

TriQuint

SEMICONDUCTOR



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To our stockholders:

Growth continued in 2008 with another record revenue year. Our revenue grew 21% as we moved from being 50% of the size of our largest competitor in Q1 of 2008 to 70% in Q4. Our GAAP loss of \$14.6 million was dominated by the non-cash charges associated with the successful acquisition of WJ Communications, equity compensation and the write-off of goodwill. Excluding these charges, operating income grew 18% in 2008 as compared to 2007. We have a solid balance sheet with approximately \$100 million in cash, cash equivalents and investments and we have no debt.

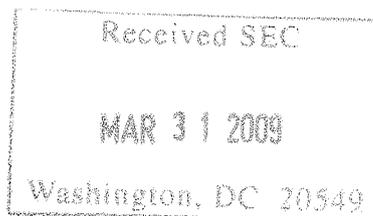
Through the year we achieved strong growth led by our 3G handset and wireless LAN products, and a solid 20% increase in our defense market revenue. TriQuint is clearly seeing success as a diversified technology leader leveraging innovation across multiple markets. We earned marquee high-volume design wins due to our best-performing RF modules delivered in the smallest package size, thereby reducing costs and complexities for our customers. We continue to push technology forward; in 2008 we opened the industry's 1st Gallium Nitride (GaN) Foundry Service, and announced TriQuint GaN power amplifiers for defense, aerospace and networks applications. We also unveiled breakthroughs in wideband power, with our launch of PowerBand™ products. We continue to expand our technology portfolio, making innovation a key differentiator for the company. Our strategy, to build total RF solutions including both active and passive components, is fueling TriQuint's leadership in highly-integrated, high-performance RF modules.

Besides innovation, Quality remains a top focus, and our customers recognized this in 2008:

- Intel Corporation: 2008 Preferred Quality Supplier (PQS) Award
- Northrop Grumman: 2008 Strategic Supplier & Innovation Awards
- Raytheon's Space & Airborne Systems division: 2008 Four-Star Top Supplier Excellence Award
- ZTE Corporation: 2008-2009 Supplier-of-the-Year Award
- Kyocera: 2008-2009 Supplier-of-the-Year Award

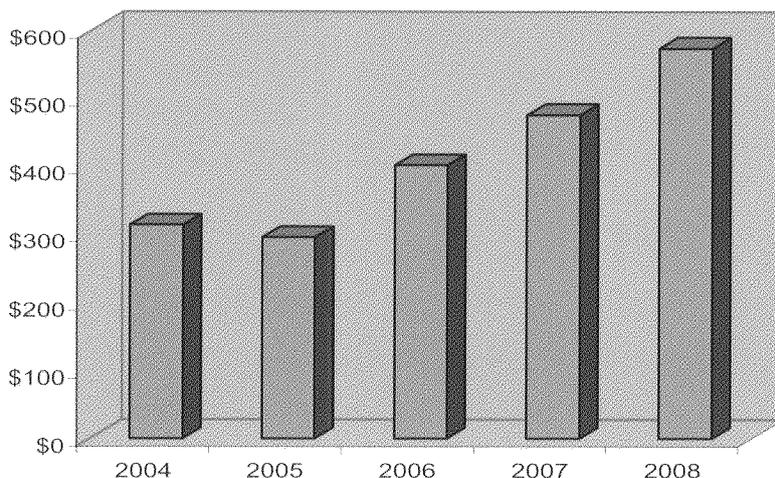
We expect 2009 will be a challenging, but successful year. In the coming quarters we face the most severe economic conditions known since the 1930's. While not immune to this economic crisis, we have a healthy capital structure and expect to generate cash during the year. We are focused on innovation, operational efficiency and sustained growth. During this challenging business climate, TriQuint will deliver great new products and operational improvements to enhance the bottom line, thereby providing value to customers, employees and shareholders.

Ralph Quinsey
President and Chief Executive Officer
TriQuint Semiconductor, Inc.

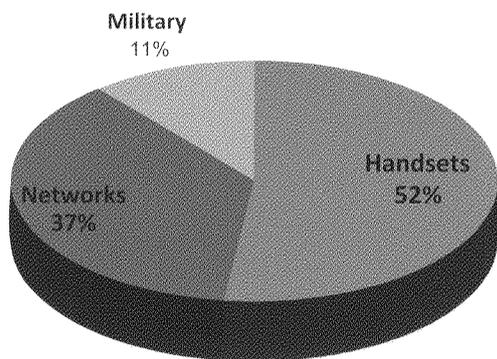


Founded in 1985, we “Connect the Digital World to the Global Network”™ by supplying high-performance RF modules, components and foundry services to the world's leading communications companies. Specifically, TriQuint supplies products to the top mobile phone manufacturers, and is a leading gallium arsenide (GaAs) supplier to major defense and space contractors. TriQuint creates standard and custom products using advanced processes that include gallium arsenide, surface acoustic wave (SAW) and bulk acoustic wave (BAW) technologies to serve diverse markets including wireless handsets, laptops, GPS/PND, base stations, broadband communications and military. TriQuint is also lead researcher in a multi-year DARPA program to develop advanced gallium nitride (GaN) amplifiers. TriQuint, as named by Strategy Analytics in August 2008, is the number-three worldwide leader in GaAs devices and the world's largest commercial GaAs foundry. TriQuint has ISO9001 certified manufacturing facilities in Oregon, Texas, and Florida and a production plant in Costa Rica; design centers are located in North America and Germany. Visit TriQuint at www.triquint.com/rf to receive new product information and to register for our newsletters.

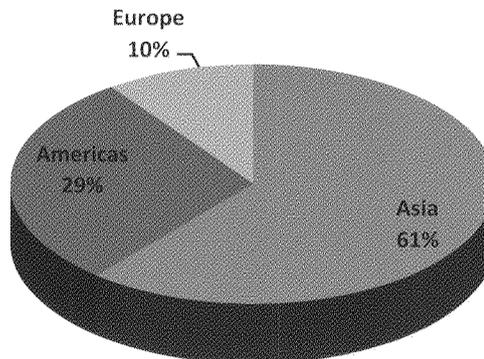
Consolidated Revenue (\$ millions)



Revenue by End Market *



Revenue by Geographic Region*



* Based on revenue for the year ended December 31, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2008

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission File Number 0-22660

TRIQUINT SEMICONDUCTOR, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

95-3654013
(I.R.S. Employer
Identification No.)

2300 N.E. Brookwood Parkway
Hillsboro, Oregon 97124
(503) 615-9000

(Address, including zip code, and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, \$.001 par value per share
(Title of class)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the Registrant, based upon the closing sale price of the common stock on June 30, 2008, the last day of the Registrant's second fiscal quarter, reported on the NASDAQ Stock Market, was approximately \$700,541,987. Shares of common stock held by each executive officer and director and by each person who owns 5% or more of the Registrant's outstanding common stock have been excluded from this computation. The determination of affiliate status for this purpose is not necessarily a conclusive determination for other purposes. The Registrant does not have any non-voting common equity securities.

As of February 24, 2009, there were 147,355,994 shares of the Registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the Registrant's Definitive Proxy Statement to be filed with the Commission pursuant to Regulation 14A in connection with the Registrant's 2008 Annual Meeting of Stockholders, which is scheduled to be held on May 5, 2009. Such Definitive Proxy Statement will be filed with the Commission not later than 120 days after the conclusion of the Registrant's year ended December 31, 2008.

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Important Notice to Stockholders:

This Annual Report on Form 10-K contains both historical information and forward-looking statements about TriQuint Semiconductor, Inc. (“TriQuint”, “we”, “us”, “our” or “our company”). In some cases, you can identify forward-looking statements by terminology such as “anticipates,” “appears,” “believes,” “continue,” “estimates,” “expects,” “feels,” “hope,” “intends,” “may,” “our future success depends,” “plans,” “potential,” “predicts,” “reasonably,” “seek to continue,” “should,” “thinks,” “will” or the negative of these terms or other comparable terminology. A number of factors affect our operating results and could cause our actual future results to differ materially from any forward-looking results, including, but not limited to, those related to our product strategy; demand in the handset, networks , and military markets; our product offerings and outlook for each of our markets; our growth in handset market share; potential customer concentration risks; changes in our critical accounting estimate; our ability to enter into new military contracts; our competitive advantages in design and process; our ability to manufacture and sell in international markets; our plans for our manufacturing facilities; risks associated with manufacturing yields and our ability to improve yields, costs and subcontractor services; risks associated with our production outside of the U.S.; our reliance on certain suppliers; our expectations regarding the selling prices for our products; our expectations regarding our competitors and pricing levels; our goal to reduce costs and improve performance value for our products; risks associated with intellectual property including protecting our interests and infringing on others’; our ability to improve our products and processes and develop new products; impact of environmental regulations on our business; risks associated with our unfilled orders; our ability to meet revenue guidance and penetrate our markets; expected operating expenses, gross margins and per share earnings; transactions affecting liquidity; capital expenditures; and other comments that involve risks and uncertainties. Factors that could cause or contribute to these differences include, but are not limited to, the risks discussed in Part I of this report titled “Risk Factors.” These statements are only predictions. Actual events or results may differ materially. In addition, historical information should not be considered an indicator of future performance. Please see Item 1A, “Risk Factors” for a discussion of some of the uncertainties, risks and assumptions associated with these statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, we are under no duty to update any of the forward-looking statements after the date of this Annual Report on Form 10-K to conform these statements to actual results. These forward-looking statements are made in reliance upon the safe harbor provision of The Private Securities Litigation Reform Act of 1995.

TRIQUINT SEMICONDUCTOR, INC.

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PART I

Item 1. *Business*

Overview

TriQuint Semiconductor, Inc. (“TriQuint,” “we,” “us,” “our,” or “our company”) is a supplier of high performance modules, components and foundry services to the world’s leading communications companies.

Our focus is on the specialized expertise, materials and know-how to design, manufacture and sell radio frequency (“RF”) and other high and intermediate frequency products that address three primary end markets: handsets, networks and military systems. We continually strive to lower customers’ costs and improve system performance through advanced engineering expertise, dedicated service and forward-looking design. Our products are designed on various wafer substrates including compound semiconductor materials such as gallium arsenide (“GaAs”) and piezoelectric crystals such as lithium tantalate (“LiTaO₃”). We use a variety of process technologies using GaAs substrates including heterojunction bipolar transistors (“HBTs”) and pseudomorphic high electron mobility transistors (“pHEMTs”). Using various other substrates we also manufacture surface acoustic wave (“SAW”) and bulk acoustic wave (“BAW”) products. Using these materials and our proprietary technologies, we believe our products can overcome the performance barriers of competing devices in a variety of applications and offer other key advantages such as steeper selectivity, lower distortion, higher power and power-added efficiency, reduced size and weight and more precise frequency control. For example, GaAs has inherent physical properties that allow its electrons to move up to five times faster than those of silicon. This higher electron mobility permits the manufacture of GaAs integrated circuits that operate at higher levels of performance than silicon devices.

In the U.S., we have design and manufacturing facilities in Oregon, Texas, and Florida with additional design facilities in Colorado, Massachusetts, California, and North Carolina, as well as sales support offices in various locations. Outside the U.S., we have a production and assembly facility in Costa Rica and the Philippines and design facilities in Germany. In addition we have application sales support offices in China, Finland, France, Germany, Japan, Korea, Malaysia, Sweden, Taiwan and the United Kingdom. We own and operate our own wafer fabrication, foundry and product test and assembly facilities. We also lease one facility and use subcontractors for a significant portion of our test and assembly processes. We use our proprietary processes in these facilities to produce high performance RF products in high volumes and believe that control of these manufacturing processes enables us to be a reliable source of supply with increased opportunities to enhance quality, reliability and manufacturing efficiency. In addition, control of our manufacturing process and our combined research and design capabilities assist us in developing new processes and products and increase our ability to be responsive to customer requirements.

We believe we have vertically integrated our sizeable design and production capabilities to focus on the needs of RF applications as a foundation to serve our primary end markets. We also believe our integration strategy allows us to offer cost-saving advantages and high-quality products, which in turn have made our products the choice of industry leaders across the globe.

We were incorporated in California in 1981 and reincorporated in Delaware on February 12, 1997. We have the following wholly-owned operating subsidiaries; TriQuint BV (LLC), TriQuint CV LP, TriQuint Europe Holding Company, TriQuint TFR Inc., TriQuint, Inc., TriQuint S.R.L., TriQuint Semiconductor Texas LP, TriQuint Sales and Design, Inc. TriQuint Colorado, Inc., TriQuint Semiconductor GmbH, TriQuint Asia, TriQuint International Holding Co, TriQuint Technology Holding Co, TriQuint Texas General Holding Company, TriQuint Texas Limited Holding Company, TriQuint (Shanghai) Trading Co. Ltd., TriQuint Semiconductor Japan TYK TriQuint Sweden AB, TriQuint WJ, Inc., WJ NEWCO LLC, WJ Communications (Shanghai) Ltd, Watkins-Johnson Environmental Inc, and Watkins-Johnson International, Inc. Our principal executive offices are located at 2300 N.E. Brookwood Parkway, Hillsboro, Oregon 97124 and our telephone number at that location is (503) 615-9000. Information about our company is also available at our website at www.triquint.com, which includes links free of charge to reports and amendments to those reports we have filed

with the Securities and Exchange Commission (“SEC”). The contents of our website are not incorporated by reference in this Annual Report on Form 10-K. The public may read and copy any materials that we file with the SEC at the SEC’s Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These reports can also be accessed at the SEC website, www.sec.gov.

Industry Background

Market demands for higher levels of performance with reduced cost in electronic communications systems have produced an increasing number of varied, complex applications. The increased capabilities of these new systems, in turn, are spawning new markets and a further proliferation of new, sophisticated applications. Many of these new applications have emerged in the handset, networks and military markets. Specifically, the handset and networks markets are constantly changing with the advent of new and more complex applications such as digital cameras, video recorders, music players, mobile televisions, handheld navigation based on the global positioning satellite (“GPS”) standard, Bluetooth, wireless local area networks (“WLANs”) and wireless internet. Wireless communications systems can offer the functional advantages of wired systems without the costly and time-consuming development of an extensive wired infrastructure, which is of particular importance in developing parts of the world which operate without widely distributed, existing wired infrastructure. In addition, many of these new applications require battery-powered portability. The proliferation of some of these new applications, combined with a demand for higher data rates to support them due to the more complex and advanced applications, has led to increased communication traffic resulting in congestion of the existing assigned frequency bands and more power consumption. As a consequence, wireless communications are moving to higher, less congested frequency bands and are implementing new, advanced communication standards. The advantages of wireless communications systems, as well as the increasing demand for wireless communications at higher frequencies, continue to drive worldwide growth in existing communication systems and continue to drive the emergence of new markets and applications.

The military market utilizes advanced monolithic microwave integrated circuits (“MMICs”), as well as SAW, surface transverse wave (“STW”) and BAW devices for aerospace, military and commercial applications. Aerospace and military applications often require extreme precision, reliability and durability. Our products include high power amplifiers, low noise amplifiers, switches, fixed frequency and voltage controlled oscillators, filters and attenuators for use in a variety of advanced systems such as active array radar, missiles, electronic warfare and space communications systems. Commercial applications for products and services in this frequency range include wireless telephone applications, optical fiber links and switching networks, millimeter wave (“mmW”) radios for point-to-point and point-to-multipoint systems, phased-array radar and satellite links both on the orbiting payload and for earth station very small aperture terminal (“VSAT”) transmitters.

To address the market demands for higher levels of performance, electronic communications systems manufacturers have relied heavily on advances in high performance components and modules such as those we produce. In addition, traditional signal processing technologies included lumped element filters, ceramic filters, crystal filters, resonators and oscillators. However, today’s high performance electronic systems require performance beyond that achievable with these technologies. The performance requirements of certain critical system functions generally cannot be achieved using silicon based semiconductors or filters, resonators and oscillators based on traditional technologies. As a result, systems manufacturers continue to seek components and modules which can overcome these performance limitations. GaAs semiconductor technology is an effective alternative and/or complement to silicon solutions in many high performance applications. The higher electron mobility of GaAs permits GaAs integrated circuits to operate at higher speeds than silicon devices or at the same speeds with lower power consumption. In addition, SAW and BAW technology offers a number of advantages over traditional filter technologies, including precise frequency control and selectivity, reduced size and weight, high reliability, environmental stability and the ability to pass RF signals with minimal distortion. In general, SAW technology has a cost/performance advantage from low frequencies to approximately 2 gigahertz. BAW technology has a cost/performance advantage from approximately 2 gigahertz to 10 gigahertz.

In many new applications, GaAs integrated circuits and acoustic filters (SAW or BAW) enable high performance systems to process signals and information more quickly and more precisely. In addition, the use of these components in high performance communications systems can reduce system power requirements and the physical size and weight of the system, important elements in battery powered or portable applications. These characteristics, combined with the systems requirements of the communications industry, have led to the use of our components in high volumes to complement silicon devices in a wide range of commercial and aerospace systems.

Electronic communications systems manufacturers, particularly handset manufacturers, are also moving increasingly toward designing integrated modules into their phones, rather than the individual components comprising these modules. By doing this, the handset manufacturers can achieve cost reductions, optimization of design and reduction of the size of their phones while accelerating design cycles and time to market. Our high performance GaAs integrated circuits and our SAW filters comprise some of the primary components in these RF modules. In addition, we are currently developing our BAW technology to address the needs of higher frequency filters for the next generation of wireless communication products.

TriQuint Strategy

Our business strategy is to provide our customers with high-performance, low-cost solutions to applications in the handset, networks, and military markets. Our mission is, "Connecting the Digital World to the Global Network™," and we accomplish this through a diversified product portfolio within the communications and military industries. In the handset market, we provide high performance devices such as RF filters, duplexers, small signal components, power amplifiers, switches and passive components. We have also developed integrated RF modules offering more integrated solutions, a key to our growth in 2008. In networks markets, we are a supplier of both active GaAs and passive SAW components. We provide the military market with phased-array antenna radar components and in 2005 were awarded the role of prime contractor on a Defense Advanced Research Projects Agency ("DARPA") contract to develop high power wide band amplifiers in gallium nitride ("GaN"), a next generation GaAs derived technology. In 2008 we were further recognized by the Office of Naval Research, which awarded us a \$4.5 million contract to improve manufacturing methods of producing high-power, high-voltage S-band GaAs amplifiers. The other key elements of our strategy include:

Focus on RF power, filtering and switching design excellence.

We have made substantial investments in our RF power, filtering and switching design capabilities. Our design teams have specialized expertise to address the needs of each of our target markets. The foundation of our design resources is an extensive library of cells and associated software tools and databases necessary to develop new products rapidly and cost-effectively. We believe that our RF power, filtering and switching design capabilities provide us with a competitive advantage in designing and developing integrated circuit modules and SAW/BAW-based products for standard or customer-specific products in our target markets. More specifically, as handsets migrate to multi-mode radios and broadband data connections move to multiple-input, multiple-output ("MIMO") standards, the complexity, content and value of the RF section increases.

Diversification of business models, market applications, technologies and customers.

We offer a broad range of standard and customer-specific products, as well as manufacturing, design and foundry services, which address numerous end-user applications in a variety of communications markets. We provide a balanced portfolio of products and services, ranging from foundry services to die level products, packaged components and integrated modules. Our primary application areas are handsets, networks and military. Our products are designed on various wafer substrates using a variety of technologies.

Create the smallest, highest performance components and modules with the highest value for the front-end of various communication systems.

We continue to introduce new, fully optimized products in the marketplace which we believe meet the changing needs of our customers. For example, we recently introduced new handset front-end modules which we

believe offer industry-leading integration, performance and size-reduction. In addition, we have introduced a new line of RF SAW filters for GSM/EDGE/WEDGE networks that offer cost-effectiveness and performance in a standard size which we believe is superior to other solutions in the market.

Capitalize on partnerships with industry leaders in our target markets.

We plan to continue to establish and maintain close working relationships with industry leaders in our target markets. We also intend to maintain existing, and establish new strategic relationships with companies that provide access to new technologies, products and markets. These relationships are critical to providing us with insights into future customer requirements, which facilitates the timely development of new products and services to meet the changing needs of our target markets.

Markets and Applications

We focus on three end markets in the electronic communications system industry: handsets, networks and military applications.

Handsets

The demand for handsets has evolved over the past several years as a result of increased demand for enhanced voice and data communication capabilities. Users want handsets to provide signal quality similar to wired communication systems, be smaller and lighter, accommodate longer talk time and standby time and contain complex functionality such as digital cameras, video recorders, music players, GPS, Bluetooth, internet access, mobile television and other video standards. To support the growing demand for wireless data communications, implementation of new standards has evolved such as GPRS, EDGE, WCDMA and others. This increase in wireless communication traffic has resulted in congestion of the assigned frequency bands, creating capacity issues for network operators. As a consequence, wireless communications standards are evolving to more efficiently utilize the available spectrum and demand has increased for handsets that work across multiple standards and frequency bands. Handsets of this complexity provide new technical challenges that our products are well suited to address and we believe our handset strategy will be able to meet the needs of this evolving market.

Our handset revenue is from electronic components for mobile phones including transmit modules, RF filters, power amplifiers ("PAs") and power amplifier modules ("PAMs"), duplexers, other RF devices and integrated products. We sell these products to handset manufacturers worldwide. Historically, the demand for handset components and modules has been driven by the increasing usage of handsets worldwide and the increasing complexity of those handsets which utilize features such as multiband radios and global positioning systems. Worldwide, the total number of handset subscribers continues to grow, with China and India growing at the fastest rates. There are a number of wireless phone standards in use around the world. GSM/GPRS is the most prevalent standard, utilized primarily in Europe and many parts of Asia. GSM/GPRS has a growing presence in the U.S. CDMA is the standard used principally in North and South America, Korea, and parts of China and India. Historically, we have sold more CDMA products. However, over the past several years, we have focused our efforts on the design of products based on the GSM/GPRS and WCDMA/EDGE standards. We believe we have made significant advances and are continuing to gain market share in WCDMA/EDGE products. Our growing product portfolio embraces the needs required by the third generation of mobile communication ("3G") with a complete selection of WCDMA/EDGE modules.

