted Net Income
(In millions)
(Unaudited)

	Three Months Ended			Twelve Months Ended	
	December 30, <u>2007</u>	September 30, <u>2007</u>	December 31, <u>2006</u>	December 30, <u>2007</u>	December 31, <u>2006</u>
Net income	\$ 34.0	\$ 20.3	\$ 8.7	\$ 64.0	\$ 83.4
Adjustments to reconcile net income to adjusted net income:					
Restructuring and impairments	2.3	2.4	3.2	10.8	3.2
Purchased in-process research and development	-	0.2	-	3.9	-
Charge for potential litigation outcomes, net	-	7.8	8.2	9.5	8.2
System General purchase accounting charges	-	-	-	3.7	-
(Gain) loss on sale of product line, net	-	0.4	-	0.4	(6.0)
Amortization of acquisition-related intangibles	5.5	5.6	5.9	23.5	23.5
Associated tax effects of the above and other acquisition intangibles	-	(2.6)	0.7	(3.0)	2.9
Tax benefits from finalized tax filings and audit outcomes	-	-	-	0.9	(3.5)
Adjusted net income	<u>\$ 41.8</u>	<u>\$ 34.1</u>	<u>\$ 26.7</u>	<u>\$ 113.7</u>	<u>\$ 111.7</u>
Adjusted net income per common share:					
Basic	<u>\$ 0.34</u>	<u>\$ 0.27</u>	<u>\$ 0.22</u>	<u>\$ 0.92</u>	<u>\$ 0.91</u>
Diluted	<u>\$ 0.33</u>	<u>\$ 0.27</u>	<u>\$ 0.21</u>	<u>\$ 0.90</u>	<u>\$ 0.90</u>

Fairchild Semiconductor International, Inc.
Reconciliation of Gross Margin To Adjusted Gross Margin
(In millions)
(Unaudited)

	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>	
	<u>December 30,</u> <u>2007</u>	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>	<u>December 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Gross margin	\$ 135.0	\$ 129.4	\$ 121.4	\$ 490.5	\$ 496.8
Adjustments to reconcile gross margin to adjusted gross margin:					
System General purchase accounting charges	-	-	-	3.7	-
Adjusted gross margin	<u>\$ 135.0</u>	<u>\$ 129.4</u>	<u>\$ 121.4</u>	<u>\$ 494.2</u>	<u>\$ 496.8</u>
Adjusted gross margin %	31.3%	30.3%	29.0%	29.6%	30.1%

Adjusted net income, adjusted net income per share, and adjusted gross margin should not be considered as alternatives to net income, net income per share, gross margin or other measures of consolidated operations and cash flow data prepared in accordance with accounting principles generally accepted in the United States of America, as indicators of our operating performance, or as alternatives to cash flow as a measure of liquidity.

Fairchild Semiconductor International, Inc.
Consolidated Balance Sheets
(In millions)
(Unaudited)

	December 30, <u>2007</u>	September 30, <u>2007</u>	December 31, <u>2006</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 409.0	\$ 397.1	\$ 525.2
Short-term marketable securities	2.1	51.9	59.1
Receivables, net	179.0	184.6	163.3
Inventories	243.5	242.0	238.9
Other current assets	<u>51.9</u>	<u>49.6</u>	<u>42.0</u>
Total current assets	885.5	925.2	1,028.5
Property, plant and equipment, net	676.0	667.8	646.4
Intangible assets, net	123.7	129.2	103.6
Goodwill	353.2	353.2	229.9
Long-term marketable securities	51.0	2.0	2.1
Other assets	<u>43.2</u>	<u>46.2</u>	<u>35.1</u>
Total assets	<u>\$ 2,132.6</u>	<u>\$ 2,123.6</u>	<u>\$ 2,045.6</u>
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 203.7	\$ 3.8	\$ 2.8
Accounts payable	130.6	142.8	90.2
Accrued expenses and other current liabilities	<u>110.5</u>	<u>116.8</u>	<u>169.5</u>
Total current liabilities	444.8	263.4	262.5
Long-term debt, less current portion	385.9	585.9	589.7
Other liabilities	80.2	81.0	59.0
Minority Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	910.9	930.3	911.2
Temporary equity - deferred stock units	3.2	2.9	2.2
Total stockholders' equity	<u>1,218.5</u>	<u>1,190.4</u>	<u>1,132.2</u>
Total liabilities, temporary equity and stockholders' equity	<u>\$ 2,132.6</u>	<u>\$ 2,123.6</u>	<u>\$ 2,045.6</u>

Fairchild Semiconductor International, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended	Twelve Months Ended	
	December 30, 2007	December 30, 2007	December 31, 2006
Cash flows from operating activities:			
Net income	\$ 34.0	\$ 64.0	\$ 83.4
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	32.2	127.0	116.8
Non-cash stock-based compensation expense	5.8	24.8	26.7
Non-cash restructuring and impairments expense	0.7	3.1	2.2
Purchased in-process research & development	-	3.9	-
Deferred income taxes, net	0.1	(6.1)	(1.8)
Other	1.6	3.9	(3.1)
Changes in operating assets and liabilities, net of acquisitions	(15.6)	(30.0)	(39.3)
Cash provided by operating activities	<u>58.8</u>	<u>190.6</u>	<u>184.9</u>
Cash flows from investing activities:			
Capital expenditures	(41.3)	(140.4)	(111.8)
Purchase of marketable securities	(3.5)	(165.7)	(176.1)
Sale of marketable securities	2.0	172.7	249.3
Maturity of marketable securities	-	0.1	81.1
Other	-	(1.2)	(1.0)
Acquisitions and divestitures, net of cash acquired	-	(178.3)	5.4
Cash provided by (used in) investing activities	<u>(42.8)</u>	<u>(312.8)</u>	<u>46.9</u>
Cash flows from financing activities:			
Repayment of long-term debt	-	(2.8)	(54.1)
Proceeds from issuance of common stock and from exercise of stock options, net	4.8	37.1	27.3
Other	(8.9)	(28.3)	(10.5)
Cash provided by (used in) financing activities	<u>(4.1)</u>	<u>6.0</u>	<u>(37.3)</u>
Net change in cash and cash equivalents	11.9	(116.2)	194.5
Cash and cash equivalents at beginning of period	397.1	525.2	330.7
Cash and cash equivalents at end of period	<u>\$ 409.0</u>	<u>\$ 409.0</u>	<u>\$ 525.2</u>