Letter of Comment No: 3244 File Reference: 1102-100

June 4, 2004

Director of Major Projects
Financial Accounting Standard Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: Comment letter to Exposure Draft No. 1102-100 – Share-Based Payments.

## Dear Sir or Madame:

As the Compensation and Benefits Manager for TriQuint Semiconductor, I am writing to express my personal and professional opinion concerning the exposure draft on share-based payments. TriQuint Semiconductor is a leading supplier of high performance semiconductors, components and modules for the growing worldwide communications market. We have over 2,000 employees and issue stock options to all of our U.S. based employees and to many of our employees in foreign countries. The ESPP plan is a major component of our Total Rewards offering at TriQuint, and it will dramatically impact each individual's retirement and savings opportunity if we discontinue or dramatically change the ESPP program as a result of accounting changes. Fundamentally, I believe the accounting in the exposure draft is flawed and the conclusions raised by the Board are not based on valid criteria and, as a result, the exposure draft should be withdrawn.

I know that the TriQuint Executive Team has written to you in greater detail about their opinion on the accounting of ESPP programs, and their recommendation to withdraw the exposure draft. While I will not take your time to again re-iterate their thoughtful concerns back to you, I ask that you strongly consider their opinion and supplement their thoughts and recommended actions with these sentiments from the Human Resource ranks:

- Our employee population ranges from Manufacturing Operators to Engineering Fellows, and a significant portion of our employee population will be dramatically affected by any changes to our ESPP program. I believe the "little guy" will suffer the most as the ESPP program is a major if not the only vehicle they currently use for wealth accumulation intended for retirement and savings.
- Due to our financial situation and a corporation, our base pay philosophy is to pay less than market average with the "selling point" that our competitive ESPP plan and stock option opportunities will compensation for the gap between TriQuint base pay and market average. From a business perspective, we currently do not have the funds

available to "make up" for the difference if we eliminate or dramatically alter the ESPP program, and this will significantly decrease our Total Rewards package and negatively impact our ability to attract and retain employees.

Finally, I believe the negative impact this will have not only on the employees, but the company, and the local and national economy is significant for the following reasons stated by TriQuint's Executive team:

## Implications to companies, employees and the economy.

We believe that the current usage of share-based programs is appropriate, adds to the competitive edge of companies, aligns employee's and management's interests to those of shareholders, is a factor in employee wealth accumulation and is good for our state and national economies. To deal with the huge expense, many companies will modify or eliminate programs and the rank and file employees will lose their opportunity to participate in ownership. Employees only benefit if the stock goes up, so what's good for employees is good for investors. Shareholders control the creation of stock based programs and set the number of shares eligible for these programs through proxy voting. New SEC rules mandate that shareholders approve all new equity programs, so the shareholders have the first and final say in stock option programs. Governments will lose precious tax receipts. The state of Oregon's general fund budget relies on stock option gains for upwards of 10% of its revenues. America would lose its competitive edge, especially in technology, which has been our largest job growth sector over the past 30 years. Our competitors in China and other developing areas will not be required to expense these payments, giving them another advantage over U.S. firms. We see no positive benefit in forcing U.S. companies to expense share-based payments.

## Conclusions and recommendations.

Our conclusion is that the Board should withdraw the exposure draft and retain the accounting and disclosures under SFAS 128 and 123, and that share based payments are properly accounted for in the literature.

We further recommend the following:

- Resolve the conflict as to whether or not share-based payments even meet the definition of an expense.
- Abolish the fair value method of accounting for share-based payments as it is not consistent with other accounting principles.
- Study other methods to value options for footnote only disclosure including a zero volatility model, or an opportunity cost or interest cost model.
- Defer any changes until a comprehensive study on the impact to companies, employees and the state and national economy is completed.

Respectfully submitted,

OR

Julie Dondanville Compensation/Benefits/HRIS Manager TriQuint Semiconductor