The handset market has experienced growth in each of the past 16 years, except for 2001 as a result of a slowdown in the overall economy. Further, the global number of subscribers to wireless communications has grown. This growth has been particularly strong due to growth in both China and India as well as the increase in demand for new phones with additional features. We believe we are well positioned to benefit from this growth.

In many handset applications, GaAs material and device design can provide key performance advantages over silicon, such as higher frequency operation, improved signal reception and transmission, better signal

processing in congested bands and greater power efficiency for longer battery life. These are becoming increasingly important with the new applications and we believe our use of GaAs wafer substrates and a variety of technologies provides us with the ability to satisfy these market demands. Further, our access to varied process technologies enables us to combine them in applications to optimize both product performance and cost. Specifically, as part of our handset strategy, we have introduced many new products for this market, including the following product families: HADRON, TRITIUM and QUANTUM. Our HADRON PA Module™ family is an industry standard series of discrete PA modules that provide customers with the choice between EDGE-Linear and EDGE-Polar architectures which we believe are optimized to deliver the best possible talk time in GSM/GPRS and WCDMA/EDGE modes. Our TRITIUM PA-Duplexer Module™ family includes versions that support both CDMA and WCDMA/HSDPA/HSUPA applications integrating a duplexer and transmit module interstage filter with a linear PA, each optimized to global geographic frequency bands. Our QUANTUM Tx Module™ family builds on the heritage of our signature GSM/GPRS transmit modules, integrating a GaAs pHEMT switch, low pass filters and a PA along with all necessary matching control circuits. Our new QUANTUM II Tx Module™ and TRITIUM PA-Duplexer Module™ for the WCDMA market provide for an even more compact solution. We believe these new modules are an excellent complement to our current line of GSM/GPRS and WCDMA/EDGE products for current and next-generation handsets as well as Bluetooth PAs and filters.

Historically, we have experienced seasonal fluctuations in our sales of handset components. Our revenues are generally the strongest in the fourth quarter in response to the holiday selling season and weakest in the first quarter of each year. This seasonality was apparent in the first half of 2008. During 2008 as a whole, we had many successful design wins, placing our products in over 100 phone models and we believe that our share of the market grew approximately 5% in 2008 by unit volume. However, we experienced a sharp drop in demand in the fourth quarter of 2008 which is not consistent with past seasonality.

As a percentage of our total revenues, our revenues from handsets products accounted for approximately 52% in 2008, compared to 53% of revenues in 2007 and 51% of revenues in 2006.

Networks

Our networks market includes products that support the transfer of voice, data or video across wireless or wired networks. Our strategy for networks is “Simplifying RF” through integration, superior performance and unmatched customer support. Our products for this market are divided into four main categories:

- Wireless Client which includes broadband wireless access products for GPS, wireless LANs (local area networks) and WiMAX (worldwide interoperability for microwave access) within the client applications;
- Transport which includes wired broadband applications such as point-to-point microwave radios, CATV (community access television or cable television), and optical communications and satellite broad communication applications such as VSAT (very small aperture terminals);
- Base station products for 2G, 3G and next generation metro area communication systems; and
- Emerging, other and standard products which include numerous smaller and emerging markets and products that may serve multiple markets.

Overall, 2008 was a strong growth year for Wireless Client products. TriQuint grew its share of the WLAN market with the introduction of Power Amplifier and Front End Module products to support multiband MIMO WLAN cards in laptop computers.

TriQuint achieved growth in the Transport market with successful 10G and 40G products in the optical broadband market. Additionally, as wireless infrastructure networks are built in developing countries and remote areas, we expect to benefit from point-to-point radio product demand for back haul communications from base station transceivers and base station controller systems. We continue to see robust demand for our point-to-point

radio products, driven largely by the number of wireless back haul base station installations and upgrades as the demand for data-centric applications increases.

Base stations are critical to the success of any mobile network because they form the backbone of these complex wireless communications systems. The demand for base station equipment is related to network build-out plans of wireless network operators and is highly dependent upon the capital equipment budgets of those operators. We believe there are three major drivers to the base station equipment market. The first is the continued deployment of base stations in Asia and other emerging markets such as China, India and Africa. The second is the build-out of GSM/EDGE networks for the U.S. and Latin America to upgrade and expand existing networks. However, this projected growth could be offset, in part, by the consolidation of network operators which could reduce the demand of infrastructure investments in the future. The third is the build-out of 3G WCDMA and 4G LTE/WiMAX systems to support higher speed data transfer. Demand in the base station market has increased in the past couple of years as a result of increased capital spending by network operators, including EDGE rollouts in the U.S., WCDMA rollouts in Europe and new network build outs in Asia and India.

In the base station market, we provide products used in base station transceivers, such as SAW filters and mmW MMIC devices. Revenues from this end market can vary significantly from quarter to quarter and are dependent on both new base station build-out and upgrades to existing base stations. Additionally, TriQuint is introducing a new product designed to improve base station power amplifier design for WCDMA/UMTS 3G networks. Traditional GSM/GPRS system amplifiers cannot simultaneously achieve high efficiency at the linear operation power level required for more data-centric 3G systems, but TriQuint's TriPower™ transistors will provide a significant 'step-function' improvement in amplifier efficiencies while operated at a high linear power level. Higher linear efficiency operation will generate less heat and will allow system providers to realize immediate savings by reducing transistor heat sink size, the number of cooling fans required and overall air-conditioning expense. Longer term, TriQuint believes its products have the potential to eliminate the current ground based amplifier configuration in exchange for a tower top amplifier which would further lower system operating costs.

TriQuint increased its presence in the base station market in 2008 with the acquisition of WJ Communications. WJ has a broad portfolio of GaAs based RF gain block, amplifier and mixer components to complement TriQuint's portfolio. Combined we have the building blocks to expand our RF integration strategy into basestations. Additionally, WJ offers lower power driver stages in TriPower™ technology to complement TriQuint's high power output stages to serve 3G and 4G basestation applications.

Our revenues from networks products accounted for approximately 37% of our total revenues in 2008, compared to 36% in 2007 and 37% in 2006.

Military

Our largest customers in this market are military subcontractors to the U.S. government. These subcontractors use our products for phased-array radar to identify, track and target aircraft and threats of unknown origin as well as in communications systems. The capability to track multiple targets simultaneously is one of the key enhancements found on the new generation of fighters such as the F-22 Raptor and joint Strike fighter ("JSF"). We are teamed with the prime contractors on both of these programs and microwave PAs will provide the capability to transmit the microwave power that is at the heart of the radar's operation. These radars are comprised of large arrays of elements, each with its own PA. In addition to supplying components for those airborne phased array radars mentioned above, TriQuint is engaged with the prime defense contractors in the development and production of phased array radars for ship board and ground-based applications. In the military communications field, we supply filters and other components for hand held and satellite communications systems.

We also are directly engaged with the U.S. government, primarily through our 2005 multi-year DARPA contract, recently renewed through 2010, to develop high power, wide band amplifiers in GaN. GaN HEMT devices provide the higher power density and efficiency required for high power phased array radar, electronic

warfare, missile seeker and communications systems and we believe that at the end of the program, we will have a reliable, reproducible and stable GaN process suitable for the Department of Defense (“DoD”) and commercial applications. In 2008, we were awarded an additional contract from the Office of Naval Research to extend our high-power, high-voltage GaAs amplifiers to Ka-band. We hope to expand these programs in 2009 and beyond. However, the current conflicts in the Middle East are consuming a significant portion of the military budget that may have otherwise been available for advanced aircraft upgrades and deployments, causing some risk that programs such as the F-22 Raptor and JSF could be delayed. On the other hand, the Department of Defense is also considering the less expensive approach of upgrading existing systems, like the F15 and B2 radars, as a means of optimizing the use of the limited defense budget. TriQuint is well positioned to participate in such upgrades as well.

Our military business accounted for approximately 11% of our total revenues in 2008, compared to 11% in 2007 and 12% in 2006.

Products

We offer a broad array of filtering, switching and power products for RF and mmW applications. We utilize specialized substrate materials and high performance technologies such as pHEMT, GaN HEMT, HBT, MESFET (Metal-Semiconductor Field Effect Transistor), SAW and BAW to design and manufacture products which lower the cost and/or improve the performance of our customers’ applications. We believe our products offer other key advantages including steeper selectivity, lower distortion, higher power and power-added efficiency, reduced size and weight and more precise frequency control relative to competing devices. Our broad range of standard and customer-specific integrated circuits, components and modules, and SAW and BAW duplexers and filters, combined with our manufacturing and design services, allow customers to select the specific product solution that best fulfills their technical and time-to-market requirements. We believe efficient manufacturing facilities and processes result in products that provide our customers a favorable price/performance trade-off.

In addition, we offer our customers a variety of product options and services for the development of customer-specific products. This is commonly known in our industry as “foundry services”. Our services include design, wafer fabrication, test engineering, package engineering, assembly and test. Customer-specific designs are generally implemented by one of two methods. Under the first method, the customer supplies us with detailed performance specifications and we design, develop and manufacture the integrated circuits. These designs are generated using either our in-house design engineering group or independent third-party design organizations which have been qualified by us. Under the second method, we supply circuit design and process rules to our customer and the customer’s internal engineering staff designs and develops the product. Typically we provide products as wafers but also offer die, or packaged devices.

We offer families of products for the following target market application areas. These include:

Handsets

Our products include transmit modules, power amplifier modules, duplexers, switches, integrated products and other advanced products to meet the changing needs of the global communications marketplace. We believe our products are uniquely able to meet the needs of the evolving global wireless market using our broad in-house technology portfolio that addresses the needs of system designers for low noise, power efficient amplification, low loss switching and efficient and accurate frequency conversion. Our products support 2G, 3G and 4G standards (GSM, EDGE, CDMA, WCDMA and others) and can be found across this wide frequency spectrum. We believe our compact highly integrated, modules and components enable quicker design turns, higher performance, lower part count and overall solution costs.

Networks

Our Networks division consists of four primary markets focused on wireless client connectivity; base station, transport and emerging markets. Wireless client is comprised of products sold for client and/or Customer Premise Equipment (“CPE”) wireless connectivity. WLAN and WiMAX for laptop computers represent the

majority of this market. Base station includes our products used in all cellular 2G and 3G standards of base transceiver station (“BTS”). Transport is an umbrella term we use for products, standards and technology used to support higher data rates across wireless or wired networks. This includes network applications such as point-to-point radio, cable, and non-military satellite based communication. Our emerging markets and “other” products include all products which do not fit into our handset or military markets; or into the wireless client, base station or transport segments of our networks market. Products classified as “other” include our automotive, test equipment, RFID and medical products. These products will enable the emerging trend toward ‘connectivity convergence’. This next-generation trend will lead to new designs that leverage multiple technologies and embrace multiple wireless standards to provide end-users with exciting new wideband internet connections.

We utilize our extensive process and assembly technologies to integrate RF functionality both at the die and module level, which are optimized to application specific transceivers. We packaged devices ease assembly for our customers’ high frequency products and makes our portfolio accessible to more manufacturers. Additionally, we use our extensive network of representative and distribution channels as well as our expanded product selection guides to provide greater and easier access to our portfolio. In addition, our world-wide base of application support engineers gives global customers assistance with design and related production needs.

The acquisition of both Peak Devices in 2007 and WJ Communications in 2008 bolsters TriQuint’s design resources and intellectual property portfolio, which we believe, makes us one of the most diversified networks infrastructure provider in the world. Our expansive technology base is leading to the creation of next-generation TriPower™ HV-HBT RF transistors that are making 3G/4G base station amplifiers much more efficient to reduce electricity costs and shrink carbon footprints. We believe our RF power and filter devices, combined with a wide selection of additional integrated and discrete devices, allow us to meet most of the needs for RF front-end networks designs.

Military

We provide global high reliability product leadership through our wide range of gallium arsenide, SAW, BAW and gallium nitride-based products. Our devices—including packaged products, die-level ICs, multi-chip modules and foundry services—are used in many diverse communications and phased array radar programs. These programs include major ship-based, airborne and battlefield systems as well as sat-com, electronic warfare and guidance applications. Our products are used in large scale programs with long lead-times. Once a component has been designed into an end-use product for a military application, the same component is generally used during the entire production life of the end-use product. As a result, we tend to produce large volumes of these components.

We were recently accredited by the DoD’s Trusted Access Program Office for fabrication of integrated circuits as a Category 1A ‘Trusted Foundry.’ Accreditation is an assurance that TriQuint processes and procedures meet stringent quality and security controls, which can permit increased levels of high security / classified application specific integrated circuit (ASIC) foundry business. Through accreditation TriQuint joins a small group of gallium arsenide suppliers certified by the DoD as able to fabricate and deliver devices for applications.

We have developed a family of next-generation discrete RF transistors that we believe provide wideband application designers unparalleled efficiency while simultaneously delivering high power performance across unprecedented bandwidth: 500MHz to 3GHz. TriQuint’s new PowerBand™ family of RF transistors enables sizeable reductions in product form factors and overall system cost savings as well as reduced operating expenses. PowerBand™ devices are used for signal jammer and specific radar applications as well as wideband wireless communications.

Our products play a critical role in identifying and neutralizing threats against defense forces around the globe. We are actively engaged with existing customers while seeking greater emerging application opportunities. For example: our airborne radar experience with F-22 and F-18 systems has led to on-going work in the multi-national JSF program as well as one of the newest anti-missile phased array radar systems. Our leadership is evidenced through selection by many agencies for high frequency / high reliability R&D, including

a recent award by DARPA (Defense Advanced Research Projects Agency) and the US Army for Phase III of a gallium nitride program to develop next-generation high power wideband amplifiers using the latest gallium nitride technology.

Design and Process Technology

In order to rapidly develop and cost-effectively introduce new products that address the needs of our customers, we have made substantial investments in building our capabilities in RF technologies. We have developed an extensive library of component cells and associated software tools and databases which we use to facilitate the design of our integrated circuits. We have also developed a variety of processes and techniques to fully utilize the component cell library including additional work on the material. The advancement of our products is highly dependent on our ability to quickly and accurately produce the proper material structure to meet the targeted end device performance. We have also developed and documented process and design rules which allow customers to design proprietary integrated circuits themselves.

Our manufacturing strategy is to use high volume process technologies when possible to enable us to provide cost-effective, stable, uniform and repeatable solutions for our customers. We achieve this by developing process modules which when combined together allow for the rapid development of new processes. We provide advanced wafer manufacturing processes and we have pursued core process technologies that are cost-effective for RF applications. As a result, we are able to enjoy the cost advantages associated with standard high volume semiconductor manufacturing practices. The core process technology in our Hillsboro, Oregon wafer fabrication operation employs both implanted and epitaxial structures, 4 micron metal pitch, typically 0.5 or greater micron geometries, involves 10 to 18 mask steps, and is scalable. The recent addition of an optical process for 0.25 and 0.13 micron gates gives a significant advantage in cost, with a small degradation in performance, over the typical e-beam process required to achieve those types of gate structures. The process technology employed in our Texas wafer fabrication operation includes eight advanced performance production processes: 0.5 micron gate length MESFET for amplifier applications; two 0.15, a 0.25 and a 0.5 micron gate length pHEMT for high power and high frequency applications; a 0.15 micron gate length mHEMT process for ultra-high frequency and low noise applications; HBT for high voltage, high linearity and high power density; 0.5 micron gate length HFET for high voltage, high power amplifiers and switches and Vertical P-I-N diode (VPIN) for signal control devices such as switches, limiters and attenuators. In our Florida wafer fabrication operation, we use manufacturing techniques that are very similar to those for integrated circuits to produce our SAW devices. In our Texas and Bend, Oregon wafer fabrication operations, we use manufacturing techniques that are very similar to those for integrated circuits to produce our BAW devices,

Customers

We have a broad customer base of leading systems manufacturers. Foxconn, a new customer of ours in 2008, accounted for approximately 12% of our revenues in 2008. Motorola, Inc. accounted for approximately 12% and 14% of our revenues in 2007 and 2006, respectively, while Samsung accounted for 14% and 15% of our revenues in 2007 and 2006, respectively. Neither Motorola nor Samsung accounted for greater than 10% of revenues in 2008. No other single end customer accounted for greater than 10% of our revenues during these periods.

Our sales to end customers outside the U.S. accounted for approximately 71%, 78% and 73% of revenues in 2008, 2007 and 2006, respectively. In 2008, sales to end customers in China and Hong Kong accounted for the majority of our sales outside of the U.S. and represented 24% and 13%, respectively, of our revenues. In 2007, sales to end customers in China and South Korea accounted for the majority of our sales outside the U.S. and represented approximately 30% and 16% of our revenues, respectively. In 2006, sales to end customers in China and South Korea accounted for approximately 23% and 16% of our revenues respectively.

Some of our sales to overseas customers are made under export licenses that must be obtained from the U.S. Department of Commerce.

Manufacturing

We currently have seven manufacturing centers located in Oregon, Texas, Florida, California, the Philippines and Costa Rica as follows:

- A 254,000 square foot Hillsboro, Oregon facility located on 50 acres of land. This facility houses our 76,000 square foot wafer fabrication facility as well as executive, administrative, engineering, test and technical offices. The fabrication facility includes 21,000 square feet of space that is operated as a Class 10 performance clean room.
- A 14,100 square foot, Bend, Oregon facility of which approximately 4,600 is fabrication space. This facility was acquired as part of our TFR acquisition and is under an operating lease, expiring in June 2009.
- A 540,000 square foot Richardson, Texas facility on approximately 38 acres of land. The Richardson facility has 48,000 square feet of Class 1 performance clean room space; however, we currently operate the clean room as a Class 10 performance clean room.
- A 92,100 square foot Apopka, Florida facility is a wafer fabrication, assembly and test facility located on approximately 16 acres of land. The Apopka wafer fabrication facility includes 16,000 square feet of clean room, of which 2,300 square feet is a Class 10 performance clean room.
- A 61,300 square foot San Jose, Costa Rica facility is an assembly and test facility for the production of SAW filters on approximately 2 acres of land. The Costa Rican facility has over 19,000 square feet of clean room space. We use our Costa Rica facility to assemble, package, test and ship final product to customers. This facility is located in the Metro Free Trade Zone; however our current tax holiday of 75% expired at the end of 2007 and became a 50% holiday, set to expire in 2011.
- A 124,000 square foot facility located in San Jose, California. This facility was acquired as part of our purchase of WJ Communications, Inc. and is under an operating lease, expiring in March, 2011.
- A 6,000 square foot facility located in Laguna Technopark, Philippines. This facility was acquired as part of our purchase of WJ Communications, Inc.

The fabrication of integrated circuits and filter products in these facilities is highly complex and sensitive to particles and other contaminants and requires production in a highly controlled, clean environment. Minute impurities, difficulties in the fabrication process or defects in the masks used to transfer circuits onto the wafers can cause a substantial percentage of the wafers to be rejected or numerous die on each wafer to be nonfunctional. The more brittle nature of GaAs wafers can also lead to higher processing losses than experienced with silicon wafers. To maximize wafer yield and quality, we test our products in various stages in the fabrication process, maintain continuous reliability monitoring and conduct numerous quality control inspections throughout the entire production flow.

We incur a high level of fixed costs to operate our own manufacturing facilities. These fixed costs consist primarily of facility occupancy costs, investment in manufacturing equipment, repair, maintenance and depreciation costs related to equipment and fixed labor costs related to manufacturing and process engineering. Our manufacturing yields vary significantly among our products, depending upon a given product's complexity and our experience in manufacturing it.

For integrated circuit products made by our Oregon facility, we use outside assembly contractors. Our Texas and Florida facilities manufacture and sell packaged products, which are also assembled by outside contractors or in Costa Rica. Overall, our outside assembly services are contracted to approximately ten vendors, five of which are located in the U.S. These vendors perform both test and assembly services. We have moved a significant portion of our high volume product assembly and test services offshore to vendors in China, Malaysia and the Philippines.

Raw Materials and Sources of Supply

We generally maintain alternative sources for our principal raw materials to reduce the risk of supply interruptions or price increases. The raw materials for our integrated circuit, module and component manufacturing operations are available from several suppliers. For our GaAs integrated circuit manufacturing operations, we currently have multiple qualified wafer vendors, and mask set vendors. We currently purchase assembly and test services from approximately ten suppliers, five of which are located in the U.S.

For our acoustic filter manufacturing operations, we use several raw materials, including wafers made from quartz, LiNbO₃ or LiTaO₃ as well as ceramic or metal packages. Relatively few companies produce these piezoelectric wafers and metal and ceramic packages. Our most significant suppliers of ceramic surface mount packages are based in Japan. For our SAW operations, we also utilize multiple qualified wafer vendors and qualified mask set vendors.

As is characteristic of the integrated circuit and acoustic filter component industries, the average selling prices of our products have decreased over the products' life cycles and we expect this pattern to continue. To offset these decreasing selling prices, we rely primarily on obtaining yield improvements and corresponding cost reductions in the manufacture of existing products, introducing new products of similar functionality to existing products but with lower cost by design and on introducing new products which incorporate advanced features, or in smaller sizes, which can be sold at higher average selling prices. We also work closely with our suppliers to obtain continual improvement on pricing of key raw materials and components. As more of our product offerings migrate toward integrated assemblies requiring the acquisition of outside manufactured components, we will have to effectively work with our suppliers to reduce the total cost of the respective bill of material.

Marketing, Sales and Distribution

We sell our products through independent manufacturers' representatives, independent distributors and our direct sales staff.

Backlog

As of December 31, 2008, we had unfulfilled orders, referred to as our backlog, of approximately \$98.3 million compared to approximately \$94.3 million as of December 31, 2007. We include in our backlog all purchase orders and contracts for products requested by the customer for delivery within approximately 12 months.

We do not have long-term agreements with any of our customers, except for certain military and development-related contracts, but may enter into long-term agreements in the future. Customers generally purchase our products pursuant to cancelable short-term purchase orders. Our customers have canceled these purchase orders or rescheduled delivery dates in the past, and we expect that these events may also occur in the future.

Frequently, we can ship our standard products from inventory shortly after receipt of an order, referred to as "turns business", and these orders may not be reflected in backlog. Accordingly, backlog as of any particular date may not necessarily be representative of actual sales for any future period.

