

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

	Three Months Ended			Six Months Ended	
	June 27, 2010	March 28, 2010	June 28, 2009	June 27, 2010	June 28, 2009
Total revenue	\$ 409.6	\$ 378.0	\$ 277.9	\$ 787.6	\$ 501.2
Cost of sales (1)	<u>266.3</u>	<u>256.4</u>	<u>213.3</u>	<u>522.7</u>	<u>402.6</u>
Gross margin	<u>143.3</u>	<u>121.6</u>	<u>64.6</u>	<u>264.9</u>	<u>98.6</u>
Gross margin %	35.0%	32.2%	23.2%	33.6%	19.7%
Operating expenses:					
Research and development (2)	29.1	28.4	25.6	57.5	49.4
Selling, general and administrative (3)	56.0	52.3	43.7	108.3	88.4
Amortization of acquisition-related intangibles	5.6	5.6	5.6	11.2	11.1
Restructuring and impairments	-	2.4	11.3	2.4	18.0
Total operating expenses	<u>90.7</u>	<u>88.7</u>	<u>86.2</u>	<u>179.4</u>	<u>166.9</u>
Operating income (loss)	52.6	32.9	(21.6)	85.5	(68.3)
Other expense, net	<u>2.6</u>	<u>2.4</u>	<u>5.7</u>	<u>5.0</u>	<u>11.0</u>
Income (loss) before income taxes	50.0	30.5	(27.3)	80.5	(79.3)
Provision (benefit) for income taxes	<u>6.2</u>	<u>7.9</u>	<u>(2.4)</u>	<u>14.1</u>	<u>(3.3)</u>
Net income (loss)	<u>\$ 43.8</u>	<u>\$ 22.6</u>	<u>\$ (24.9)</u>	<u>\$ 66.4</u>	<u>\$ (76.0)</u>
Net income (loss) per common share:					
Basic	<u>\$ 0.35</u>	<u>\$ 0.18</u>	<u>\$ (0.20)</u>	<u>\$ 0.53</u>	<u>\$ (0.61)</u>
Diluted	<u>\$ 0.34</u>	<u>\$ 0.18</u>	<u>\$ (0.20)</u>	<u>\$ 0.52</u>	<u>\$ (0.61)</u>
Weighted average common shares:					
Basic	<u>125.2</u>	<u>124.7</u>	<u>123.9</u>	<u>125.0</u>	<u>123.7</u>
Diluted	<u>128.1</u>	<u>128.6</u>	<u>123.9</u>	<u>128.3</u>	<u>123.7</u>
(1) Equity compensation expense included in cost of sales	\$ 1.6	\$ 2.3	\$ 0.6	\$ 3.9	\$ 0.8
(2) Equity compensation expense included in research and development	\$ 1.1	\$ 1.1	\$ 1.2	\$ 2.2	\$ 1.5
(3) Equity compensation expense included in selling, general and administrative	\$ 3.2	\$ 2.4	\$ 2.1	\$ 5.6	\$ 4.2

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

	Three Months Ended			Six Months Ended	
	June 27, <u>2010</u>	March 28, <u>2010</u>	June 28, <u>2009</u>	June 27, <u>2010</u>	June 28, <u>2009</u>
Net income (loss)	\$ 43.8	\$ 22.6	\$ (24.9)	\$ 66.4	\$ (76.0)
Adjustments to reconcile net income (loss) to adjusted net income (loss):					
Restructuring and impairments	-	2.4	11.3	2.4	18.0
Net impairment/gain on equity investments (1)	-	-	2.1		2.1
Gain associated with debt buyback (1)	-	-	(0.8)		(0.8)
Accelerated depreciation on assets related to fab closure (2)	0.9	1.3	3.7	2.2	3.7
Inventory write off/release associated with fab closure (2)	-	(0.1)	0.6	(0.1)	0.6
Amortization of acquisition-related intangibles	5.6	5.6	5.6	11.2	11.1
Associated net tax effects of the above and other acquisition-related intangibles	1.0	-	(1.1)	1.0	(2.3)
Adjusted net income (loss)	<u>\$ 51.3</u>	<u>\$ 31.8</u>	<u>\$ (3.5)</u>	<u>\$ 83.1</u>	<u>\$ (43.6)</u>
Adjusted net income (loss) per common share:					
Basic	<u>\$ 0.41</u>	<u>\$ 0.26</u>	<u>\$ (0.03)</u>	<u>\$ 0.66</u>	<u>\$ (0.35)</u>
Diluted	<u>\$ 0.40</u>	<u>\$ 0.25</u>	<u>\$ (0.03)</u>	<u>\$ 0.65</u>	<u>\$ (0.35)</u>

