

June 24, 2004

Letter of Comment No: 486b File Reference: 1102-100

MP&T Director Financial Accounting Standards Board File Reference - 1102-100 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Invitation to Comment - Exposure Draft: Proposed FASB Statement, Share-Based Payment: RE:

an amendment of FASB Statements No. 123 and 95 (File Reference No. 1102-100)

To Whom It May Concern:

Thank you for the opportunity to express our views on Exposure Draft: Proposed FASB Statement, Share-Based Payment: an amendment of FASB Statements No. 123 and 95 (File Reference No. 1102-100).

We strongly oppose mandatory expensing of stock options for both technical and policy reasons. We believe that the exchange of employee stock options for employee services should not be recognized in the income statement because their value cannot be reliably and objectively measured. Option pricing models are designed to value traded options, which have significantly different attributes from non-traded employee stock options. In addition, option pricing models are based on extremely subjective assumptions. To use the models, we must attempt to predict the future volatility of our stock, as well as interest rates, dividends and employee behavior. While we are required to make subjective judgments as to such future events for many accounting estimates, in this case the FASB proposal does not allow for a final adjustment at the end of the period so that estimates can be "trued up" to reflect actual transactions. As a result, compensation expense associated with stock options that expire unexercised will remain on the books indefinitely, and the profits of the company will be permanently reduced even though the optionees never received any economic value from the cancelled options. In short, requiring the inclusion of such an inherently unreliable estimate in the income statement, without providing for an opportunity for adjustment to reflect actual economic value received, will significantly diminish the usefulness of GAAP-based financial statements.

In any event, we do not believe that stock option grants to employees result in any "cost" or "expense" to the Company. Instead, these stock options represent a dilution to GAAP earnings per share that is borne by stockholders. This dilution is currently presented in (1) basic earning per share with the inclusion of options that have been exercised and (2) in diluted earnings per share with the inclusion of the potential incremental effect of stock options outstanding that were granted at a price below the current market value of the Company's stock. It is important to note the redundancy that would take place if the Company were required to expense stock option grants to employees in the income statement and then include a significant number of these stock options in its fully diluted shares outstanding calculation to further dilute earnings.

In addition, current guidelines require extensive disclosure regarding stock option grants to employees. The public can take these disclosures into account when evaluating a company's financial statements. In light of our concerns about the current proposal, Skyworks supports encouraging companies to provide additional timely disclosures relating to stock option grants as now required under FAS No. 148 Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of FASB Statement No. 123. We further believe that investors, stockholders and employees will be better served if the FASB works to enhance disclosure required under FAS No. 123 by addressing valuation issues rather than adopt an expensing requirement similar to that proposed by the IASB.

As a matter of policy, stock options play an integral role in attracting and retaining our most valuable asset here at Skyworks, our employees. Skyworks Solutions, Inc. is an industry leader focused on developing and delivering radio frequency and complete semiconductor system solutions for mobile communications applications. We employ over 4,000 employees worldwide and our stock is traded on the NASDAQ stock market. We maintain broad-based stock option programs for our employees as a means of aligning the interests of our employees with those of our stockholders. We are concerned that the mandatory expensing of stock options will discourage companies from issuing stock options to minimize investor confusion and avoid incurring disproportionate and unreliable stock option expenses in the income statement.

We realize that our views are neither new nor unique. Nonetheless, we urge the FASB to consider Skyworks' comments and those of many other companies that have expressed similar views on this topic. Thank you for your consideration.

Sincerely,

Allan M. Kline

Chief Financial Officer Skyworks Solutions, Inc.