Research and Development

Our research and development efforts are directed toward developing enabling technologies for integrated circuits, acoustic filters and modules. We are focused on improvements of our existing products' performance, development of new processes, reductions of manufacturing process costs, yield improvements and improvements in device packaging. We are continually designing new and improved products to maintain our competitive position. Although we have patented a number of aspects of our process technology, the market for our products is characterized by rapid changes in technologies. Because of continual improvements in these technologies, we believe that our future success will depend on our ability to continue to improve our products and processes and develop new technologies in order to remain competitive. Additionally, our future success will

depend on our ability to develop and introduce new products for our target markets in a timely manner. The success of new product introductions is dependent upon several factors, including timely completion and introduction of new product designs, achievement of acceptable fabrication yields and market acceptance. The development of new products by us and the design into customers' systems can take several years, depending upon the complexity of the device and the application. Accordingly, new product development requires a long-term forecast of market trends and customer needs. As of December 31, 2008, approximately 335 of our employees were engaged in activities related to process and product research and development; and our research, development and engineering expenses in 2008, 2007 and 2006 were approximately \$91.5 million, \$65.4 million and \$50.3 million, respectively. We expect to continue to spend substantial funds on research and development.

Competition

The markets for our products are characterized by price competition, rapid technological change, short product life cycles, and competition across geographies. Some of our competitors have significantly greater financial, technical, manufacturing and marketing resources. Due to the increasing component and module requirements for lower cost, better efficiency, reduced current consumption and smaller size, we expect intense competition from existing competitors and potential new entrants that develop a disruptive technology that threaten to compete in our targeted markets. The competition for similar products also affects the pricing of our products and there is no guarantee that pricing will remain at a level where we can sell our products on a profitable basis.

For our integrated modules, we compete primarily with the following existing competitors: Anadigics Inc., Avago, Inc., Eudyna, Inc., Raytheon Co., RF Micro Devices, Inc., Skyworks Solutions, Inc., ICS Technologies, Inc., Phonon Corp., RF Monolithics, Inc., TDK and EPCOS AG, Temex SAS, TAI-SAW Technology Co., Fujitsu Microelectronics, Inc., Murata Manufacturing Co., Panasonic Corp. and others. Competition could also come from companies developing new alternative technologies such as indium phosphide ("InP") integrated circuits, digital or tunable filtering and CMOS power amplifiers and switches.

Our prospective customers are typically systems designers and manufacturers that are considering the use of GaAs integrated circuits or SAW and BAW filters for their high performance systems. Competition is primarily based on performance elements such as speed, complexity and power drain, as well as price, product quality and ability to deliver products in a timely fashion. We believe that we currently compete favorably with respect to these factors. Due to the proprietary nature of our products, competition occurs almost exclusively at the system design stage. As a result, a design win by our competitors or by us often limits further competition with respect to manufacturing a given design.

Intellectual Property Matters

We rely on a combination of patents, trademarks, trade secret laws, confidentiality procedures and licensing arrangements to protect our intellectual property rights. We currently have patents granted and pending in the U.S. and elsewhere and intend to continue to apply for patents on our technology. We have approximately 200 patents that expire from 2009 to 2026, with most expiring between 2015 and 2023. We currently do not have any significant revenues related to a patent that will soon expire. In addition to having our own patents and patent applications, we have acquired U.S. and foreign patents and patent applications in connection with corporate mergers and acquisitions.

Notwithstanding our active pursuit of patent protection, we believe that our future success will depend primarily upon the technical expertise, creative skills and management abilities of our officers and key employees rather than on patent ownership. We also rely substantially on trade secrets and proprietary technology, and actively work to foster continuing technological innovation to maintain and protect our competitive position.

Environmental Matters

Federal, state and local regulations impose various environmental controls on the storage, handling, discharge and disposal of chemicals and gases used in our manufacturing processes. We provide our own

manufacturing waste water treatment and disposal for most of our manufacturing facilities and have contracted for the disposal of hazardous waste. State agencies require us to report usage of environmentally hazardous materials and we have retained the appropriate personnel to help ensure compliance with all applicable environmental regulations. We believe that our activities conform to present environmental regulations; however, increasing public attention has been focused on the environmental impact of semiconductor operations and these regulations may require us to fund remedial action regardless of fault.

In addition, the use and disposal of electronics is under increasing scrutiny and various countries have begun to adopt regulations such as the European Union's Waste Electrical and Electronic Equipment ("WEEE") and the Reduction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment ("RoHS") directives, which could require us to both redesign our products to comply with the standards and develop compliance administration systems. We expect additional countries and locations to adopt similar regulations in the future which may be more stringent than the current regulations. Currently however, we believe our commercial products are compliant with these emerging regulations.

Employees

As of December 31, 2008, we employed approximately 2,297 persons, including approximately 1,630 in manufacturing and support related positions, 335 in process, product and development engineering, 165 in marketing and sales and 167 in general and administration functions. As of December 31, 2008, none of our domestic employees were represented by a collective bargaining agreement; however at our German operation, approximately 35 of our employees are represented by a collective bargaining agreement. We consider our relations with employees to be good and we have not experienced a work stoppage due to labor issues.

Item 1A. Risk Factors

Risk Factors

Our operating results may fluctuate substantially, which may cause our stock price to fall.

Our quarterly and annual results of operations have varied in the past and may vary significantly in the future due to a number of factors including the following:

- general economic conditions, including the possibility of a severe recession in the U.S. and a worldwide economic slowdown;
- recent disruptions to the global credit and financial markets;
- cancellation or delay of customer orders or shipments;
- market acceptance of our products and those of our customers;
- market acceptance of new/developing technologies that perform in a manner comparable to our products;
- variability of the life cycles of our customers' products;
- variations in manufacturing capacity and yields, including additional costs or delays in increasing manufacturing capacity needed to support increasing customer demand;
- changes in the mix of products we sell;
- volatility in precious metal prices;
- variations in operating expenses;
- variations in product warranty claims;
- impairments of our assets;
- the long sales cycles associated with our products;
- the timing and level of product and process development costs;
- variations in raw material availability, quality and costs;

- delays in new process qualification or delays in transferring processes;
- the timing and level of nonrecurring engineering revenues and expenses relating to customer-specific products;
- significant changes in our own inventory levels as well as our customers'; and
- delivery terms requiring that we cover shipment and insurance costs as well as import/export duty costs.

We expect that our operating results will continue to fluctuate in the future as a result of these and other factors. Unfavorable changes in these or other factors could cause our results of operations to materially suffer. Due to potential fluctuations, period-to-period comparisons of our results of operations are not necessarily indicative of our future performance.

Our business may be negatively impacted by the volatility and disruption of the capital and credit markets, and adverse changes in the global economy.

Current uncertainty in global economic conditions poses a risk, as consumers and businesses may defer purchases in response to restricted access to credit and negative financial news, which could negatively affect product demand. Demand could be different from our expectations due to a variety of factors including changes in business and economic conditions; conditions in the credit market that could affect consumer confidence; customer acceptance of our and our competitors' products; changes in customer order patterns including order cancellations; and changes in the level of our customers' inventory. Credit market conditions also may slow our collection efforts as customers experience increased difficulty in obtaining requisite financing, leading to higher than normal accounts receivable. This could result in greater expense associated with collection efforts and increased bad debt expense. In addition, credit conditions may impair our vendors' ability to finance the portion of raw materials or general working capital needs to support our production requirements, resulting in a delay or non-delivery of inventory shipments.

Our ability to find investments that are both safe and liquid and that provide a reasonable return may be impaired. This could result in lower interest income and/or higher other-than-temporary impairments.

Our business may be adversely affected by our customers' ability to access the capital markets.

The inability of our customers to access the capital markets, on favorable terms or at all, may adversely affect our financial performance. The inability of our customers to access capital efficiently could cause disruptions in their businesses, thereby negatively impacting ours. For example, if our customers do not have sufficient liquidity, they could reduce or limit new purchases, which could result in lower demand for our products and/or we may be at risk for any trade credit we have extended to them, due to their inability to repay us. This risk may increase if the current economic downturn affects significant customers or a large number of our other customers and they are not able to adequately manage their business risks or do not properly disclose their financial condition to us.

New competitive products and technologies brought into the market could reduce demand for our current product offerings. Our business may be adversely affected if we fail to successfully introduce new products or to gain our customers' acceptance of those new products.

The markets for electronic communications applications in which we participate are characterized by the following:

- intense competition;
- rapid technological change;
- cyclical demand; and
- short product life cycles.

We compete with U.S. and international semiconductor manufacturers including Skyworks, RF Micro Devices, Avago and Anadigics. Some of our competitors have significantly greater financial, technical, manufacturing and marketing resources than we do. We expect intensified competition from existing integrated circuit, SAW and BAW device suppliers, and from the potential entry of new competitors into our target markets. The operations of some companies producing products similar to ours for their internal requirements also contribute to a competitive environment.

Competition is primarily based on performance characteristics such as speed, complexity and power dissipation. Other principal competitive factors include:

- prices of competitors' products;
- the timeliness of adoption of new technology;
- market acceptance of varying technologies;
- impact of new technologies on the demand for our existing products;
- product quality; and
- strategic customer relationships.

Competition from existing or potential competitors may increase due to a number of factors including the following:

- new or emerging technologies in integrated circuit design using alternative materials;
- new or emerging technologies such as digital filtering direct conversion as alternatives to SAW filters;
- mergers and acquisitions of our customers with our competitors or other entities;
- longer operating histories and presence in key markets;
- strategic relationships between, or mergers of, our competitors;
- ability to obtain raw materials at lower costs due to larger purchasing volumes or other advantageous supply relationships;
- access to a wider customer base; and
- access to greater financial, technical, manufacturing and marketing resources.

Due to the proprietary nature of our products, competition occurs almost exclusively at the system design stage. As a result, a design win by our competitors or by us typically limits further competition with respect to a given design. Additionally, compared to GaAs, manufacturers of high performance silicon integrated circuits have achieved greater market acceptance of their existing products and technologies in some applications. Further, we compete with both GaAs and silicon suppliers in all of our target markets. If we are unable to effectively compete in these markets, our results of operations may be adversely affected.

It is critical for companies such as ours to continually and quickly develop new products to meet the changing needs of these markets. If we fail to develop new products to meet our customers' needs on a timely basis, we will not be able to effectively compete in these markets. Further, new products could be introduced by competitors that have competitive and technological advantages over our current product line-up.

Our future success will depend, in part, upon our ability to successfully develop and introduce new products based on emerging industry standards. We have and must continue to perform significant research and development into advanced material development such as GaN on silicon carbide to compete with future technologies of our competitors. These research and development efforts may not be accepted by our customers, and therefore may not achieve sustained production in the future. Further, we may not be able to improve our existing products and process technologies, or be able to develop new technologies in a timely manner or effectively support industry standards. If we fail to design and produce these products in a manner acceptable to

our customers, or have incorrectly anticipated our customers' demand for these types of products, our business, financial condition and results of operations could suffer.

Our operating results may suffer due to fluctuations in demand for semiconductors and electronic communications components.

From time to time, our markets have experienced significant downturns and wide fluctuations in product supply and demand, often in connection with, or in anticipation of, maturing product cycles, and capital spending cycles and declines in general economic conditions. The cyclical nature of these markets has led to significant imbalances in demand, inventory levels and production capacity. It has also accelerated the decrease of average selling prices per unit. We have experienced, and may experience again, periodic fluctuations in our financial results because of these or other industry-wide conditions. For example, in the fourth quarter of 2008 demand for communications applications decreased substantially, demand for the integrated circuits and modules, components and other products in these applications also declined, which negatively affected our operating results. If the current market demand does not improve, and/or if there is continued pressure on average selling prices and our cost reduction efforts are not effective, our operating results could suffer.

A limited number of customers represent a significant portion of our revenues. If we were to lose any of these customers, our revenues could decrease significantly.

We typically have end customers who generate more than 10% of our revenues for a given period. For 2008, Foxconn accounted for more than 10% of our revenues. Any significant loss of, or a significant reduction in purchases by, one or more of these customers could have an adverse affect on our financial condition and results of operations.

If we build products to support high volume forecasts that never materialize into orders, we may have to write-off excess and obsolete inventory or reduce our prices.

We typically increase our inventory levels to meet forecasted future demand. If the forecasted demand does not materialize into purchase orders for these products, we may be required to write-off our inventory balances or reduce the value of our inventory to fair value, based on a reduced sales price. A write-off of the inventory, or a reduction in the inventory value due to a sales price reduction, could have an adverse effect on our financial condition and operating results. In the second quarter of 2007, we incurred \$4.1 million in excess inventory charges primarily due to reduced demand for a single device from a specific customer. We could incur similar charges in the future, which would negatively affect our financial condition.

Our revenues are at risk if we do not introduce new products and/or decrease costs.

The production of GaAs integrated circuits has been and continues to be more costly than the production of silicon devices. Although we have reduced production costs through decreasing raw wafer costs, increasing wafer size and fabrication yields, decreasing die size and achieving higher volumes, we might not be able to do so in the future. Further, the average selling prices of our products have historically decreased over the products' lives and we expect them to continue to do so.

To offset these decreases, we must achieve yield improvements and other cost reductions for existing products and introduce new products that can be manufactured at lower costs. However, we believe our costs of producing GaAs integrated circuits will continue to exceed the costs associated with the production of silicon devices. As a result, to remain competitive, we must offer devices which provide performance superior to silicon-based solutions. If we do not continue to identify markets that require performance superior to that offered by silicon solutions or if we do not continue to offer products that provide sufficiently superior performance to offset the cost differentials, our operating results could be adversely affected.

Our future success depends, in part, on our timely development and introduction of new products that compete effectively on the basis of price and performance and adequately address customer requirements. The success of new product and process introductions depends on several factors, including:

- proper selection of products and processes;
- successful and timely completion of product and process development and commercialization;
- market acceptance of our own new products, or of our customers' new products;
- achievement of acceptable manufacturing yields;
- our ability to offer new products at competitive prices; and
- managing the cost of raw materials and manufacturing services.

We may be unable to achieve expected yields on new products prior to experiencing selling price pressure on them. If our cost reductions and new product introductions do not occur in a timely manner or do not achieve market acceptance, our results of operations could suffer.

Our business could be harmed if systems manufacturers do not use components made of GaAs or the other alternative materials we utilize.

Silicon semiconductor technologies are the dominant process technologies for integrated circuits and the performance of silicon integrated circuits continues to improve. System designers may be reluctant to adopt our products because of:

- their unfamiliarity with designing systems with our products;
- their concerns related to manufacturing costs and yields;
- their unfamiliarity with our design and manufacturing processes; and
- uncertainties about the relative cost effectiveness of our products compared to high performance silicon components.

Systems manufacturers may not use GaAs components because the production of GaAs integrated circuits has been, and continues to be, more costly than the production of silicon devices. In addition, customers may be reluctant to rely on a smaller company like ours for critical components. We cannot be certain that additional systems manufacturers will design our products into their systems or that the companies that have utilized our products will continue to do so in the future. If our products fail to achieve market acceptance, our results of operations would suffer.

If we fail to sell a high volume of our products, including customer-specific products, our operating results could be harmed.

Because large portions of our manufacturing costs are relatively fixed, high utilization rates are critical to our operating results. If we fail to achieve acceptable manufacturing volumes or experience product shipment delays, our results of operations could be harmed. During periods of decreased demand, our high fixed manufacturing costs negatively affect our results of operations. We manufacture a substantial portion of our products to address the needs of individual customers. We base our expense levels in part on our expectations of future orders and these expense levels are predominantly fixed in the short-term. Because customer-specific products are developed for unique applications, we expect that some of our current and future customer-specific products may never be produced in sufficient volume and may impair our ability to cover our fixed manufacturing costs. If we receive fewer customer orders than expected or if our customers delay or cancel orders, we may not be able to reduce our manufacturing costs in the short-term and our operating results would be harmed. In addition, we are selling products to an increasing number of our customers on a consignment basis, which can limit our ability to forecast revenues and adjust our costs in the short-term, which could have an adverse effect on our results of operations.

In some areas of our business, particularly in handsets, we have customers who ship their completed products in very large unit volumes. If we are unable to support our customers when their production volume increases, we may be considered an undependable supplier and our customers may seek alternate suppliers for products that we may have anticipated producing over an extended period of time and in large quantities, which could adversely affect our results of operations. In addition, if we experience delays in completing designs, fail to obtain development contracts from customers whose products are successful, or fail to have our product designed into the next generation product of existing volume production customers, our revenues could be harmed.

Underutilization of our manufacturing facilities and additional capital expenditures may adversely affect our operating results.

From time to time, we have underutilized our manufacturing lines. This excess capacity means we incur increased fixed costs in our products relative to the revenues we generate, which could have an adverse effect on our results of operations, particularly during economic downturns. If we are unable to improve utilization levels at these facilities and correctly manage capacity, the increased expense levels will have an adverse effect on our business, financial condition and results of operations.

Alternatively, we have increased our capacity in certain facilities to meet current customer demands. These facilities currently have limitations in certain areas of manufacturing and we may need to invest in more capital equipment and facilities to relieve these manufacturing limitations and allow for greater capacity. If we acquire more equipment, our fixed costs will increase. Further, if customer demand later falls, the increased expense levels will have an adverse effect on our business, financial condition and results of operations.

We face risks of a loss of revenues if contracts with the U.S. government or military contractors are canceled or delayed.

In 2008 and 2007, we received a portion of our revenues from the U.S. government or from prime contractors on U.S. government sponsored programs principally for military applications. These military programs with the U.S. government generally have long lead times, such as the DARPA contract to develop high power, wide band amplifiers in GaN and the F-22 Raptor and JSF aircraft programs. These military programs are also subject to delays or cancellation. Further, spending on military contracts can vary significantly depending on funding from the U.S. government. We believe our government and military contracts in the recent past have been negatively affected by military operations such as the war in Iraq, as the government has allocated more funding to the war and less on new development and long-term programs, such as the ones in which we participate. Reductions in military funding or the loss of a significant military program or contract would have a material adverse effect on our operating results.

We face risks from failures in our manufacturing processes, the maintenance of our fabrication facilities and the processes of our vendors.

The fabrication of integrated circuits, particularly those made of GaAs, is a highly complex and precise process. Our integrated circuits are primarily manufactured on wafers made of GaAs while our SAW filters are currently manufactured primarily on LiNbO₃, LiTaO₃ and quartz wafers and our BAW wafers are currently manufactured on sapphire or silicon wafers. We refer to the proportion of final components that have been processed, assembled and tested relative to the gross number of components that could be constructed from the raw materials as our manufacturing yield. Compared to the manufacturing of silicon integrated circuits, GaAs technology is less mature and more difficult to design and manufacture within specifications in large volume. In addition, the more brittle nature of GaAs wafers can result in lower manufacturing yields than with silicon wafers. Further, during manufacturing, each wafer is processed to contain numerous integrated circuits or SAW/BAW filters which may also result in lower manufacturing yields. As a result, we may reject or be unable to sell a substantial percentage of wafers or the components on a given wafer because of, among other factors:

- minute impurities;

- difficulties in the fabrication process, such as failure of special equipment, operator error or power outages;
- defects in the masks used to print circuits on a wafer;
- electrical and/or optical performance; or
- wafer breakage.

In the past we have experienced lower than expected manufacturing yields, which have delayed product shipments and negatively affected our results of operations. We may experience similar difficulty in maintaining acceptable manufacturing yields in the future.

In addition, the maintenance of our fabrication facilities and our assembly facilities is subject to risks, including:

- the demands of managing and coordinating workflow between geographically separate production facilities;
- disruption of production in one of our facilities as a result of a slowdown or shutdown in our other facility; and
- higher operating costs from managing geographically separate manufacturing facilities.

The transfer of production of a product to a different facility often requires the qualification of the facility by certain customers. If such changes and transfers are not implemented on a cost-effective basis or cause delays or disruption in our production, our results of operations could be adversely affected. We also depend on certain vendors for components, equipment and services. We maintain stringent policies regarding qualification of these vendors. However, if these vendors' processes vary in reliability or quality, they could negatively affect our products, and thereby, our results of operations.

Some of our manufacturing facilities are located in areas prone to natural disasters.

We have a SAW manufacturing and assembly facility located in Apopka, Florida and assembly facilities in San Jose, Costa Rica and the Philippines. Hurricanes, tropical storms, flooding, tornadoes, and other natural disasters are common events for Florida, Asia and Central America that could affect our operations in these areas. Other natural disasters such as earthquakes, volcanic eruptions, tornadoes and flooding could also affect our facilities in Colorado, California, Oregon and Texas. The following table indicates the approximate exposure we believe we have with respect to natural disasters:

<u>Location</u>	<u>Type of Disaster</u>	<u>Approximate Percent of Total*</u>	
		<u>Fixed Assets</u>	<u>Revenues</u>
Apopka, Florida	H	13%	10%
Bend, Oregon	E, V	0%	1%
Dallas, Texas	H	40%	22%
Hillsboro, Oregon	E, V	25%	64%
San Jose, Costa Rica	E, V, H	13%	4%
San Jose, California	E	1%	5%
Laguna Technopark, Philippines	V, H	1%	0%

E—Earthquake/mudslide

V—Volcanic eruption

H—Hurricane, tornado, typhoon, and/or flooding

* Figures are based on revenues for the twelve months ended December 31, 2008 or net fixed assets as of December 31, 2008. Additionally, the sum may be greater than 100% due to shared risks between locations.

Any disruptions from these or other natural disasters could have a material adverse effect on our operations and financial results.

Our operating results could be harmed if we lose access to sole or limited sources of materials, equipment or services or if our third party providers are unable to fulfill our requirements.

We currently obtain a portion of the components, equipment and services for our products from limited or single sources, such as certain ceramic packages and chemicals. We purchase these components, equipment, supplies and services on a purchase order basis, do not carry significant inventories and generally do not have long-term supply contracts with these vendors. Our requirements are relatively small compared to silicon semiconductor manufacturers. Because we often do not account for a significant part of our vendors' business, we may not have access to sufficient capacity from these vendors in periods of high demand. We currently use subcontractors for the majority of our integrated circuit and module assemblies, as well as final product testing. Further, we expect our utilization of subcontractors to grow as module products become a larger portion of our product revenues. If these subcontractors are unable to meet our needs, it could prevent or delay production shipments that could negatively affect our results of operations and our customer relationships. If we were to change any of our sole or limited source vendors or subcontractors, we would be required to requalify each new vendor and subcontractor. Requalification, which can take up to 12 months, could prevent or delay product shipments negatively affecting our results of operations. In some cases, it would be difficult to replace these suppliers.