(1) Recorded in other expense, net

(2) Recorded in cost of sales

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

	June 27, <u>2010</u>	March 28, <u>2010</u>	December 27, <u>2009</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 459.7	\$ 442.4	\$ 415.8
Short-term marketable securities	0.1	0.1	0.1
Receivables, net	173.1	151.8	134.0
Inventories	210.2	198.1	189.5
Other current assets	<u>38.5</u>	<u>40.2</u>	<u>41.8</u>
Total current assets	881.6	832.6	781.2
Property, plant and equipment, net	640.2	635.1	653.2
Intangible assets, net	69.9	75.5	81.1
Goodwill	161.3	161.3	161.3
Long-term securities	36.7	38.7	35.8
Other assets	<u>47.9</u>	<u>51.7</u>	<u>49.8</u>
Total assets	<u>\$ 1,837.6</u>	<u>\$ 1,794.9</u>	<u>\$ 1,762.4</u>
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ 5.3	\$ 5.3	\$ 5.3
Accounts payable	145.9	127.3	119.6
Accrued expenses and other current liabilities	<u>98.5</u>	<u>80.2</u>	<u>70.6</u>
Total current liabilities	249.7	212.8	195.5
Long-term debt, less current portion	439.3	465.6	466.9
Other liabilities	<u>61.3</u>	<u>62.1</u>	<u>71.1</u>
Total liabilities	750.3	740.5	733.5
Temporary equity - deferred stock units	2.1	2.5	2.3
Total stockholders' equity	<u>1,085.2</u>	<u>1,051.9</u>	<u>1,026.6</u>
Total liabilities, temporary equity and stockholders' equity	<u>\$ 1,837.6</u>	<u>\$ 1,794.9</u>	<u>\$ 1,762.4</u>

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

	Three Months Ended	Six Months Ended	
	June 27, 2010	June 27, 2010	June 28, 2009
Cash flows from operating activities:			
Net income (loss)	\$ 43.8	\$ 66.4	\$ (76.0)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization	39.4	79.7	79.6
Non-cash stock-based compensation expense	5.9	11.2	6.5
Non-cash restructuring and impairments expense	-	-	0.8
Non-cash impairment of investments	-	-	-
Non-cash goodwill impairment	-	-	-
Impairment of equity investment	-	-	2.3
Gain on debt buyback	-	-	(0.8)
Gain on sale of equity investment	-	-	(0.2)
Purchased in-process research & development	-	-	-
Deferred income taxes, net	0.9	2.9	(7.7)
Other	0.2	0.6	0.5
Changes in operating assets and liabilities, net of acquisitions	(2.6)	(19.7)	67.8
Cash provided by operating activities	<u>87.6</u>	<u>141.1</u>	<u>72.8</u>
Cash flows from investing activities:			
Capital expenditures	(33.1)	(50.9)	(21.4)
Purchase of marketable securities	-	-	(0.3)
Sale of marketable securities	-	-	0.3
Maturity of marketable securities	-	0.1	0.1
Other	(0.3)	(0.6)	(0.8)
Acquisitions	-	-	(1.5)
Cash used in investing activities	<u>(33.4)</u>	<u>(51.4)</u>	<u>(23.6)</u>
Cash flows from financing activities:			
Repayment of long-term debt	(26.3)	(27.6)	(16.4)
Issuance of long-term debt	-	-	-
Proceeds from issuance of common stock and from exercise of stock options, net	0.2	0.2	-
Purchase of treasury stock	(10.0)	(17.6)	-
Other	(0.8)	(0.8)	(0.7)
Cash used in financing activities	<u>(36.9)</u>	<u>(45.8)</u>	<u>(17.1)</u>
Net change in cash and cash equivalents	17.3	43.9	32.1
Cash and cash equivalents at beginning of period	442.4	415.8	351.5
Cash and cash equivalents at end of period	<u>\$ 459.7</u>	<u>\$ 459.7</u>	<u>\$ 383.6</u>

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

	Three Months Ended			Six Months Ended	
	June 27, <u>2010</u>	March 28, <u>2010</u>	June 28, <u>2009</u>	June 27, <u>2010</u>	June 28, <u>2009</u>
Gross margin	\$ 143.3	\$ 121.6	\$ 64.6	\$ 264.9	\$ 98.6
Adjustments to reconcile gross margin to adjusted gross margin:					
Accelerated depreciation on assets related to fab closure	0.9	1.3	3.7	2.2	3.7
Inventory write off/release associated with fab closure	-	(0.1)	0.6	(0.1)	0.6
Adjusted gross margin	<u>\$ 144.2</u>	<u>\$ 122.8</u>	<u>\$ 68.9</u>	<u>\$ 267.0</u>	<u>\$ 102.9</u>
Adjusted gross margin %	35.2%	32.5%	24.8%	33.9%	20.5%

Adjusted net income, adjusted net income per share, and adjusted gross margin should not be considered as alternatives to net income (loss), net income (loss) 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.
Reconciliation of Cash Provided by Operating Activities to Free Cash Flow
(In millions)
(Unaudited)

	Three Months Ended	Six Months Ended	
	June 27, <u>2010</u>	June 27, <u>2010</u>	June 28, <u>2009</u>
Cash provided by operating activities	\$ 87.6	\$ 141.1	\$ 72.8
Capital expenditures	(33.1)	(50.9)	(21.4)
Free cash flow	<u>\$ 54.5</u>	<u>\$ 90.2</u>	<u>\$ 51.4</u>