There are certain risks associated with dependence on third party providers, such as minimal control over delivery scheduling, adequate capacity during demand peaks, warranty issues and protection of intellectual property. Our reliance on a limited number of suppliers for certain raw materials and parts may impair our ability to produce our products on time and with acceptable yields. At times in the past, we have experienced difficulties in obtaining ceramic packages and lids used in the production of filters. At other times, the acquisition of relatively simple devices, such as capacitors, has been problematic because of the large demand swings that can occur in the handset market for such components. Our success in obtaining these products is critical to the overall success of our business. If our suppliers were unable to meet our delivery schedules or went out of business, we could have difficulty locating an alternative source, harming our business. In addition, our reliance on third-party vendors and subcontractors may negatively affect our production if the services vary in reliability or quality. If we are unable to obtain timely deliveries of our source materials in sufficient quantities and of acceptable quality or if the prices increase, our results of operations could be harmed.

If our products fail to perform or meet customer requirements, we could incur significant additional costs.

The fabrication of integrated circuits and SAW/BAW filters from substrate materials and the modules containing these components is a highly complex and precise process. Our customers specify quality, performance and reliability standards that we must meet. If our products do not meet these standards, we may be required to rework or replace the products. Our products may contain undetected defects or failures that only become evident after we commence volume shipments, which we may experience from time to time. If such failures or defects occur, we could:

- lose revenues;
- incur increased costs such as warranty expense and costs associated with customer support;
- experience delays, cancellations or rescheduling of orders for our products; or
- experience increased product returns or discounts;

all of which could negatively affect our financial condition and results of operations.

If we fail to comply with environmental regulations we could be subject to substantial fines, we could be required to suspend production, alter manufacturing processes or cease operations.

Federal, state and local regulations impose various environmental controls on the storage, handling, discharge and disposal of chemicals and gases used in our manufacturing process. For our manufacturing facilities, we generally provide our own manufacturing waste treatment and contract for disposal of some

materials. We are required to report usage of environmentally hazardous materials. The failure to comply with present or future regulations could result in our having to pay a fine, suspend production, or cease our operations. These regulations could require us to acquire significant equipment or to incur other substantial expenses to comply with environmental regulations. Further, new environmental initiatives could affect the materials we currently use in production. Any failure by us to control the use of, or to adequately restrict the discharge of, hazardous substances could subject us to future liabilities and harm our financial condition and results of operations.

Two former production facilities at Scotts Valley and Palo Alto from our acquisition of WJ Communications, have significant environmental liabilities for which we have entered into and funded fixed price remediation agreements and obtained cost-override and unknown pollution insurance coverage. We do not assure you that these arrangements will be sufficient to cover all liabilities related to these two sites.

Environmental regulations such as the WEEE and RoHS directives may require us to redesign our products and to develop compliance administration systems.

Various countries have begun to require companies selling a broad range of electrical equipment to conform to regulations such as the Waste Electrical and Electronic Equipment Directive (WEEE) and the European Union Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive (RoHS). We expect additional countries and locations to adopt similar regulations in the future. New environmental standards such as these could require us to redesign our products in order to comply with the standards, and require the development of compliance administration systems. For example, RoHS requires that certain substances be removed from all electronic components. We have already invested significant resources into developing compliance tracking systems, and further investments may be required. Additionally, we may incur significant costs to redesign our products and to develop compliance administration systems; however, alternative designs may have an adverse effect on our gross profit margin. If we cannot develop compliant products timely or properly administer our compliance programs, our revenues may also decline due to lower sales, which would adversely affect our operating results. Further, if we were found to be non-compliant with any rule or regulation, we could be subject to fines, penalties and/or restrictions imposed by government agencies that could adversely affect our operating results.

Customers may delay or cancel orders due to regulatory delays.

The increasing significance of electronic communications products has increased pressure on regulatory bodies worldwide to adopt new standards for electronic communications, generally following extensive investigation of and deliberation over competing technologies. The delays inherent in the regulatory approval process may cause the cancellation, postponement or rescheduling of the installation of communications systems by our customers. These delays have in the past had, and may in the future have, a negative effect on our sales and our results of operations.

If we fail to manage our growth effectively or to successfully integrate WJ Communications and any future acquisitions, or if we unsuccessfully invest in privately held companies, our business could be harmed.

On an ongoing basis, we review acquisition and investment opportunities that would strengthen our product line, expand market presence and complement our technologies. We face risks from our recent and any future acquisitions or investments, including the following:

- we may fail to retain the key employees or successfully integrate personnel of newly acquired companies required to make the operation successful;
- we may experience difficulties integrating our financial and operating systems and maintaining effective internal control over financial reporting;

- we may experience additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, financial reporting and risk management;
- our ongoing business and operations, particularly our manufacturing yields, may be disrupted or receive insufficient management attention;
- we may not cost-effectively and rapidly incorporate the technologies we acquire or recognize the cost savings or other financial benefits we anticipated;
- we may not be able to cost-effectively develop commercial products using the newly acquired technology;
- we may not be able to meet the demands of and/or retain the existing customers of newly acquired operations;
- our corporate culture may clash with that of the acquired businesses; and
- we may incur unknown liabilities associated with acquired businesses.

We face risks from equity investments in privately held companies, such as:

- we may not realize the expected benefits associated with the investment resulting in a partial or total write-off of this investment;
- additional rounds of funding may substantially dilute our position if we do not participate in the subsequent funding;
- we may need to provide additional funding to support the privately held company; or
- if the value of the equity investment decreases, we may realize losses on our holdings.

We will continue to evaluate strategic opportunities available to us and we may pursue product, technology or business acquisitions or investments in strategic partners. However, we may not successfully address these risks or any other problems that arise in connection with future acquisitions or equity investments in privately held companies.

If we do not hire and retain key employees, our business will suffer.

Our future success depends in large part on the continued service of our key technical, marketing and management personnel. We also depend on our ability to continue to identify, attract and retain qualified technical employees, particularly highly skilled design, process and test engineers involved in the manufacture and development of our products and processes. We must also recruit and train employees to manufacture our products without a substantial reduction in manufacturing yields. There are many other semiconductor companies located in the communities near our facilities and it may become increasingly difficult for us to attract and retain key personnel. The competition for key employees is intense, and the loss of key employees could negatively affect our business.

Our business may be harmed if we fail to protect our proprietary technology.

We rely on a combination of patents, trademarks, trade secret laws, confidentiality procedures and licensing arrangements to protect our intellectual property rights. We cannot be certain that patents will be issued from any of our pending applications or that patents will be issued in all countries where our products can be sold. Further, we cannot be certain that any claims allowed from pending applications will be of sufficient scope or strength to provide meaningful protection or any commercial advantage. Our competitors may also be able to design around our patents. The laws of some countries in which our products are or may be developed, manufactured or sold, may not protect our products or intellectual property rights to the same extent as do the laws of the U.S., increasing the possibility of piracy of our technology and products. Although we intend to vigorously defend our intellectual property rights, we may not be able to prevent misappropriation of our technology. Our competitors may also independently develop technologies that are substantially equivalent or superior to our technology.

In the future, we may need to engage in legal actions to enforce our intellectual property rights, which could require the spending of a significant amount of resources and the attention and efforts of our management and technical personnel. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Our involvement in any patent dispute or other intellectual property dispute or action to protect trade secrets and know-how could have a material adverse effect on our business. Adverse determinations in any litigation could subject us to significant liabilities to third parties, require us to seek licenses from third parties and prevent us from manufacturing and selling our products. Any of these situations could have a material adverse effect on our business.

Our ability to produce our products may suffer if someone claims we infringe on their intellectual property.

The integrated circuit, SAW and BAW device industries are characterized by vigorous protection and pursuit of intellectual property rights or positions, which have resulted in significant and often protracted and expensive litigation. If it is necessary or desirable, we may seek licenses under such patents or other intellectual property rights. However, we cannot be certain that licenses will be offered or that we would find the terms of licenses that are offered acceptable or commercially reasonable. Our failure to obtain a license from a third party for technology used by us could cause us to incur substantial liabilities and to suspend the manufacture of products. We have in the past paid substantial legal fees in defending ourselves against patent infringement claims and may be required to do so again in future claims. Litigation by or against us could result in significant expense and divert the efforts of our technical personnel and management, whether or not the litigation results in a favorable determination. In the event of an adverse result in any litigation, we could be required to:

- pay substantial damages;
- indemnify our customers;
- stop the manufacture, use and sale of the infringing products;
- expend significant resources to develop non-infringing technology;
- discontinue the use of certain processes; or
- purchase licenses to the technology and/or pay royalties.

We may be unsuccessful in developing non-infringing products or negotiating licenses upon reasonable terms, as the case may be. These problems might not be resolved in time to avoid harming our results of operations. Further, if any third party makes a successful claim against our customers or us and a license is not made available to us on commercially reasonable terms, our business could be harmed.

We may be subject to other lawsuits and claims relating to our products.

We cannot be sure that third parties will not assert product liability or other claims against us, our customers or our licensors with respect to existing and future products. Any litigation to determine the validity of any third party's claims could result in significant expense and liability to us and divert the efforts of our technical and management personnel, whether or not the litigation is determined in our favor or covered by insurance.

Our ability to accurately predict revenues and inventory needs could deteriorate if we generate additional sales through inventory hubbing distribution facilities.

Several of our larger customers have requested that we send our products to independent warehouses known as inventory hubbing distribution facilities to assist them with their inventory control. We do not recognize revenues from these hubbing arrangements until the customer takes delivery of the inventory and title of the goods passes to the customer. As a result, increased shipments to these facilities make it more difficult for us to predict short-term revenues and inventory consumption as customers can take delivery of the products with little or no lead-time. In addition, stocking requirements at hubbing facilities tends to reduce inventory turns, increase working capital requirements and increase the possibility of excess, obsolete and inventory loss issues.

Our business may suffer due to risks associated with our operations and employees located outside of the U.S.

Our sales outside of the United States for 2008, 2007 and 2006 were 71%, 78% and 73% of total revenues, respectively. A number of our employees and operations are located in countries other than the United States. We also employ contractors in other countries to perform certain packaging and test operations for us. The laws and operating conditions of these countries may differ substantially from that of the U.S. As a result of having a significant amount of sales outside of the United States, we face inherent risks from these operations, including but not limited to:

- imposition of restrictive government actions, including controls, expropriations and interventions;
- currency exchange rate fluctuations;
- longer payment cycles and difficulties related to the collection of receivables from international customers;
- reduced protection for intellectual property rights in some countries;
- unfavorable tax laws;
- difficulty obtaining distribution and support;
- political instability;
- tariffs and other trade barriers;
- labor shortages and disputes;
- financial institution failure;
- widespread illness, acts of terrorism or war;
- disruption of production processes;
- power interruptions;
- interruption of freight channels and delivery schedules; and
- fraud.

In addition, due to the technological advantages provided by GaAs integrated circuits in many military applications, the Office of Export Administration of the U.S. Department of Commerce must license all of our sales outside of the United States. We are also required to obtain licenses from that agency for sales of our SAW products to customers in certain countries. If we fail to obtain these licenses or experience delays in obtaining these licenses in the future, our results of operations could be harmed. Also, because a majority of our foreign sales are denominated in U.S. dollars, increases in the value of the dollar would increase the price in local currencies of our products and make our products less price competitive.

We may have exposure to income tax rate fluctuations as well as to additional tax liabilities, which would affect our financial position.

As a corporation with operations both in the United States and abroad, we are subject to income taxes in both the United States and various foreign jurisdictions. Significant judgment is required in determining our worldwide income tax provision. Our effective tax rate is subject to fluctuations because the income tax rates for each year are a function of the following factors, among others:

- the mix of profits or losses earned by us and our subsidiaries in numerous foreign tax jurisdictions with a broad range of income tax rates;
- our ability to utilize deferred tax assets;
- changes in contingencies related taxes, interest or penalties resulting from internal, accounting firm and governmental tax reviews and audits;

- tax holidays; and
- changes in tax laws or the interpretation of such laws, specifically transfer pricing, permanent establishment and other intercompany transactions.

Changes in the mix of these items and other items may cause our effective tax rate to fluctuate between periods, which could have a material adverse effect on our financial position.

We face risks from changes in tax regulations and a change in our Costa Rican subsidiary's favorable tax status would have an adverse impact on our operating results.

We are subject to taxation in many different countries and localities worldwide. In some jurisdictions, we have employed specific business strategies to minimize our tax exposure. To the extent the tax laws and regulations in these various countries and localities could change, our tax liability in general could increase or our tax saving strategies could be threatened. Such changes could have a material adverse effect on our operations and financial results. For example, our subsidiary in Costa Rica operates in a free trade zone. We expect to receive a 50% exemption from Costa Rican income taxes through November 2011. For the twelve months ended December 31, 2008, the 50% tax exemption reduced our income tax expense by \$1.2 million. The Costa Rican government continues to review its policy on granting tax exemptions to companies located in free trade zones and it may change our tax status or minimize our benefit at any time. Any adverse change in the tax structure for our Costa Rican subsidiary made by the Costa Rican government would have a negative impact on our net income.

In addition, the U.S. Internal Revenue Service and several foreign tax authorities could assert additional taxes associated with our foreign subsidiaries activities.

Our operating results may be negatively affected by class action or derivative lawsuits.

Following periods of volatility in the market price of a company's stock, some stockholders may file securities class action litigation. Such litigation has occurred in the past and could occur again in the future. In 2007, two purported derivative actions filed in the United States District Court for the District of Oregon were consolidated. The plaintiffs alleged that certain of our officers and directors violated Section 14 of the Securities Exchange Act, as amended, breached their fiduciary duty, abused control, engaged in constructive fraud, corporate waste, insider selling, and gross mismanagement, and were unjustly enriched by improperly backdating stock options. We believe there is no merit to the plaintiff's claims. Previous investigations into these matters by the SEC and DOJ were closed without findings of wrong-doing by the company. Future claims, if any, could harm our operating results, and we may incur significant legal fees defending these claims. Further, defending these claims distracts our management from running our business.

Our stock will likely be subject to substantial price and volume fluctuations due to a number of factors, many of which are beyond our control and may prevent our stockholders from reselling our common stock at a profit.

The securities markets have experienced significant price and volume fluctuations and the market prices of the securities of semiconductor companies have been especially volatile. The market price of our common stock may experience significant fluctuations in the future. For example, our common stock price has fluctuated from a high of \$6.92 to a low of \$1.69 for the 52 weeks ended December 31, 2008. This market volatility, as well as general economic, market or political conditions could reduce the market price of our common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our common stock could decrease significantly. Further, high stock price volatility could result in higher stock-based compensation expense.

Our indebtedness could materially adversely affect our financial health, limit our ability to finance future acquisitions and capital expenditures, and prevent us from fulfilling our financial obligations.

Our line of credit contains numerous covenants that restrict our ability to create, incur or assume liens and indebtedness, make certain investments and dispositions, change the nature of the business, and merge with other entities. Other covenants are financial in nature, including leverage and liquidity ratios. A breach of any of these covenants could result in a default under the applicable agreement or indenture. If a default were to occur, we may not be able to pay our debts or borrow sufficient funds to refinance them. Even if new financing were available, it may not be on terms acceptable to us. As a result of this risk, we could be forced to take actions that we otherwise would not take, or not take actions that we otherwise might take, in order to comply with the covenants in these agreements and indentures.

Our certificate of incorporation and bylaws include anti-takeover provisions, which may deter or prevent a takeover attempt.

Some provisions of our certificate of incorporation and amended and restated bylaws and the provisions of Delaware General Corporate Law may deter or prevent a takeover attempt, including a takeover that might result in a premium over the market price for our common stock. Our certificate of incorporation and amended and restated bylaws include provisions such as:

- *Cumulative voting.* Our stockholders are entitled to cumulate their votes for directors.
- *Stockholder proposals and nominations.* Our stockholders must give advance notice, generally 120 days prior to the relevant meeting, to nominate a candidate for director or present a proposal to our stockholders at a meeting. These notice requirements could inhibit a takeover by delaying stockholder action.
- *Stockholder rights plan.* We may trigger our stockholder rights plan in certain circumstances. The rights plan may make it more difficult and costly to acquire our company.
- *Preferred stock.* Our certificate of incorporation authorizes our board of directors to issue up to five million shares of preferred stock and to determine what rights, preferences and privileges such shares have. No action by our stockholders is necessary before our board of directors can issue the preferred stock. Our board of directors could use the preferred stock to make it more difficult and costly to acquire our company. In addition, Delaware General Corporate Law restricts business combinations with some stockholders once the stockholder acquires 15% or more of our common stock. The Delaware statute makes it harder for our company to be acquired without the consent of our board of directors and management.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. Properties

<u>Location</u>	<u>Purpose</u>	<u>Approximate Building Size in Square Feet</u>	<u>Approximate Land in Acres</u>	<u>Leased or Owned</u>
Hillsboro, Oregon	Headquarters, administration, test, technical, wafer fabrication and engineering	254,000	50	Owned
Richardson, Texas	Wafer fabrication, engineering, administration, test and technical	540,000	38	Owned
San Jose, California	Engineering, test and technical	124,000	—	Leased
Apopka, Florida	Wafer fabrication, engineering, administration, test and technical	92,100	16	Owned
San Jose, Costa Rica	Test, assembly and administration	61,300	2	Owned
Bend, Oregon	Wafer fabrication, engineering, administration, test and technical	14,100	—	Leased
Laguna Technopark, Philippines	Administration, test and assembly	6,000	—	Leased
Boulder, Colorado	Engineering, administration, test and assembly	5,478	—	Leased
Munich, Germany	Engineering and marketing	21,054	—	Leased
Taipei, Taiwan	Engineering and marketing	11,000	—	Leased
Lowell, Massachusetts	Sublet	9,141	—	Leased
Seoul, Korea	Engineering and marketing	6,680	—	Leased
Chelmsford, Massachusetts	Engineering	14,100	—	Leased
High Point, North Carolina	Engineering	7,241	—	Leased
Various field offices each less than 1,000 sq ft				

We believe these properties are suitable for our current operations. In the fourth quarter of 2008 we located our new high-volume BAW fabrication to the Texas facility.

Item 3. Legal Proceedings

On February 28, 2007, a purported derivative action (case no. C-07-0299) was filed in the United States District Court for the District of Oregon, allegedly on behalf of TriQuint, against certain of TriQuint’s officers and directors. On March 16, 2007, a substantially similar action (case no. C-07-0398) was filed. The plaintiffs allege that the defendants violated Section 14 of the Securities Exchange Act, as amended, breached their fiduciary duty, abused control, engaged in constructive fraud, corporate waste, insider selling, and gross mismanagement, and were unjustly enriched by improperly backdating stock options. The plaintiffs also allege that TriQuint failed to properly account for stock options and that the defendants’ conduct caused artificial inflation in TriQuint’s stock price. The plaintiffs seek unspecified damages and disgorgement of profits from the alleged conduct, corporate governance reform, establishment of a constructive trust over defendants’ stock options and proceeds derived therefrom, punitive damages, and reasonable attorney’s, accountant’s, and expert’s fees. On April 25, 2007, the Court consolidated the two cases. Plaintiffs filed a consolidated complaint on or about May 25, 2007. On July 23, 2007, the Company and the individual defendants filed separate motions for the dismissal of all claims in each case with the District Court for the District of Oregon. On September 28, 2007, plaintiffs filed a consolidated opposition to defendants’ motions for the dismissal of all claims in each case. On October 26, 2007, the Company and the individual defendants filed separate reply briefs in support of their

motions for the dismissal of all claims in each case. On March 13, 2008, the Court granted the motions for dismissal, but indicated that plaintiffs could amend their complaint to address the grounds on which the Court based the dismissal. On March 28, 2008, the plaintiffs filed an amended complaint pursuant to the Court's ruling on the motions for dismissal. Defendants filed an answer to the amended complaint on September 29, 2008. No trial date has been set. We believe that the claims are without merit and intend to vigorously defend ourselves in this matter. At this time, we do not believe it is probable that losses related to the litigation described above have occurred.

In October 2006, we received an informal request for information from the staff of the San Francisco district office of the Securities and Exchange Commission regarding its option granting practices. In November 2006, the Company was contacted by the Office of the U.S. Attorney for the District of Oregon and asked to produce documents relating to its option granting practices on a voluntary basis. TriQuint has cooperated in both inquiries. On October 24, 2007, the San Francisco district office of the SEC sent TriQuint a letter indicating that the district office has terminated its investigation and is not recommending that the SEC take any enforcement action against the Company. The U.S. Attorney for the District of Oregon has also stated that it has terminated its inquiry.

Prior to the filing of our quarterly report on Form 10-Q for the quarter ended September 30, 2006, TriQuint conducted an extensive review of its option granting practices. TriQuint management concluded that no backdating had occurred with respect to its option grants and that prior disclosures regarding its option grants were not incorrect. TriQuint remains current in our reporting under the Securities Exchange Act of 1934, as amended.

In addition, from time to time we are involved in judicial and administrative proceedings incidental to our business. Although occasional adverse decisions (or settlements) may occur, we believe that the final disposition of such matters will not have a material adverse effect on our financial position or results of operations.

Item 4. *Submission of Matters to a Vote of Security Holders*

None.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is listed on the NASDAQ Stock Market under the symbol "TQNT". As of February 24, 2009, there were 147,355,994 shares of common stock outstanding held by approximately 437 stockholders of record. Many stockholders hold their shares in street name. We believe that there are approximately 33,000 beneficial owners of our common stock. The following table sets forth the high and low price per share of our common stock for the periods indicated as reported on the NASDAQ Stock Market:

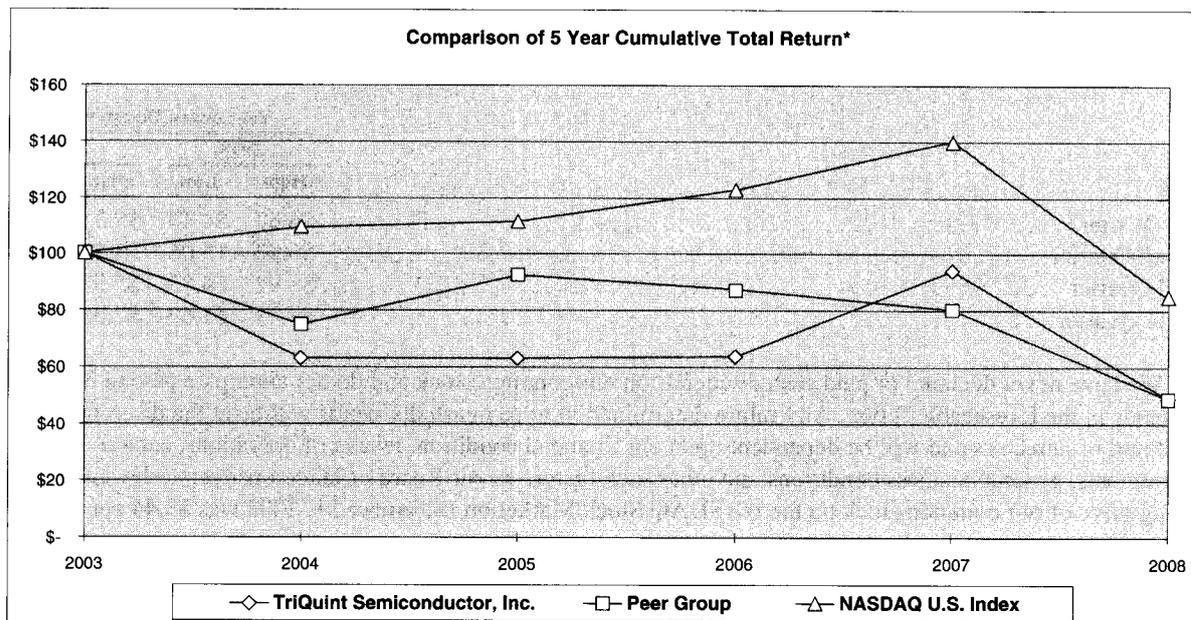
<u>Period</u>	<u>Year ended December 31,</u>			
	<u>2008</u>		<u>2007</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	\$6.67	\$4.40	\$5.31	\$4.26
Second Quarter	\$6.92	\$5.06	\$5.52	\$4.86
Third Quarter	\$6.92	\$4.83	\$5.53	\$3.77
Fourth Quarter	\$4.79	\$1.69	\$7.08	\$4.50

We have never declared or paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements, general business conditions and other such factors as our Board of Directors deem relevant. The closing price of our common stock on the NASDAQ Stock Market on December 31, 2008 was \$3.44 per share.

The information required by this item regarding equity compensation plans is incorporated by reference under the section entitled *Equity Compensation Plan Information* contained in our Proxy Statement for our 2008 Annual Meeting of Stockholders.

Stock Price Performance Graph

The following stock performance graph compares the performance of TriQuint's common stock to the NASDAQ U.S. Index and to our peer group index, SIC Code 3674—Semiconductors and Related Devices. The returns of each member assume that the initial value of the investments was \$100 at the close of business on December 31, 2003 and that all dividends were reinvested. Performance for each member is provided as of the close of business on the last day of the last five calendar years.



	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
TriQuint Semiconductor, Inc.	100.00	62.94	62.94	63.65	93.77	48.64
NASDAQ U.S. Index	100.00	109.16	111.47	123.05	140.12	84.12
Peer Group	100.00	74.70	92.19	87.21	80.02	48.76

* No cash dividends have been declared or paid on our common stock. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns. The peer group index used, SIC Code 3674—Semiconductors and Related Devices, utilizes the same methods of presentation and assumptions for the total return calculation as our company and the NASDAQ U.S. Index. All companies in the peer group index are weighted in accordance with their market capitalizations.

Item 6. Selected Financial Data

The following statements of operations data and balance sheet data for the five years ended December 31, 2008 were derived from our audited consolidated financial statements. Audited consolidated balance sheets at December 31, 2008 and 2007 and the related audited consolidated statements of operations and of cash flows for each of the three years in the period ended December 31, 2008 and notes thereto appear elsewhere in this Annual Report on Form 10-K. Audited consolidated balance sheets at December 31, 2006, 2005 and 2004 and the related audited consolidated statements of operations and of cash flows for the years ended December 31, 2005 and 2004 are not included elsewhere in this Annual Report on Form 10-K.

This data should be read in conjunction with the annual consolidated financial statements, related notes and other financial information appearing elsewhere in this Annual Report on Form 10-K.

(in thousands, except per share data)	Year ended December 31,				
	2008	2007	2006	2005	2004
Statement of Operations Data:					
Revenues	\$573,431	\$475,776	\$401,793	\$294,787	\$312,971
Cost of goods sold	387,471	324,476	277,860	210,446	213,416
Gross profit	185,960	151,300	123,933	84,341	99,555
Research, development and engineering	91,475	65,361	50,283	46,706	47,746
Selling, general and administrative	73,613	61,993	55,223	46,565	40,523
Impairment of goodwill	33,871	—	—	—	—
In-process research and development	1,400	7,600	—	—	—
Reduction in workforce	—	—	—	341	429
Impairment of long-lived assets and goodwill	—	—	—	31	710
(Gain) loss on disposal of equipment	(514)	127	(527)	(505)	(13)
Acquisition related charges	—	—	63	1654	—
(Loss) income from operations	<u>\$(13,885)</u>	<u>16,219</u>	<u>18,891</u>	<u>(10,451)</u>	<u>10,160</u>
Interest income (expense), net	3,649	8,282	5,736	1,595	(3,604)
Foreign currency gain (loss)	733	343	(90)	4	2,125
(Impairment) recovery of investments in other companies	(2,412)	—	142	799	(1,189)
Gain on retirement of debt	—	—	—	114	539
Other, net	55	80	(132)	163	187
(Loss) income before income tax	<u>(11,860)</u>	<u>24,924</u>	<u>24,547</u>	<u>(7,776)</u>	<u>8,218</u>
Income tax expense (benefit)	2,753	1,530	2,796	(3,573)	397
(Loss) income from continuing operations	<u>(14,613)</u>	<u>23,394</u>	<u>21,751</u>	<u>(4,203)</u>	<u>7,821</u>
Income (loss) from discontinued operations	—	—	—	8,813	(36,875)
Net (loss) income	<u><u>\$(14,613)</u></u>	<u><u>\$ 23,394</u></u>	<u><u>\$ 21,751</u></u>	<u><u>\$ 3,980</u></u>	<u><u>\$(29,054)</u></u>
(Loss) earnings per common share data:					
Basic—					
Net (loss) income from continuing operations	\$ (0.10)	\$ 0.17	\$ 0.16	\$ (0.03)	\$ 0.06
Net income (loss) from discontinued operations	0.00	0.00	0.00	0.06	(0.27)
Net (loss) income Basic	<u><u>\$ (0.10)</u></u>	<u><u>\$ 0.17</u></u>	<u><u>\$ 0.16</u></u>	<u><u>\$ 0.03</u></u>	<u><u>\$ (0.21)</u></u>
Diluted—					
Net (loss) income from continuing operations	\$ (0.10)	\$ 0.16	\$ 0.15	\$ (0.03)	\$ 0.06
Net income (loss) from discontinued operations	0.00	0.00	0.00	0.06	(0.27)
Net (loss) income Diluted	<u><u>\$ (0.10)</u></u>	<u><u>\$ 0.16</u></u>	<u><u>\$ 0.15</u></u>	<u><u>\$ 0.03</u></u>	<u><u>\$ (0.21)</u></u>

(in thousands)	As of December 31,				
	2008	2007	2006	2005	2004
Balance Sheet Data:					
Cash, cash equivalents and marketable securities	\$ 86,077	\$203,501	\$373,232	\$406,722	\$388,052
Accounts receivable, net	\$ 78,419	\$ 73,185	\$ 64,688	\$ 51,286	\$ 35,654
Inventories	\$108,260	\$ 67,231	\$ 84,879	\$ 49,384	\$ 49,619
Total assets	\$618,377	\$586,461	\$754,415	\$728,741	\$722,400
Working capital	\$226,824	\$303,108	\$255,550	\$358,060	\$271,018
Long-term liabilities	\$ 22,970	\$ 15,136	\$ 4,741	\$221,730	\$226,150
Total stockholders' equity	\$526,076	\$514,848	\$467,447	\$450,610	\$441,387

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements, the related notes and the "Important Notice to Investors" that appear elsewhere in this report.

Overview

We are a supplier of high performance modules, components and foundry services for communications applications. Our focus is on the specialized expertise, materials and know-how of RF and other high and intermediate frequency applications. We enjoy diversity in our markets, applications, products, technology and customer base. Our products are designed on various wafer substrates, including compound semiconductor materials such as GaAs, GaN, and piezoelectric crystals such as LiTaO₃. We use a variety of process technologies using GaAs substrates including HBT and pHEMT. Using various other substrates we also manufacture SAW and BAW products. Using these materials and our proprietary technology, we believe our products can offer key advantages such as steeper selectivity, lower distortion, higher power and power-added efficiency, reduced size and weight and more precise frequency control. For example, GaAs has inherent physical properties that allow its electrons to move up to five times faster than those of silicon. This higher electron mobility permits the manufacture of GaAs integrated circuits that operate at higher levels of performance than silicon devices. We believe that these advantages are a tremendous benefit to our customers, which include major communication companies worldwide.

Strategy and Industry Considerations

Our business strategy is to provide our customers with high-performance, low-cost solutions to applications in the handset, networks and military markets. Our mission is, "Connecting the Digital World to the Global Network™," and we accomplish this through a diversified product portfolio within the communications and military industries. In the handset market, we primarily provide transmit and power amplifier modules. In the networks markets, we are a supplier of both active GaAs and passive SAW components. We provide the military market with phased-array radar antenna components and in 2005 were chosen to be the prime contractor on a DARPA contract to develop high power wide band amplifiers in GaN, a next generation GaAs-derived technology. Subsequently, we have obtained additional funding from the Office of Naval Research to improve manufacturing methods of producing high-power, high-voltage S-band GaAs amplifiers.

Wafer and semiconductor manufacturing facilities require a significant level of fixed cost due to investments in plant and equipment, labor costs, and repair and maintenance costs. During periods of low demand, selling prices also tend to decrease which, when combined with high fixed manufacturing costs, can create an adverse impact on operating results. However, strong demand in 2008 increased equipment utilization in our Oregon factory to the extent that we decided to increase capital expenditures for equipment and increase the capacity of this factory in 2008. We raised capacity through these capital investments adding GaAs fabrication capacity in our Oregon factory as well as filter capacity in Florida in 2008. During the fourth quarter of 2008, demand slowed abruptly and as a result, we experienced a corresponding decrease in factory utilization. The lower factory utilization level created downward pressure on gross margins.

We experienced 21% revenue growth in 2008 compared to 2007 however the fourth quarter of 2008 brought a sudden decrease in demand. The market for handset RF components was strong in 2008 despite the fourth quarter slowdown. Even though handset revenue for the fourth quarter of 2008 declined 21% compared to the third quarter of 2008, handset revenue grew 19% in 2008 compared with 2007. This growth is primarily attributable to strong growth in 3G product revenues with an increase of 176% for 2008 compared to 2007. We believe the fundamental drivers of continued long-term growth in the handset market remain solid as the number of new users in developed countries grows and existing users are adopting 3G enabled handset that offer additional features and functionality as compared to a traditional 2G handset. These more sophisticated handsets, sometimes called Smartphones, which incorporate a variety of features, and offer wireless broadband access enabled by 3G technologies, represent one of the fastest growing portions of our market. This transition to more sophisticated handsets increases the RF content in each device, increasing our addressable market. Further,

China, India and other emerging countries with improving economies are growing the traditional 2G market by introducing a new customer base. In the past, however, during times of growing demand we have also experienced significant selling price pressure on some of our highest volume products. The current demand for increased RF content required for the higher data rates and increased functionality of 3G handset devices has allowed average selling prices to stabilize. Our opportunity in a 3G phone, which is quad band capable in the GPRS/GSM/EDGE mode and supports 3 bands in the wideband code division multiple access (“WCDMA”) mode, is over \$6.00 of content per unit. By comparison, our content for a low cost dual-band GSM/GPRS phone is approximately \$1.20 per unit. Typical functional price erosion is 10-15% per year, offset by increasing content.

In our networks business, WLAN product revenues increased 51% for 2008 compared to 2007 despite decreased demand in the fourth quarter of 2008. RF content for WLAN has increased as a result of requirements for greater data rates and faster access. The market is also developing mobile devices that are taking on new forms, such as small laptop notebooks also referred to as “netbooks” and mobile internet devices (“MIDs”). These new forms, combined with traditional laptops and WLAN attachment to handsets, have created a significant growth opportunity. Additionally, the continued deployment of cellular systems in emerging markets such as India, Africa and in the rest of Asia has driven GSM/GPRS base station transceiver volumes to new record levels. We expect continued benefit in sales of our point-to-point radio products which have increased 17% in 2008 compared to 2007, largely resulting from build outs in developing countries and data demand increases in those areas of the world where wireless backhaul systems are prevalent.

Our networks market includes products that support the transfer of data at high rates across wireless or wired networks. Our products for this market include those related to base station, WLANs, worldwide interoperability for microwaved access (“WiMAX”), GPS, cable television, microwave radio, satellite, groundstation, and optical communications. We also support emerging wireless markets such as automotive and radio-frequency identification (“RFID”). We include our multi-market standard products in the networks category.

Revenues from the military market are generally for products in large scale programs with long lead-times. Once a component has been designed into an end-use product for a military application, the same component is generally used during the entire production life of the end-use product and, as a result, we tend to produce large volumes of these components. Currently, we are actively engaged with multiple military industry contractors in the development of next-generation phased-array systems and have key design wins in major projects such as the JSF, HTM4 airborne radar and Cobra Judy shipboard radar for detecting missile launches. In addition, in 2005 we entered into a multi-year contract with DARPA to develop high power, wide band amplifiers in GaN. We are currently executing phase III of our DARPA GaN contract which represents approximately \$16 million of R&D investment over 2 years. From the Office of Naval Research, we were awarded a \$4.5 million, 2 year contract to advance manufacturing methods in the production of GaAs technologies. We expect to continue to win government funding for advanced technologies in the future and we expect to participate in other large projects such as the B-2 radar upgrade, and hope to expand other programs in the future. In 2008, we launched a new family of GaN power amplifier products for the defense market and PowerBand, a disruptive new technology enabling wide bandwidth with output power and efficiency performance previously restricted to narrow band amplifiers. These products also have cross over application in our aerospace and networks markets.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The following accounting policies involve critical accounting estimates because they are particularly dependent on estimates and assumptions made by management about matters that are highly uncertain at the time the accounting estimates are made. While we have used our best estimates based on facts and circumstances available to us at the time, different estimates

reasonably could have been used. Changes in the accounting estimates we use are reasonably likely to occur from time to time, which may have a material impact on the presentation of our financial condition and results of operations.

Our most critical accounting estimates include revenue recognition; the valuation of inventory, which impacts gross margin; assessment of recoverability of long-lived assets, which primarily impacts operating expense when we impair assets or accelerate depreciation; valuation of investments and debt in privately held companies, which impacts net income when we record impairments; valuation of deferred income tax assets and liabilities, which impacts our tax provision; and stock-based compensation, which impacts cost of goods sold and operating expenses. We also have other policies that we consider to be key accounting policies, such as our policies for the valuation of accounts receivable, reserves for sales returns and allowances, reserves for warranty costs and our reserves for commitments and contingencies; however, these policies either do not meet the definition of critical accounting estimates described above or are not currently material items in our financial statements. We review our estimates, judgments, and assumptions periodically and reflect the effects of revisions in the period in which they are deemed to be necessary. We believe that these estimates are reasonable; however, actual results could differ from these estimates.

Revenue Recognition

We derive revenues primarily from the sale of standard and customer-specific products and foundry services in the handset, networks and military markets. We also receive revenues from non-recurring engineering fees and cost-plus contracts for research and development work, which collectively have been less than 5% of consolidated revenues for any period. Our distribution channels include our direct sales staff, manufacturers' representatives and independent distributors. The majority of our shipments are made directly to our customers. Revenues from the sale of standard and customer-specific products are recognized when title passes to the buyer.

We receive periodic reports from customers who utilize inventory hubs and recognize revenues when the customers acknowledge they have pulled inventory from our hub, the point at which title to the product passes to the customer.

Revenues from foundry services and non-recurring engineering fees are recorded when the service is completed. Revenues from cost plus contracts are recognized as costs are incurred.

Revenues from our distributors are recognized when the product is sold to the distributors. Our distributor agreements provide selling prices that are fixed at the date of sale, although we offer price protections, which are specific, of a fixed duration and for which we reserve. Further, the distributor's payment obligation is not contingent on reselling the product. The distributors take title to the product and bear the risks of ownership, have economic substance and we have no significant obligations for future performance to bring about resale. We can reasonably estimate the amount of future returns. Sales to our distributors were approximately 10% to 15% of our total revenues for 2008, 2007 and 2006. We allow our distributors to return products for warranty reasons and stock rotation rights, within certain limitations, and reserve for such instances. Customers that are not distributors can only return products for warranty reasons. If we are unable to repair or replace products returned under warranty, we will issue a credit for a warranty return.

Inventories

We state our inventories at the lower of cost or market. We use a combination of standard cost and moving average cost methodologies to determine our cost basis for our inventories. This methodology approximates actual cost on a first-in, first-out basis. In addition to stating our inventory at the lower of cost or market, we also evaluate it each period for excess quantities and obsolescence. We analyze forecasted demand versus quantities on hand and reserve for the excess.

Long-Lived Assets

We evaluate long-lived assets for impairment of their carrying value when events or circumstances indicate that the carrying value may not be recoverable. Factors we consider in deciding when to perform an impairment review include significant negative industry or economic trends, significant changes or planned changes in our use of the assets, plant closure or production line discontinuance, technological obsolescence, or other changes in circumstances which indicate the carrying value of the assets may not be recoverable. If such an event occurs, we evaluate whether the sum of the estimated undiscounted cash flows attributable to the assets in question is less than their carrying value. If this is the case, we recognize an impairment loss to the extent that carrying value exceeds fair value. Fair value is determined based on market prices or discounted cash flow analysis, depending on the nature of the asset and the availability of market data. Any estimate of future cash flows is inherently uncertain. The factors we take into consideration in making estimates of future cash flows include product life cycles, pricing trends, future capital needs, cost trends, product development costs, competitive factors and technology trends as they each affect cash inflows and outflows. If an asset is written down to fair value, that value becomes the asset's new carrying value and is depreciated over the remaining useful life of the asset.

Investments in Privately Held Companies

In previous years, we made a number of investments in small, privately held technology companies in which we held less than 20% of the capital stock or held notes receivable. We account for all of these investments at cost unless their value has been determined to be other than temporarily impaired, in which case we write the investment down to its impaired value. We review these investments periodically for impairment and make appropriate reductions in carrying value when an other-than-temporary decline is evident; however, for non-marketable equity securities, the impairment analysis requires significant judgment. During our review, we evaluate the financial condition of the issuer, market conditions, and other factors providing an indication of the fair value of the investments. Adverse changes in market conditions or operating results of the issuer that differ from expectation, could result in additional other-than-temporary losses in future periods.

In addition, as a result of the sale of our former optoelectronics operations, we received as partial consideration \$4.5 million of preferred stock in CyOptics, Inc. ("CyOptics") and an unsecured promissory note from CyOptics for \$5.6 million, that was discounted by \$2.3 million to reflect the current market rate for similar debt of comparable companies. CyOptics paid \$1.5 million towards the promissory note in 2008 and \$1.1 million in 2007. On October 9, 2007, we participated in an additional bridge financing where we purchased \$0.5 million of a subordinated convertible promissory note from CyOptics which converted into preferred stock on July 24, 2008. In December 2008, we received a letter of intent from Millennium Partners ("Millennium") and signed a definitive agreement to sell the preferred stock and debt to Millennium for approximately \$3.8 million, inclusive of certain purchase adjustments. On February 13, 2009, we received notice from Millennium indicating that it no longer wished to pursue completion of the purchase of our preferred stock and that it believed it had the right to purchase the note for \$1.0 million. We dispute Millennium's interpretation of the agreement and do not believe this outcome to be probable. We continue to pursue closure of the transaction in accordance with the agreement; however the ultimate outcome is uncertain. Based on the developments above, the review of CyOptics financial condition and operating results and other best available market information, we have written this investment down to \$3.2 million resulting in a non-operating charge to earnings in 2008 of \$2.5 million.

During 2006, a previously impaired investment was purchased by another company and our holdings in the investment were liquidated. As a result, we recorded a recovery on the impairment of this investment of \$0.1 million. No impairment was recorded in 2007.

Income Taxes

We are subject to taxation from federal, state and international jurisdictions in which we operate and account for income taxes using the asset and liability method. A significant amount of management judgment is involved in preparing our annual provision for income taxes and the calculation of resulting deferred tax assets and liabilities.

Our provision for income taxes as of and for the years ended December 31, 2008, 2007 and 2006 were as follows (in millions):

	<u>Years ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Provision for income taxes	\$2.8	\$1.5	\$2.8

The provision for income taxes for 2008 and 2007 primarily consisted of domestic and foreign tax liabilities in US and Costa Rica of \$2.8 million and \$1.5 million, respectively. In January 2008 a \$63.3 million dividend was paid from the Costa Rican subsidiary. Of the \$63.3 million dividend, the majority was from previously taxed income and the remainder was taxable in 2008. No provision has been made for the U.S. state or additional foreign income taxes related to approximately \$99.0 million of undistributed earnings of foreign subsidiaries which have been, or are, intended to be permanently reinvested. It is not practicable to determine the U.S. federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested. In the event the Costa Rican or German subsidiaries remit these earnings to the U.S. parent, the earnings may be subject to U.S. federal and state income taxes.

In 2002, we determined that a valuation allowance should be recorded against all of our deferred tax assets based on the criteria of Statement of Financial Accounting Standards (“SFAS”) No. 109, Accounting for Income Taxes. We record the valuation allowance to reduce deferred tax assets when it is more likely than not that some portion, or all of the deferred tax assets may not be realized. WJ recorded, and we maintained, a valuation allowance against its deferred tax assets. We consider future taxable income and prudent and feasible tax planning strategies in determining the need for a valuation allowance and evaluate the need for a valuation allowance on a regular basis. At December 31, 2008, we determined that it is more likely than not that the deferred tax assets will not be realized.

In assessing the realizability of our deferred tax assets, we considered the four sources of taxable income. Because we have no carryback ability and have not identified any viable tax planning strategies, two of the sources are not available. Reversing taxable temporary differences have been properly considered as the deferred tax liabilities reverse in the same period as existing deferred tax assets. However, reversing the deferred tax liabilities is insufficient to fully recover existing deferred tax assets. Therefore, future taxable income, the most subjective of the four sources, is the remaining source available for realization of our net deferred tax assets.

Significant operating losses in 2008, 2005 and prior years, modest earnings levels in recent years that are highly sensitive to changes in the business environment, instances of missed projections, the cyclical nature of our industry and the recent significant economic uncertainties in the market have been important in concluding that future taxable income would not be used as justification for the realization of deferred tax assets. For example, in 2008 we recorded a pre-tax loss that was below the original projected guidance. Subsequently, a number of events have made forecasting taxable income even more difficult. The acquisition of WJ, with a prior history of pre-tax losses, created a risk that we would not be able to improve this performance or would fail to integrate it successfully into our operations. The substantial slow down in the world economy has also heightened the risk of a material reduction in business levels. Our customers and competitors have noted similar uncertainties regarding the performance of our industry. In addition, during the second and third quarters of 2008, we added significant capacity and fixed costs to respond to growths in demand, adding more risk to taxable income should sales decline.

During the fourth quarter of 2008, we completed the integration of WJ into our operations. We also completed our 2009 operating budget in the first quarter of 2009. Completion of these two activities assisted our short-term understanding of future profitability. However, we are unable to predict the timing of improvements in the world economy which makes it difficult to accurately forecast taxable income. These factors indicate continued need for a valuation allowance.

We adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), on January 1, 2007. We recognized no adjustment in the liability for unrecognized tax benefits upon

the adoption of FIN 48. The 2008 and 2007 unrecognized tax benefits totaled \$25.1 million and \$10.2 million including interest and penalty of \$4.0 million and \$3.6 million, respectively. The amount of the unrecognized tax benefits, if recognized, that would result in a favorable impact on the effective tax rate is \$10.7 million. The FIN 48 amounts are based upon significant management estimates.

Stock-Based Compensation

On January 1 2006, we adopted SFAS No. 123(R), *Share-Based Payment*, and included stock-based compensation costs in our financial statements. We have elected to use the Black-Scholes option valuation model to value our options and employee stock purchase plan issuances.

The table below summarizes the stock-based compensation expense for 2008, 2007 and 2006, included in our consolidated statements of operations:

(in millions)	Year ended December 31,		
	2008	2007	2006
Cost of goods sold	\$ 4.3	\$3.2	\$2.9
Stock-based compensation expense included in cost of goods sold	4.3	3.2	2.9
Research, development and engineering	2.7	1.5	1.7
Selling, general and administrative	4.5	3.8	4.5
Stock-based compensation expense included in operating expenses	7.2	5.3	6.2
Total stock-based compensation expense included in income from operations	<u>\$11.5</u>	<u>\$8.5</u>	<u>\$9.1</u>

Acquisition of WJ Communications, Inc.

On May 22, 2008, we completed the acquisition of WJ Communications, Inc (“WJ”), RF semiconductor company that provides RF product solutions worldwide to communications equipment companies. The acquisition will enable us to combine RF power, switching and filtering in cost effective module solutions for base station and other infrastructure applications. We paid \$72.0 million in cash on the closing date, and paid \$0.6 million of direct acquisition costs for 100% of the shares of WJ.

We accounted for the WJ acquisition as a purchase in accordance with SFAS No. 141, “*Business Combinations*.” Details of the purchase price are as follows (in millions):

Cash paid at closing	\$72.0
Acquisition costs	0.6
Total	<u>\$72.6</u>

The total purchase price was allocated to WJ’s assets and liabilities based upon fair values as determined by us.

Cash	\$ 10.8
Accounts receivables and other assets	7.5
Inventory	10.0
Property, plant and equipment	4.7
Intangible assets (Note 11)	31.0
In-process research and development	1.4
Goodwill (Note 11)	29.0
Payables and other liabilities	(21.8)
Total	<u>\$ 72.6</u>

We recognized goodwill of \$29.0 million which represents payment in excess of the fair values of WJ's assets and liabilities. This acquisition provided a significant revenue stream and will enable us to combine RF power, switching and filtering in cost effective module solutions for base station and other infrastructure applications. The acquisition leverages WJ's radio frequency/ microwave design expertise with our technologies to expand our presence in the communications infrastructure market. The acquisition completes our RF front-end portfolio for cellular base stations, adds products which complement our current base station line-up, and provides us with a Silicon Valley based design center.

The results of operations for the WJ business are included in our consolidated statements of operations for the period from May 23, 2008 through December 31, 2008. The following unaudited pro forma consolidated information gives effect to the acquisition of WJ as if it had occurred on January 1, 2007 and 2008 by consolidating the results of operations of WJ with our results of operations for the twelve months ended December 31, 2007 and 2008 (in millions, except per share information).

<u>Proforma results of operations (unaudited)</u>	<u>Twelve Months Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Revenue	\$589.0	\$519.7
Net Income	(22.3)	8.8
Basic EPS	(0.15)	0.06
Diluted EPS	\$ (0.15)	\$ 0.06

The acquisition also resulted in the recognition of \$1.4 million of in process research and development costs which we have written off in operating expenses in the quarter ended June 30, 2008.

In-process research and development ("IPR&D") represented projects from the WJ acquisition that had not reached technological feasibility and had no alternative future use when acquired but had been developed to a point where there was value associated with them in relation to potential future revenue. Using the income approach to value the IPR&D, we determined that \$1.4 million of the purchase price represented purchased in-process technology. Because technological feasibility was not yet proven and no alternative future uses were believed to exist for the in-process technologies, the assigned value was expensed immediately into operating expenses upon the closing date of the acquisition.

The fair value underlying the \$1.4 million assigned to acquire IPR&D from the WJ acquisition was determined by identifying research projects in areas for which technological feasibility had not been established and there were no alternative future uses. The acquired IPR&D consisted of small, signal, and power products and was approximately 85% complete as of December 31, 2008. This technology is being integrated into products some of which were completed in 2008 and the remainder is expected to be completed in 2009. There has been no material change in the estimated cost of these projects.

The fair value of IPR&D was determined by an income approach where fair value is the present value of projected net free cash flows that will be generated by the products incorporating the acquired technologies under development, assuming they are successfully completed. The estimated net free cash flows generated by the products over a 5 year period was discounted by a rate of 25%, which reflected the stage of completion and the technical risks associated with achieving technological feasibility. Other factors considered were the inherent uncertainties in future revenue estimates from technology investments, including the uncertainty surrounding the successful development of the IPR&D, the useful life of the technology and the profitability levels of the technology. The estimated net cash flows from these products were based on estimates of related revenues, cost of sales, R&D costs, SG&A costs, asset requirements and income taxes. The stage of completion of the products at the date of the acquisition was estimated based on the tasks required to develop the technology into a commercially viable product and the costs remaining to completion. The nature of the efforts to develop the in-process technology into commercially viable products principally related to the completion of all planning, designing, prototyping, verification and testing activities that are necessary to establish that the product can be produced to meet its design specification, including function, features and technical performance requirements.

These estimates are subject to change, given the uncertainties of the development process, and no assurance is given that deviations from these estimates will not occur or that we will realize any anticipated benefits of the acquisition. The risks associated with IPR&D are considered high and no assurance is made that these products will generate any benefit or meet market expectations.

To the extent that estimated completion dates are not met, the risk of competitive product introduction is greater and revenue opportunity may be permanently lost.

In accordance with EITF 95-3 "Recognition of Liabilities in Connection with a Purchase Business Combination" we committed to a restructuring plan to consolidate facilities in San Jose and China and to reduce certain redundant positions in the WJ operations as a result of the acquisition. The consolidation of the facilities and the reduction of personnel are expected to be completed in 2009. The plan to consolidate facilities includes partial abandonment of the San Jose facility and full abandonment of the China leases. The China and San Jose leases expire in 2009 and 2011, respectively. Payments related to this restructuring are expected to be complete by 2011.

The following table summarizes the charges taken as part of the restructuring plan (in millions):

	<u>Personnel</u>	<u>Lease abandonment costs</u>	<u>Total</u>
Balance at May 22, 2008	\$ 3.9	\$11.1	\$15.0
Payments	(2.2)	(2.2)	(4.4)
Accretion	—	0.3	0.3
Balance at December 31, 2008	<u>\$ 1.7</u>	<u>\$ 9.2</u>	<u>\$10.9</u>

We have estimated the fair value of the acquired identifiable intangible assets, which are subject to amortization, using the income approach. The following table sets forth the components of these intangible assets and their estimated useful lives.

	<u>Fair value (in millions)</u>	<u>Estimated useful life</u>
Developed technology	\$22.8	7 years
Customer relationships	\$ 8.2	10 Years
In-process research and development	\$ 1.4	Expensed

Results of Operations

The following management discussion and analysis of operations addresses continuing operations only, unless otherwise noted. The table below sets forth the results of our operations expressed as a percentage of revenues. However, these historical operating results are not necessarily indicative of the results for any future period.

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues	100.0%	100.0%	100.0%
Cost of goods sold	<u>67.6%</u>	<u>68.2%</u>	<u>69.2%</u>
Gross profit	32.4%	31.8%	30.8%
Operating expenses:			
Research, development and engineering	16.0%	13.8%	12.5%
Selling, general and administrative	12.8%	13.0%	13.7%
Impairment of goodwill	5.9%	—	—
In process research and development	0.2%	1.6%	—
(Gain) loss on disposal of equipment	<u>(0.1)%</u>	<u>0.0%</u>	<u>(0.1)%</u>
Total operating expenses	<u>34.8%</u>	<u>28.4%</u>	<u>26.1%</u>
(Loss) income from operations	<u>(2.4)%</u>	<u>3.4%</u>	<u>4.7%</u>

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Other income (expense):			
Interest income	0.7%	2.1%	3.9%
Interest expense	(0.1)%	(0.3)%	(2.5)%
Foreign currency gain	0.1%	0.0%	0.0%
(Loss) gain on recovery of previously impaired investment	(0.4)%	—	0.0%
Other, net	<u>0.0%</u>	<u>0.0%</u>	<u>(0.0)%</u>
Total other income, net	<u>0.3%</u>	<u>1.8%</u>	<u>1.4%</u>
(Loss) income from continuing operations, before income tax	(2.1)%	5.2%	6.1%
Income tax expense	<u>0.5%</u>	<u>0.3%</u>	<u>0.7%</u>
Net income	<u>(2.6)%</u>	<u>4.9%</u>	<u>5.4%</u>

Years ended December 31, 2008 and 2007

Revenues

Revenues increased \$97.7 million or 21% to \$573.4 million in 2008, compared to \$475.8 million in 2007.

Our revenues by end market for 2008 and 2007 are detailed below:

	<u>Year ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Revenues:		
Handsets	52%	53%
Networks	37%	36%
Military	<u>11%</u>	<u>11%</u>
	<u>100%</u>	<u>100%</u>

Handsets

Revenues from the handset market products increased approximately 19% in 2008 compared to 2007. The revenue increase resulted from a higher volume of sales of higher priced products such as our 3G products. Revenues from our 3G products increased approximately 176%, in 2008 compared to 2007. These products collectively accounted for 44% of handset revenues in 2008 and 2007.

The increases in 3G product revenues were offset by decreases in revenues from sales of our CDMA and GSM/GPRS products of approximately 11% and 32%, respectively, in 2008 compared to 2007. The revenues from our CDMA and GSM/GPRS products comprised approximately 52% of total handset revenues in 2008 compared to 80% of total handset revenues in 2007.

Networks

Revenues from the networks market products increased approximately 27% in 2008 compared to 2007 primarily as a result of increases from sales of our wireless client products and transport products. Revenue from wireless client products such as WLAN and broadband wireless access (“BWA”) products increased 51% and 26%, respectively, in 2008 compared to 2007. Revenue from transport products such as cable and optical broadband products increases 94% and 48%, respectively, in 2008, compared to 2007. Revenues from our basestation products such as WCDMA products increased 118% in 2008 compared to 2007. These increases were partially offset by decreases in revenues from groundstation and GPS products of 12% and 35%, respectively.

Military

Revenues from our military-related market products increased approximately 20% in 2008 compared to 2007. As a percentage of our total revenues, military-related products remained relatively flat at 11% in both 2008 and 2007. The increase in revenue in 2008 compared to 2007 was primarily the result of a 62% increase in radar products revenue. The increases were partially offset by a decrease in revenues from non-recurring engineering of approximately 51% in 2008 compared to 2007.

Domestic and International Revenues

Revenues from domestic customers were approximately \$164.6 million in 2008, compared to approximately \$104.5 million in 2007. Revenues from international customers were approximately \$408.8 million in 2008, compared to approximately \$371.3 million in 2007. As a percentage of total revenues, revenues from international customers were 71% of revenues in 2008, compared to 78% of revenues in 2007. Revenues from international customers continued to grow as a result of the increasing demand for wireless handsets and infrastructure products in developing regions, where wireless subscriber penetration rates are significantly lower than penetration rates in the U.S. and Western Europe.

Gross Profit

Our gross profit margin as a percentage of revenues increased to 32.4% in 2008, compared to 31.8% in 2007. The gross profit margin in 2007 included an excess inventory charge of \$4.1 million for a single customer. Gross profit margin in 2008 increased by a small percentage due to higher efficiency and utilization rates offset by the unfavorable effect of elevated precious metals prices.

Research, development and engineering expenses

Our research, development and engineering expenses in 2008 increased \$26.1 million, or 40.0%, to \$91.5 million, from \$65.4 million in 2007. Research, development and engineering expenses increased primarily as a result of an increase in labor costs as a result of increased headcount, the acquisition of WJ Communications and purchases of technical supplies. As a percentage of total revenues, research, development and engineering expenses were 16.0% of revenues in 2008 and 13.8% of revenues in 2007.

Selling, general and administrative expenses

Selling, general and administrative expenses in 2008 increased \$11.6 million, or 18.7%, to \$73.6 million from \$62.0 million in 2007. Our selling, general and administrative expenses increased in 2008 primarily a result of the acquisition of WJ Communications, increased commissions, labor costs, and insurance costs. As a percentage of revenues, selling, general and administrative expenses were 12.8% in 2008 and 13.0% in 2007.

Impairment of goodwill

In 2008, we recorded a \$33.9 million goodwill impairment charge. During our annual impairment test, because we are one reporting unit, we determined that the trading price of our stock, adjusted for a control premium which is the implied fair value, was lower than the book value. We then performed a goodwill impairment test by comparing the implied fair value of our goodwill to the carrying amount similar to a purchase price allocation. The carrying value of the goodwill exceeded the implied fair value and we recorded an impairment charge for the entire balance of goodwill. No goodwill impairment charges were incurred in 2007.

In-process research and development

In-process research and development costs totaling \$1.4 million and \$7.6 million in 2008 and 2007, respectively, resulted from the acquisition of Peak Devices, Inc., which was completed on August 31, 2007 and from the acquisition of WJ Communications, which was completed on May 22, 2008.

Gain on disposal of equipment

Gains and losses on disposals of equipment are recorded based upon the disposal price, less the book value of the equipment. We recorded a gain of \$0.5 million and a loss of \$0.1 million on the disposal of equipment in 2008 and 2007, respectively.

Impairment of investment

In 2008, we recorded a \$2.5 million investment impairment charge related to our investment in CyOptics offset by a \$0.1 million recovery in a previously impaired investment. No investment impairment charges were incurred in 2007.

Interest income, net

Interest income, net decreased \$4.6 million in 2008 to \$3.6 million, compared to interest income, net of \$8.3 million in 2007. The decrease was primarily a result of a decrease in interest income of \$4.2 million as a result of lower interest rates and cash balances.

Income tax expense

In 2008, we recorded income tax expense of \$2.8 million, compared to income tax expense of \$1.5 million in 2007. The increase was a result of an increased amount of taxes paid in Costa Rica.

Years ended December 31, 2007 and 2006

Our revenues increased \$74.0 million or 18% to \$475.8 million in 2007, compared to \$401.8 million in 2006. All of our markets grew although the most significant increase came in our handset markets due to growth in revenues of transmit modules.

Our revenues by end market for 2007 and 2006 are detailed below:

	<u>Year ended December 31,</u>	
	<u>2007</u>	<u>2006</u>
Revenues:		
Handsets	53%	51%
Networks	36%	37%
Military	11%	12%
	<u>100%</u>	<u>100%</u>

Handsets

Our revenues from products for the handset market increased approximately 28% in 2007, compared to 2006. The growth was from increases in revenues from all wireless air interface standards, which we believe reflects an increase in our market share. Our GSM/GPRS products had the largest revenue dollar increase in 2007 as compared to 2006, increasing 33%, while we began to see revenue from our WLAN products of \$2.6 million in 2007. Our WCDMA/EDGE products also had strong gains during 2007, as revenues increased 111% as compared to 2006. As a percentage of our overall handset revenues in 2007, our GSM/GPRS revenues continued to be the largest contributor, accounting for 43% of our revenues, as compared to 41% in 2006. CDMA revenues accounted for 37% of our revenues in 2007, down from 47% in 2006.

The largest revenue drivers across all standard products for the handset market were our transmit and power amplifier modules, which experienced revenue increases of approximately 113% and 30%, respectively, in 2007

as compared to 2006. Revenues for these products increased as manufacturers sought more integration in the products they purchased. Overall, transmit and power amplifier modules accounted for nearly 70% of our handset revenue in 2007.

Due to our strategic product transition from discrete components to integrated passive and active modules we were able to increase average selling prices by approximately 30% in 2007 as compared to 2006.

Networks

Revenues from the networks products increased approximately 12% in 2007 as compared to 2006. This increase was primarily due to increases in revenues from WLAN, point-to-point radios, and GPS products. These increases were partially offset by decreased revenues for our GSM/GPRS, WCDMA, and CDMA/1x/2000 products.

Revenues from WLAN products increased approximately 36% in 2007 as compared to 2006. As a percentage of total network revenues, WLAN products represented approximately 19% for 2007 compared to approximately 15% for 2006.

Military

Revenues from our military-related products increased approximately 7% in 2007 as compared to 2006. This increase was primarily due to increases in revenues from our satellite products, which increased over 350% in 2007 as compared to 2006. As a percentage of our total revenues, military-related products decreased to 11% in 2007, from 12% in 2006. However, we believe our DARPA and Office of Naval Research and future government contracts will help drive our investment in research and development for fundamental technology leadership.

Domestic and International Revenues

Revenues from domestic customers were \$104.5 million in 2007 compared to \$109.6 million in 2006. Revenues from international customers were \$371.3 million in 2007 compared to \$292.2 million in 2006. Our revenues from international customers continued to grow due to the increasing demand for wireless phones and infrastructure products from Asia, India and other developing countries where wireless subscriber penetration rates are significantly lower than penetration rates in the U.S. Revenues from sales to end user customers in China and Korea represented greater than 10% or more of total revenues in 2007, and totaled approximately \$144.5 million and \$73.7 million, respectively. In 2006, sales to end user customers in China and Korea represented 10% or more of revenues and totaled approximately \$90.7 million and \$65.9 million, respectively.

Gross Profit

Gross profit is defined as revenue less cost of goods sold. Cost of goods sold includes direct material, labor, stock-based compensation, and overhead expenses and certain production costs related to non-recurring engineering revenues. In general, we derive a higher gross profit margin on lower volume products for the networks and military markets, such as point-to-point radios and satellite systems, whereas our handsets products are typically higher volume, more price sensitive and generally have lower margins. In 2007, our gross profit margin as a percentage of revenues was 31.8% as compared to 30.8% in 2006. The increase in gross margin in 2007 was primarily the result of improved capacity utilization and shorter lead times, which produced a higher absorption of fixed overhead costs.

Research, development and engineering expenses

Research, development and engineering expenses include the costs incurred in the design of new products, as well as ongoing product research and development expenses. Our research, development and engineering

expenses in 2007 increased \$15.1 million or 30%, to \$65.4 million, as compared to \$50.3 million in 2006. The increase was due to increases in material and supplies, outside services and compensation expense. As a percentage of revenues our research, development and engineering expenses in 2007 were 13.8%, compared to 12.5% in 2006.

Selling, general and administrative expenses

Selling, general and administrative expenses include commissions, labor expenses for sales, marketing and administrative personnel, and other corporate administrative expenses. Selling, general and administrative expenses increased \$6.8 million or 12.3% in 2007 to \$62.0 million, as compared to \$55.2 million in 2006. Our selling, general and administrative expenses increased primarily due to increased sales commissions as a result of our increased revenues, as well as increased marketing expenses, labor costs, and depreciation. As a percentage of revenues our selling, general and administrative expenses in 2007 decreased to 13.0% of revenues from 13.7% in 2006.

In-process research and development

In-process research and development costs of \$7.6 million resulted from the acquisition of Peak Devices, which was completed on August 31, 2007. No similar charges were incurred in 2006.

Gain on disposal of equipment

Gains and losses are recorded based upon the disposal price, less the book value of the equipment. We recorded a loss of \$0.1 million and a gain of \$0.5 million on the disposal of equipment in 2007 and 2006, respectively from the sale of equipment at our Oregon facility.

Acquisition related charges

In 2006, we recorded \$0.1 million of charges related to the anticipated TFR earn-out payment and retention bonuses, payable in 2006. No charges were incurred in 2007.

Interest income (expense), net

Interest income (expense), net increased \$2.5 million in 2007 to \$8.3 million, compared to interest income (expense), net of \$5.7 million in 2006. The increase is primarily attributable to the pay off of our convertible subordinated notes in the first quarter of 2007, which have historically accounted for the majority of our interest expense. While we utilized a large portion of our cash reserves to retire \$218.8 million of subordinated notes, we expect a reduced periodic interest expense which will positively impact our net interest income going forward.

Recovery of impairment—Investment in other companies

In 2006, a previously impaired investment was purchased by another company and our holding in the investment was liquidated. As a result, we recorded a recovery on the impairment of the investment of \$0.1 million. No impairment or recovery charge was recorded in 2007.

Income tax expense

In 2007, we recorded income tax expense of \$1.5 million as compared to income tax expense of \$2.8 million in 2006. The 2007 and 2006 tax expense was primarily due to income taxes, penalties and interest from our U.S. and Costa Rica operations.

Liquidity and Capital Resources

As of December 31, 2008, our cash, cash equivalents and marketable securities decreased \$117.4 million, or 57.7%, to \$86.1 million, from \$203.5 million as of December 31, 2007. This decrease in cash, cash equivalents

and marketable securities in 2008 was primarily due to the acquisition of WJ Communications for a purchase price of \$61.8 million, net of cash acquired, the payment of capital expenditures in the amount of \$87.6 million, and the net purchase of \$50.8 million of available for sale investments. The decrease in cash, cash equivalents and marketable securities was partially offset by cash inflows in operating activities of \$31.0 million.

At December 31, 2008, our net accounts receivable balance increased \$5.2 million, or 7.2%, to \$78.4 million, from \$73.2 million at December 31, 2007. This increase was primarily a result of higher revenue in 2008 and the timing of shipments. The increase was also a result of the acquisition of WJ.

At December 31, 2008, our net inventory balance increased \$41.0 million, or 61.0%, to \$108.3 million, compared to \$67.2 million at December 31, 2007. The increase in inventory was a result of revenue growth and anticipation of strong second half of 2008 demand which did not fully materialize and was pushed out to 2009. The increase was also a result of the acquisition of WJ. Inventory turns, calculated using ending inventory, were 3.6 for 2008 compared to 4.8 for 2007.

At December 31, 2008, our net property, plant and equipment increased \$59.7 million, or 29.2%, to \$264.3 million, from \$204.6 million at December 31, 2007. The increase was primarily due to capital expenditures of \$87.6 million during 2008, partially offset by depreciation of \$31.8 million. The capital expenditures made in 2008 were for the purpose of increasing capacity and for equipment to support new products and technologies.

At December 31, 2008, our accounts payable and accrued expenses increased \$12.8 million, or 22.8%, to \$69.3 million, compared to \$56.5 million at December 31, 2007. The increase was consistent with the increase in material purchases and capital expenditures.

Recent Transactions Affecting Liquidity

On May 22, 2008, we completed the acquisition of WJ and paid \$72.6 million on the closing date and acquired cash of \$10.8 million.

On June 27, 2008, we entered into a Credit Agreement (the "Agreement") with Bank of America, N.A. The Agreement provides for a two-year unsecured revolving credit facility of \$50.0 million. We pay interest at an amount equal to the sum of the rate per annum calculated from the British Bankers Association LIBOR rate plus a designated percentage per annum Alternatively, we may pay interest at a rate equal to the higher of the federal funds rate plus ½% and the prime rate of the lenders plus the applicable rate, as defined in the Agreement. The Agreement contains non-financial covenants and amounts are due in full on the maturity date of June 27, 2010, subject to a one-year extension. At December 31, 2008, there were no outstanding amounts under the Agreement.

Sources of Liquidity

Our current cash, cash equivalent and short-term investment balances, together with cash anticipated to be generated from operations and the balance available on our revolving loan, constitute our principal sources of liquidity. We believe these will satisfy our projected working capital, capital expenditure and possible investment needs through the next 12 months. The principal risks to these sources of liquidity are lower than expected earnings or capital expenditures in excess of our expectations, in which case we may be required to finance any additional requirements through additional equity offerings, debt financings or credit facilities. We may not be able to obtain additional financings or credit facilities, or if these funds are available, they may not be available on satisfactory terms.

We currently expect capital expenditures of approximately \$40.0 million in 2009.

Other Significant Cash Obligations

The following table summarizes our scheduled contractual commitments that will affect our future liquidity as of December 31, 2008:

(in millions)	Total	Payments Due By Period			
		Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
Operating Leases ⁽¹⁾	\$16.0	\$ 6.1	\$ 9.3	\$ 0.6	—
Deferred Compensation ⁽²⁾	1.3	—	—	—	1.3
Restructuring Accrual ⁽³⁾	1.7	1.7	—	—	—
Other Obligations ⁽⁴⁾	2.4	—	—	—	2.4
Total	\$21.4	\$ 7.8	\$ 9.3	\$ 0.6	\$ 3.7

- (1) The amounts presented represent leases of certain equipment, office and manufacturing space under operating leases. The amounts presented in this line item represent commitments for minimum lease payments under non-cancelable operating leases.
- (2) The amount presented represents the liability for our Non-Qualified Deferred Compensation Plan (the “Plan”) established in October 2004. The Plan provides employees who are eligible to participate and the members of the Board of Directors with the opportunity to defer a specified percentage of their cash compensation. The deferred earnings are invested at the discretion of each participating employee or director and the deferred compensation we are also obligated to deliver is adjusted for increases or decreases in the deferred amount due to such investment. We include the asset deferred by the participants (\$1.3 million) in the “Other noncurrent assets, net” line item of our consolidated balance sheet and our obligation to deliver the deferred compensation in the “Other long-term liabilities” line item on our consolidated balance sheet.
- (3) The balance represents the liability for severance related costs associated with the reduction of force to reduce certain redundant positions in the WJ operations as a result of the acquisition. Lease amounts for the remainder of the restructuring accrual are included in item 1 above.
- (4) The balance represents the pension liability of our German subsidiary, net of the unrealized gain loss on our liability (\$2.4 million). The pension liability becomes payable when the covered employees reach the age of 60 or 65. The liability was acquired through our purchase of the GaAs business of Infineon in 2002. We elected to secure the liability through a reinsurance program supported by us. We have included the reinsurance receivables (\$2.9 million) in the “Other noncurrent assets, net” line item on our consolidated balance sheet and our obligation to deliver the pension obligation in the “Other long-term liabilities” line item on our consolidated balance sheet.

As of December 31, 2008, we had approximately \$10.7 million in net tax liabilities, which are included as “Long term income tax liability” in our Consolidated Balance Sheet. While we have considered the impact of this obligation, we generally do not anticipate that settlement of the liabilities will require payment of cash within the next twelve months. Further, we are not able to reasonably estimate the timing of any cash payments required to settle these liabilities, and do not believe that the ultimate settlement of these obligations will materially affect our liquidity.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “*Business Combinations.*” SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. For business combinations in which the acquisition date was before the effective date of SFAS No. 141R, we apply the requirements of Statement 109, as amended by SFAS No. 141R, prospectively. That is, we will not adjust the accounting for prior business combinations for

previously recognized changes in acquired tax uncertainties or previously recognized changes in the valuation allowance for acquired deferred tax assets. However, after the effective date of SFAS No. 141R we will recognize, as an adjustment to income tax expense (or a direct adjustment to contributed capital in accordance with paragraph 26 of Statement 109), changes in the valuation allowance for acquired deferred tax assets. SFAS No. 141R is effective as of the beginning of an entity's fiscal year that begins after December 15, 2008, and will be adopted by the Company on January 1, 2009. We do not believe that the adoption of SFAS No. 141R will have a material impact on our consolidated results of operations and financial condition.

In February 2008, the FASB issued FSP FAS 157-2 defers the effective date of Statement No. 157, "Fair Value Measurements", for nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP FAS 157-2 defers the effective date of Statement No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. Early adoption of Statement No. 157 is encouraged. We are still evaluating the impact of this pronouncement on our consolidated results of operations and financial condition.

In May 2008, FASB issued FASB Staff Position APB 14-1, "Accounting for Convertible Debt Instruments that may be Settled in Cash upon Conversion (Including Partial Cash Settlement)" (FSP APB 14-1"). FSP APB 14-1 specifies that issuers of convertible debt instruments that may be settled in cash should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008 with retrospective application. We do not believe that the adoption of FSP APB 14-1 will have a material impact on our consolidated results of operations and financial condition.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

Cash Equivalents

Our investments in cash equivalents, short-term investments and long-term investments are classified as available-for-sale securities and consist of highly rated, short term and long term investments, such as money market funds, in accordance with an investment policy approved by our Board of Directors. All of these investments are held at fair value. We do not hold or issue derivatives, derivative commodity instruments or other financial instruments for speculative trading purposes. In addition, at December 31, 2008, we did not have any investments in auction-rate securities. Further, we do not believe that our results of operations would be materially impacted by an immediate 10% change in interest rates.

The following table shows the fair values of our investments as of December 31, 2008 (in millions):

	<u>Cost</u>	<u>Fair Value</u>
Cash equivalents (including unrealized gain of less than \$0.003)	\$22.0	\$22.0
Available-for-sale investments (including net unrealized gains of \$0.118)	\$35.2	\$35.3
Long term investments (including net unrealized gains of \$0.200)	\$15.7	\$15.9

Foreign Currency Risk

We are exposed to currency exchange rate fluctuations, because we sell our products internationally and have operations in Costa Rica and Germany. We manage the foreign currency risk of our international sales, purchases of raw materials and equipment and our Costa Rican operations by denominating most transactions in U.S. dollars.

Item 8. Financial Statements and Supplementary Financial Data

Our consolidated financial statements at December 31, 2008 and 2007 and for each of the three years in the period ended December 31, 2008, together with the reports of our independent registered public accounting firm, are included in this Annual Report on Form 10-K on pages F-1 through F-34.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Management has determined that there were no significant changes to our internal control over financial reporting during the year or quarter ended December 31, 2008 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining an adequate system of internal control over financial reporting for us pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404) and as implemented in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. All internal control systems, no matter how well designed, have inherent limitations. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

We have adopted the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to evaluate the effectiveness of our internal control over financial reporting. Management's evaluation of the results of testing included consideration of susceptibility to loss or fraud, subjectivity, complexity, the extent of judgment, the amount and volume of the transactions exposed to the deficiency, the existence of mitigating controls, the cause of detected exceptions, how the exception was detected, the pervasiveness of the exception, the significance of the deviation from policy, and the frequency of exceptions relative to the frequency of operation.

Indicators of deficiencies that may be material weaknesses and are at least significant include restatement, material misstatement in the current period, ineffective Audit Committee oversight, ineffective internal audit function, identification of fraud of any magnitude by management, significant deficiencies that remain uncorrected for some period of time, ineffective control environment, and the aggregate effect of all deficiencies.

As of December 31, 2008, management assessed the effectiveness of our internal control over financial reporting, and concluded that such control over financial reporting was effective. There were no material

weaknesses in our internal control over financial reporting that have been identified by management. Our independent registered public accounting firm, KPMG LLP has issued an audit report on internal control over financial reporting. Their report on the effectiveness of internal controls over financial reporting is included with the audited financial statements.

Item 9B. *Other Information*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

Executive Officers

The biographical information concerning our executive officers, including their ages as of March 2, 2008, is set forth below:

<u>Name</u>	<u>Age</u>	<u>Current Position(s) with Company</u>	<u>Position Held Since</u>
Ralph G. Quinsey	53	President, Chief Executive Officer and Director	2002
Steven J. Buhaly	52	Chief Financial Officer	2007
Brian P. Balut	43	Vice President, Networks	2006
Deborah Burke	54	Vice President, Human Resources	2007
Thomas V. Cordner	64	Vice President, Military and Texas Operations	2006
Todd A. DeBonis	44	Vice President, Worldwide Sales and Customer Service	2006
Timothy A. Dunn	47	Vice President, Handsets	2006
Bruce R. Fournier	52	Vice President, Business Development	2006
J. David Pye	58	Vice President, Oregon Operations	2006
Glen A. Riley	46	Vice President, Commercial Foundry and Supply Chain Management	2006
Azhar Waseem	55	Vice President, Florida Operations	2006
Steven R. Grant	49	Vice President, Worldwide Operations	2008

Ralph G. Quinsey joined TriQuint in July 2002 as President, Chief Executive Officer and Director. From September 1999 to January 2002, Mr. Quinsey was with ON Semiconductor, a manufacturer of semiconductors for a wide array of applications, as Vice President and General Manager of the Analog Division. From 1979 to September 1999, Mr. Quinsey was with Motorola, a manufacturer of semiconductors and communications equipment holding various positions including Vice President and General Manager of the RF/IF Circuits Division, which developed both silicon and GaAs technologies for wireless phone applications. Mr. Quinsey received a B.S. degree in Electrical Engineering from Marquette University.

Steven J. Buhaly joined TriQuint in September 2007 as Chief Financial Officer. Mr. Buhaly has more than 20 years experience in finance and operations. Prior to joining TriQuint Mr. Buhaly was Chief Financial Officer at Longview Fibre Company from 2006 to 2007. He joined Planar Systems in 1999 as Medical Business Vice President. From 2000 to 2006 while also at Planar Systems, he served first as Chief Financial Officer then Chief Operating Officer. Prior to 1999 he held positions of increasing responsibility in finance and operations at Tektronix. Mr. Buhaly received B.S. and M.B.A. degrees from the University of Washington.

Brian P. Balut joined TriQuint in July 2001 as Vice President, Sales and Marketing, Sawtek Inc. as a result of TriQuint's merger with Sawtek and served as Vice President, Sales and Marketing of TriQuint from 2002 to May 2004. In May 2004, Mr. Balut was promoted to Vice President, Sawtek. As part of the organizational restructuring in 2006, Mr. Balut was named Vice President, Networks. Mr. Balut joined Sawtek, Inc. in October 1994 as Sales Manager. He was promoted to Director of Sales and Marketing in November 1996 and to Vice President Sales and Marketing in September 1998 and assumed overall corporate responsibility for this function in July 2002. From 1987 to 1994, Mr. Balut held various positions in sales, marketing and engineering with REMEC, a manufacturer of electronic components. Mr. Balut received a B.S. degree in Electrical Engineering from the Massachusetts Institute of Technology and a M.B.A. from Rollins College.

Deborah Burke joined TriQuint Semiconductor in May of 2007 as Vice President of Human Resources. From 2003 to 2007, Ms. Burke was Vice President of Human Resources for Merix Corporation. Before her Merix Corporation tenure, from 2001 to 2002 she was Human Resources Vice President for Unicru of Beaverton,

Oregon and prior to that time, worked at Intel Corporation from 1991-2001 in managerial and director positions. Ms. Burke holds a B.A. in economics from Smith College and received her M.B.A degree from the University of Vermont.

Thomas V. Cordner joined TriQuint in January 1998 as Vice President and General Manager, Millimeter Wave Communications as a result of TriQuint's acquisition of Raytheon's MMIC operations and was promoted to Vice President, TriQuint Texas in May 2002. As part of the organizational restructuring in 2006, Mr. Cordner was named Vice President, Military and Texas Operations. From July 1997 to January 1998, Mr. Cordner served as Operations Manager for Raytheon, heading its GaAs MMIC operations. Prior to that time, Mr. Cordner was an employee of Texas Instruments, a semiconductor and communications equipment manufacturer, for 32 years, most recently as the Operations Manager for its GaAs Operations Group from January 1991 to July 1997. Mr. Cordner received a B.S. degree in Mathematics from the University of Texas at Arlington.

Todd A. DeBonis joined TriQuint in April 2004 as Vice President, Worldwide Sales. In 2006, Mr. DeBonis became Vice President, Worldwide Sales and Customer Service. From February 2002 to April 2004, Mr. DeBonis held the position of Vice President, Worldwide Sales and Marketing at Centillium Communications. Mr. DeBonis also served as the Vice President, Worldwide Sales for Ishoni Networks and Vice President, Sales & Marketing for the Communications Division of Infineon Technologies North America. Mr. DeBonis has a B.S. degree in Electrical Engineering from the University of Nevada.

Timothy A. Dunn joined TriQuint in July 2006 as Vice President, Handsets. Prior to joining TriQuint, Mr. Dunn was Vice President and General Manager of Intel's Platform Components Group. Mr. Dunn worked at Intel from 1988 to 1991, and again from 1994 to 2006, holding various executive and managerial positions. In addition to his Intel tenure, he has held marketing and product management positions with Hewlett-Packard and Cirrus Logic. Mr. Dunn holds an M.B.A. from the Amos Tuck School of Business at Dartmouth College and a B.S. degree in Electrical Engineering from Oregon State University.

Bruce R. Fournier joined TriQuint during its start-up phase in June 1987 as Area Sales Manager. Since that time, he has held a variety of positions including National Sales Manager, Wireless Products from 1991 to 1994, Director of Worldwide Sales from early 1994 to September 1994, Vice President, Worldwide Sales from September 1994 to June 1998 and Vice President and General Manager, Foundry Services from June 1998 until May 2002. Mr. Fournier was named Vice President, TriQuint Oregon in May 2002 and held that position until 2006 when Mr. Fournier was named Vice President, Business Development. Prior to joining TriQuint, Mr. Fournier held engineering, sales and marketing management positions with Fairchild Semiconductor, Weitek Corporation and Honeywell, Inc. Mr. Fournier received an A.S. degree in Electrical Engineering and a B.S. degree in Business Administration from the University of Maine and a M.B.A. from the University of Southern Maine.

Steven R. Grant joined TriQuint in June 2008 as Vice President, Worldwide Operations. Prior to joining TriQuint Mr. Grant spent 27 years at Intel Corporation, a semiconductor company, and was most recently Vice President of Intel's Technology and Manufacturing Group in Oregon since 2001. During his Intel tenure, he managed the Fab manufacturing network and was key to driving the manufacturing structure and efficiency improvements to record performance levels. Mr. Grant holds a Bachelor of Science in Material Science from the University of Illinois.

J. David Pye joined TriQuint in May 1996 as Vice President, Manufacturing and in May 2002 was named Vice President, TriQuint Oregon. As part of the organizational restructuring in 2006, Mr. Pye was named Vice President, Oregon Operations. From 1983 until 1996, Mr. Pye was Vice President and General Manager at VLSI Technology, Inc., a semiconductor company, where he served in various capacities. From 1973 to 1983, Mr. Pye served in various roles in process engineering and process development at Texas Instruments. Mr. Pye received a B.A. degree from Napier College of Science and Technology, Edinburgh, Scotland.

Glen A. Riley joined TriQuint in January 2003 as Vice President of the Company's former optoelectronics business and in June 2005 was named Vice President, Business Development. As part of the organizational

restructuring in 2006, Mr. Riley was named Vice President, Commercial Foundry and supply Chain Management. From December 2001 to August 2002, Mr. Riley served as the President and CEO of Opticalis, a venture-funded start-up company developing optical communication sub-systems. Mr. Riley also spent six years with Agere Systems, a semiconductor and optical component manufacturer, as Vice President of Optical Core Networks, Vice President of Sales for the Asia-Pacific region, and as General Manager of the Storage Products group. Before Agere, Mr. Riley held general management, marketing and sales positions at Philips Semiconductors, AT&T Microelectronics and Texas Instruments. Mr. Riley holds a B.S. degree in Electrical Engineering from the University of Maine and completed the General Manager Program at Harvard Business School.

Azhar Waseem joined TriQuint in July 2001 as Vice President, Sawtek Inc. as a result of TriQuint's merger with Sawtek. Mr. Waseem joined Sawtek in March 1995 as Director of Wafer Fabrication and was promoted to Vice President of Manufacturing in April 1998 and to Vice President of Operations in October 1999. In May 2002 he was promoted to Vice President, Sawtek. As part of the organizational restructuring in 2006, Mr. Waseem was named Vice President, Florida Operations. From 1989 to 1994, Mr. Waseem held various operations and engineering positions with Siliconix, Inc., a microelectronics manufacturer based in Santa Clara, California. From 1986 to 1989, Mr. Waseem held various engineering positions with General Electric. Mr. Waseem received B.S. and M.S. degrees in Electrical Engineering and a M.B.A., all from the University of Minnesota.

Additional information required by this item will be included in our definitive Proxy Statement under the captions *Report of the Audit Committee, Election of Directors, Section 16(a) Beneficial Ownership Reporting Compliance and Corporate Governance and Other Matters*, to be filed with the Commission within 120 days after the conclusion of the fiscal year ended December 31, 2008 (April 30, 2009) pursuant to General Instructions G(3) of Form 10-K and is incorporated herein by reference.

Item 11. *Executive Compensation*

We maintain employee compensation programs and benefit plans in which our executive officers are participants. Copies of certain of these plans and programs are set forth or incorporated by reference as Exhibits to this report. Information required by Item 11 will be included in our definitive Proxy Statement under the caption *Executive Compensation Discussion and Analysis, Executive Compensation Detail, Compensation Committee Interlocks and Insider Participation and the Compensation Committee Report*, to be filed with the Commission within 120 days after the conclusion of the year ended December 31, 2008 pursuant to General Instruction G(3) of Form 10-K and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Information required by this item will be included under the caption *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* contained in our definitive Proxy Statement to be filed with the Commission within 120 days after the conclusion of the year ended December 31, 2008 pursuant to General Instruction G(3) of Form 10-K and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

Information required by this item will be included under the caption *Certain Relationships and Related Transactions, and Director Independence* contained in our definitive Proxy Statement to be filed with the Commission within 120 days after the conclusion of the year ended December 31, 2008 pursuant to General Instruction G(3) of Form 10-K and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

Information required by this item is included under the caption *Ratification of Independent Auditors* contained in our definitive Proxy Statement to be filed with the Commission within 120 days after the conclusion of our fiscal year ended December 31, 2008 pursuant to General Instruction G(3) of Form 10-K and is incorporated herein by reference.

PART IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) *Documents filed as part of this report:*

1. *Consolidated Financial Statements.* The following consolidated financial statements of TriQuint Semiconductor, Inc. and its subsidiaries, together with the report thereon of KPMG LLP, required to be filed pursuant to Part II, Item 8 of this Form 10-K, are included in this Annual Report on Form 10-K on pages F-1 through F-34:

Report of Independent Registered Public Accounting Firm;

Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006;

Consolidated Balance Sheets at December 31, 2008 and 2007;

Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006;

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2008, 2007 and 2006; and

Notes to Consolidated Financial Statements.

2. *Consolidated Financial Statement Schedule.* The following consolidated financial statement schedule of TriQuint Semiconductor and its subsidiaries required to be filed pursuant to Part IV, Item 15 of this Form 10-K, is included in this Annual Report on Form 10-K on pages S-1:

Schedule II—Consolidated Valuation and Qualifying Accounts; and

Report and Consent of Independent Registered Public Accounting Firm.

All other schedules are omitted because they are not applicable or the required information is shown in the Consolidated Financial Statements or notes thereto.

3. *Exhibits.* In reviewing the agreements included as exhibits to this Annual Report on Form 10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about TriQuint or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other party or parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a means of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party or parties in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a manner that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or other date or dates that may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about TriQuint may be found elsewhere in this Annual Report on Form 10-K and in TriQuint's other public filings, which are available without charge through the SEC's website at <http://www.sec.gov>.

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Incorporation, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form 8-B (File No. 000-22660) as declared effective by the SEC on February 18, 1997.
3.1.1	Certificate of Amendment to Certificate of Incorporation, incorporated herein by reference to the corresponding exhibit to the Registrant's Quarterly Report on Form 10-Q (File No. 000-22660) for the period ended September 30, 2000 filed with the SEC on November 13, 2000.
3.1.2	Certificate of Correction to Certificate of Incorporation, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-4 (File No. 333-62062) declared effective by the SEC on June 13, 2001.
3.1.3	Certificate of Designation of Series A Participating Preferred Stock, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-4 (File No. 333-62062) declared effective by the SEC on June 13, 2001.
3.1.4	Certificate of Amendment to Certificate of Incorporation, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-4 (File No. 333-62062) declared effective by the SEC on June 13, 2001.
3.2	Amended and Restated Bylaws of Registrant incorporated herein by reference to the corresponding exhibit to the Registrant's Annual Report on form 10-K (File No. 000-22660) for the year ended December 31, 2008.
4.1	Preferred Shares Rights Agreement, dated as of June 30, 1998 between Registrant and ChaseMellon Shareholder Services, L.L.C., including the Certificate of Determination, the form of Rights Certificate and the Summary of Rights attached thereto as Exhibits A, B, and C, respectively, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-A (File No. 000-22660) as declared effective by the SEC on July 24, 1998, as amended and restated by the Amended and Restated Rights Agreement, dated as of June 23, 2008, between TriQuint Semiconductor, Inc. and American Stock Trust & Transfer Company, LLC, as Rights Agent (as assignee of Mellon Investor Services LLC) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 24, 2008).
10.18+	1996 Stock Incentive Program and forms of agreement thereunder, incorporated herein by this reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-8 (File No. 333-81273) as declared effective by the SEC on June 22, 1999, as amended by the Registrant's Registration Statement on Form S-8 (File No. 333-39730), as declared effective by the SEC on June 20, 2000, as amended by the Registrant's Registration Statement on Form S-8 (File No. 333-61582), as declared effective by the SEC on May 24, 2001, as amended by the Registrant's Registration Statement on Form S-8 (File No. 333-105701), as declared effective by the SEC on May 30, 2003 and incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (File No. 000-22660) for the period ended September 30, 2003 filed with the SEC on November 4, 2003, as amended and restated effective February 2005 by the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on May 17, 2005 and incorporated herein by reference to Appendix A to the Registrant's definitive proxy statement on Schedule 14A for the 2005 Annual Meeting of Stockholders, filed with the Securities and Exchange Commission on April 6, 2005, as amended on March 4, 2008 incorporated herein by reference to the corresponding exhibit to the Registrant's Annual Report on form 10-K (File No. 000-22660) for the year ended December 31, 2007.

<u>Exhibit No.</u>	<u>Description</u>
10.19	Form of Indemnification Agreement executed by Registrant and its officers and directors pursuant to Delaware reincorporation, incorporated herein by this reference to the corresponding exhibit to the Registrant's Registration Statement on Form 8-B (File No. 000-22660) as declared effective by the SEC on February 18, 1997.
10.22+	1998 Nonstatutory Stock Option Plan and forms of agreement thereunder, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-8 (File No. 333-102085) as declared effective by the SEC on December 20, 2002 and incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (File No. 000-22660) for the period ended September 30, 2003 filed with the SEC on November 4, 2003.
10.33	Sawtek Inc. Employee Stock Ownership and 401(k) Plan, incorporated herein by reference to the corresponding exhibit to the Registrant's Quarterly Report on Form 10-Q (File No. 000-22660) for the period ended June 30, 2002 filed with the SEC on August 13, 2002.
10.34	Sawtek Inc. 2000 Implementation Agreement, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-8 (File No. 333-65850) as declared effective by the SEC on July 25, 2001.
10.35	Sawtek Inc. 2000 Modified ESOP Loan Agreement, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-8 (File No. 333-65850) as declared effective by the SEC on July 25, 2001.
10.36	Sawtek Inc. 2000 Renewed ESOP Note, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-8 (File No. 333-65850) as declared effective by the SEC on July 25, 2001.
10.37	Sawtek Inc. Second Stock Option Plan, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-8 (File No. 333-65850) as declared effective by the SEC on July 25, 2001.
10.38	Sawtek Inc. Stock Option Plan for Acquired Companies, incorporated herein by reference to the corresponding exhibit to the Registrant's Registration Statement on Form S-8 (File No. 333-65850) as declared effective by the SEC on July 25, 2001.
10.40*	Amended Sale and Transfer Agreement between Infineon Technologies AG, Infineon Technologies North America Corp., Registrant and TriQuint GmbH dated as of April 29, 2002, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on July 15, 2002.
10.41+	Letter Agreement dated June 28, 2002 between Registrant and Ralph G. Quinsey, incorporated herein by reference to the corresponding exhibit to the Registrant's Quarterly Report on Form 10-Q (File No. 000-22660) for the period ended June 30, 2002 filed with the SEC on August 13, 2002.
10.42	Asset Purchase Agreement by and between Agere Systems Inc. and Registrant dated as of October 21, 2002, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on January 17, 2003.
10.42.1	Amendment No. 1 to Asset Purchase Agreement by and between Agere Systems Inc. and Registrant dated as of January 2, 2003, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on January 17, 2003.
10.42.2	Assignment and Bill of Sale and Assumption Agreement by and between Agere Systems Inc. and TriQuint Optoelectronics, Inc. dated as of January 2, 2003, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on January 17, 2003

<u>Exhibit No.</u>	<u>Description</u>
10.42.3	Assignment and Bill of Sale and Assumption Agreement by and between Agere Systems Inc. and TriQuint Technology Holding Co. dated as of January 2, 2003, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on January 17, 2003.
10.43.4	Intellectual Property Agreement by and between Agere Systems Inc. and Registrant dated as of January 2, 2003, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on January 17, 2003.
10.43.5	Purchase Agreement by and between Agere Systems Inc. and Registrant dated as of January 2, 2003, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on January 17, 2003.
10.43.7	Equity Purchase Agreement by and among Agere Systems Inc., Agere Systems International, LLC, Registrant, TriQuint International Holding Co., TriQuint International Holding LLC and Agere Systems de Mexico, S. DE R.L. DE C.V. dated as of January 2, 2003, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on January 17, 2003.
10.45+	Letter Agreement dated April 9, 2004 between Registrant and Todd A. DeBonis, incorporated herein by reference to the corresponding exhibit to the Registrant's Quarterly Report on Form 10-Q (File No. 000-22660) for the period ended March 31, 2004 filed with the SEC on May 10, 2004.
10.46+	TriQuint Semiconductor, Inc. Nonqualified Deferred Compensation Plan, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on November 2, 2004.
10.47	Agreement and Plan of Reorganization by and among Sawtek Inc., TFR Acquisition, Inc., and TFR Technologies, Inc., dated as of December 14, 2004, incorporated herein by reference to the corresponding exhibit to the Registrant's Annual Report on Form 10-K (File No. 000-22660) for the year ended December 31, 2005 filed with the SEC on March 15, 2005.
10.47.1	Amendment No. 1 to Agreement and Plan of Reorganization by and among Sawtek Inc., TFR Acquisition, Inc., and TFR Technologies, Inc., dated as of January 6, 2005, incorporated herein by reference to the corresponding exhibit to the Registrant's Annual Report on Form 10-K (File No. 000-22660) for the year ended December 31, 2005 filed with the SEC on March 15, 2005.
10.48*	Purchase and Sale Agreement by and between TriQuint Optoelectronics, Inc. and Anthem Partners, LLC, dated as of March 7, 2005, incorporated herein by reference to the corresponding exhibit to the Registrant's Annual Report on Form 10-K (File No. 000-22660) for the year ended December 31, 2005 filed with the SEC on March 15, 2005.
10.49	Asset Purchase Agreement by and between Registrant and CyOptics, Inc., incorporated herein by reference to the corresponding exhibit to the Registrant's Quarterly Report on Form 10-Q (File No. 000-22660) for the period ended March 31, 2005 filed with the SEC on May 11, 2005.
10.52+	Letter Agreement dated June 9, 2006 between Registrant and Timothy A. Dunn, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) filed with the SEC on July 13, 2006.
10.54+	2007 Employee Stock Purchase Plan and forms of agreement thereunder incorporated herein by reference to the corresponding exhibit to the Registrant's Annual Report on Form 10-K (File No. 000-22660) for the year ended December 31, 2006 filed with the SEC on March 15, 2007.
10.55+	Letter Agreement dated September 12, 2007 between Registrant and Steven J Buhaly, incorporated herein by reference to the corresponding exhibit to the Registrant's Current Report on Form 8-K (File No. 000-22660) for filed with the SEC on September 17, 2007.

<u>Exhibit No.</u>	<u>Description</u>
10.56+	TriQuint Semiconductor, Inc. Change in Control Policy, dated November 8, 2007 as amended on March 4, 2008, incorporated herein by reference to the corresponding exhibit to the Registrant Current Report on Form 8K (File No. 000-22660) filed with the SEC on March 10, 2008.
10.57	Agreement and Plan of Merger between TriQuint Semiconductor Inc, ML Acquisition, Inc and WJ Communications, Inc. dated as of March 9, 2008 incorporated herein by reference to the corresponding exhibit to the Registrant's Annual Report on form 10-K (File No. 000-22660) for the year ended December 31, 2007.
10.58+	Employment Agreement dated as of May 30, 2008 by and between TriQuint Semiconductor, Inc. and Steven R. Grant (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 26, 2008).
10.59	Credit Agreement, dated June 27, 2008 by and between TriQuint Semiconductor, Inc and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 1, 2008).
10.60+	TriQuint Semiconductor, Inc. 2008 Management Incentive Plan, dated as of November 19, 2008, as amended February 24, 2009 incorporated herein by reference to Company's Current Reports on Form 8-K filed on November 21, 2008 and February 26, 2009.
21.1	Subsidiaries of the Registrant±
23.1	Report and Consent of Independent Registered Public Accounting Firm±
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended±
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended±
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley act of 2002±

* Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the SEC.

± Included in this Report

+ Management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRIQUINT SEMICONDUCTOR, INC.

Dated: March 2, 2009

By: /s/ RALPH G. QUINSEY
Ralph G. Quinsey
President and Chief Executive Officer

Dated: March 2, 2009

By: /s/ STEVEN J. BUHALY
Steven J. Buhaly
*Vice President of Finance and Administration,
Secretary and Chief Financial Officer*

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ralph Quinsey and Steven Buhaly, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ RALPH G. QUINSEY</u> Ralph G. Quinsey	President and Chief Executive Officer (Principal Executive Officer)	March 2, 2009
<u>/s/ STEVEN J. BUHALY</u> Steven J. Buhaly	Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2009
<u>/s/ STEVEN J. SHARP</u> Steven J. Sharp	Chairman of the Board	March 2, 2009
<u>/s/ PAUL A. GARY</u> Paul A. Gary	Director	March 2, 2009
<u>/s/ CHARLES SCOTT GIBSON</u> Charles Scott Gibson	Director	March 2, 2009
<u>/s/ NICOLAS KAUSER</u> Nicolas Kauser	Director	March 2, 2009
<u>/s/ WALDEN C. RHINES</u> Walden C. Rhines	Director	March 2, 2009
<u>/s/ WILLIS C. YOUNG</u> Willis C. Young	Director	March 2, 2009

TRIQUINT SEMICONDUCTOR, INC.
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
TriQuint Semiconductor, Inc.:

We have audited the accompanying consolidated balance sheets of TriQuint Semiconductor, Inc. and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008. We also have audited the Company's internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and subsidiaries as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2007, the Company adopted Financial Accounting Standards Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* and adopted Emerging Issues Task Force Issue (EITF) No. 06-02, *Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43*.

/s/ KPMG LLP

Portland, Oregon
March 2, 2009

TRIQUINT SEMICONDUCTOR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues	\$573,431	\$475,776	\$401,793
Cost of goods sold	<u>387,471</u>	<u>324,476</u>	<u>277,860</u>
Gross profit	185,960	151,300	123,933
Operating expenses:			
Research, development and engineering	91,475	65,361	50,283
Selling, general and administrative	73,613	61,993	55,223
Impairment of goodwill	33,871	—	—
In process research and development	1,400	7,600	—
(Gain) loss on disposal of equipment	(514)	127	(527)
Acquisition related charges	—	—	63
Total operating expenses	<u>199,845</u>	<u>135,081</u>	<u>105,042</u>
(Loss) income from operations	<u>(13,885)</u>	<u>16,219</u>	<u>18,891</u>
Other income (expense):			
Interest income	4,197	9,928	15,627
Interest expense	(548)	(1,646)	(9,891)
Foreign currency gain (loss)	733	343	(90)
(Impairment) recovery of investments in other companies	(2,412)	—	142
Other, net	55	80	(132)
Total other income, net	<u>2,025</u>	<u>8,705</u>	<u>5,656</u>
(Loss) income before income tax	<u>(11,860)</u>	<u>24,924</u>	<u>24,547</u>
Income tax expense	<u>2,753</u>	<u>1,530</u>	<u>2,796</u>
Net (loss) income	<u>\$ (14,613)</u>	<u>\$ 23,394</u>	<u>\$ 21,751</u>
Net (loss) income per common share:			
Basic	\$ (0.10)	\$ 0.17	\$ 0.16
Diluted	\$ (0.10)	\$ 0.16	\$ 0.15
Common equivalent shares:			
Basic	144,518	140,189	139,236
Diluted	144,518	142,490	141,189

The accompanying notes are an integral part of these financial statements.

TRIQUINT SEMICONDUCTOR, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	December 31,	
	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 50,773	\$203,501
Investments in marketable securities	35,304	—
Accounts receivable, net	78,419	73,185
Inventories	108,260	67,231
Prepaid expenses	5,624	4,778
Other current assets	17,775	10,890
Total current assets	296,155	359,585
Property, plant and equipment, net	264,250	204,553
Goodwill and intangible assets, net	32,895	10,309
Other noncurrent assets, net	25,077	12,014
Total assets	\$618,377	\$586,461
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 37,819	\$ 29,423
Accrued payroll	18,737	17,179
Other accrued liabilities	12,775	9,875
Total current liabilities	69,331	56,477
Long-term liabilities:		
Long-term income tax liability	10,676	10,193
Other long-term liabilities	12,294	4,943
Total liabilities	92,301	71,613
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$.001 par value, 600,000,000 shares authorized, 147,355,994 shares and 142,903,784 shares issued and outstanding at December 31, 2008 and December 31, 2007, respectively	147	143
Additional paid-in capital	521,613	496,083
Accumulated other comprehensive income	978	671
Retained earnings	3,338	17,951
Total stockholders' equity	526,076	514,848
Total liabilities and stockholders' equity	\$618,377	\$586,461

The accompanying notes are an integral part of these financial statements.

TRIQUINT SEMICONDUCTOR, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2005	141,080	\$141	\$479,344	\$(3,135)	\$(25,740)	\$450,610
Issuance of common stock under plans	2,690	2	8,124	—	—	8,126
Stock based compensation expense	—	—	9,115	—	—	9,115
Share repurchase	(5,271)	(5)	(24,995)	—	—	(25,000)
Accumulated other comprehensive income	—	—	—	2,845	—	2,845
Net income	—	—	—	—	21,751	21,751
Balance, December 31, 2006	138,499	\$138	\$471,588	\$ (290)	\$ (3,989)	\$467,447
Cumulative effect of adjustment to initially apply EITF 06-02	—	—	—	—	(1,454)	(1,454)
Issuance of common stock under plans	4,405	5	16,007	—	—	16,012
Stock based compensation expense	—	—	8,488	—	—	8,488
Accumulated other comprehensive income	—	—	—	961	—	961
Net income	—	—	—	—	23,394	23,394
Balance, December 31, 2007	142,904	\$143	\$496,083	\$ 671	\$ 17,951	\$514,848
Issuance of common stock under plans	4,452	4	14,027	—	—	14,031
Stock based compensation expense	—	—	11,503	—	—	11,503
Accumulated other comprehensive income	—	—	—	307	—	307
Net loss	—	—	—	—	(14,613)	(14,613)
Balance, December 31, 2008	<u>147,356</u>	<u>\$147</u>	<u>\$521,613</u>	<u>\$ 978</u>	<u>\$ 3,338</u>	<u>\$526,076</u>

The accompanying notes are an integral part of these financial statements.

TRIQUINT SEMICONDUCTOR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year ended December 31,		
	2008	2007	2006
Cash flows from operating activities:			
Net (loss) income	\$ (14,613)	\$ 23,394	\$ 21,751
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	35,230	29,669	31,465
Stock-based compensation charges	11,503	8,488	9,115
Goodwill impairment	33,871	—	—
Write-off of in-process research and development	1,400	7,600	—
Impairment of investment	2,412	—	(142)
Other	(529)	127	(527)
Changes in assets and liabilities, net of assets acquired:			
Accounts receivable, net	1,291	(8,024)	(13,402)
Inventories	(30,986)	19,142	(35,495)
Other assets	(3,091)	(340)	(1,855)
Accounts payable and accrued expenses	(5,490)	(836)	11,288
Net cash provided by operating activities	30,998	79,220	22,198
Cash flows from investing activities:			
Purchase of available-for-sale investments	(60,436)	(104,877)	(337,107)
Maturity / sale of available-for-sale investments	9,597	344,584	403,438
Business acquisitions, net of cash acquired (Note 4)	(61,748)	(14,747)	(2,316)
Other	2,278	641	590
Capital expenditures	(87,565)	(32,495)	(39,741)
Net cash (used in) provided by investing activities	(197,874)	193,106	24,864
Cash flows from financing activities:			
Repurchase/retirement of convertible subordinated notes	—	(218,755)	—
Repurchase of common stock	—	—	(25,000)
Issuance of common stock	14,148	16,012	8,126
Net cash provided (used in) by financing activities	14,148	(202,743)	(16,874)
Net (decrease) increase in cash and cash equivalents	(152,728)	69,583	30,188
Cash and cash equivalents at beginning of period	203,501	133,918	103,730
Cash and cash equivalents at end of period	\$ 50,773	\$ 203,501	\$ 133,918
Supplemental disclosures:			
Cash paid for interest	\$ 74	\$ 4,375	\$ 8,750
Cash paid for income taxes	\$ 1,633	\$ 1,456	\$ 1,855
Sabbatical-cumulative adjustment	\$ —	\$ 1,454	\$ —

The accompanying notes are an integral part of these financial statements.

TRIQUINT SEMICONDUCTOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (In thousands unless otherwise noted, except per share amounts)

Note 1. The Company

TriQuint Semiconductor, Inc. (the "Company") is a supplier of high performance modules and components for communications applications. The Company's focus is on the specialized expertise, materials and know-how of radio frequency ("RF") and other high and intermediate frequency applications. The Company's primary markets include handsets, networks and military systems. The Company provides customers with standard and custom products as well as foundry services. The Company's products are designed on various wafer substrates including compound semiconductor materials such as gallium arsenide ("GaAs") and piezoelectric crystals such as lithium tantalate ("LiTaO3") and use a variety of process technologies including heterojunction bipolar transistor ("HBT"), pseudomorphic high electron mobility transistor ("pHEMT"), surface acoustic wave ("SAW") and bulk acoustic wave ("BAW"). The Company's customers include major communication companies worldwide.

Note 2. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements for the periods presented include the accounts of the Company and its wholly owned subsidiaries, including; TriQuint BV (LLC), TriQuint CV LP, TriQuint Europe Holding Company, TriQuint TFR Inc., TriQuint, Inc., TriQuint S.R.L., TriQuint Semiconductor Texas LP, TriQuint Sales and Design, Inc. TriQuint Colorado, Inc., TriQuint Semiconductor GmbH, TriQuint Asia, TriQuint International Holding Co, TriQuint Technology Holding Co, TriQuint Texas General Holding Company, TriQuint Texas Limited Holding Company, TriQuint (Shanghai) Trading Co. Ltd., TriQuint Semiconductor Japan TYK TriQuint Sweden AB, TriQuint WJ, Inc., WJ NEWCO LLC, WJ Communications (Shanghai) Ltd, Watkins-Johnson Environmental Inc, and Watkins-Johnson International, Inc. Investments in which the Company does not exercise significant influence are recorded at cost (generally less than a 20% interest). The Company has no investments in which it exercises significant influence but which it does not control (20% to 50% ownership interest). All intercompany transactions and balances have been eliminated.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Examples of such estimates include, but are not limited to, sales returns reserves, inventory reserves, income tax valuation allowance, investment impairments, impairments of goodwill and long-lived assets and commitments and contingencies. On a regular basis, the Company reviews its estimates to ensure the estimates appropriately reflect changes in its business or as new information becomes available. Management believes that these estimates are reasonable; however, actual results could materially differ from these estimates.

Revenue Recognition

Revenues are primarily derived from the sale of standard and customer-specific products and foundry services. The Company also receives revenue from non-recurring engineering fees and cost-plus contracts for research and development work, which collectively has been less than 5% of consolidated revenue for any period. The Company's distribution channels include its direct sales staff, manufacturers' representative firms, and distributors. Revenues from the Company's distributors in 2008, 2007 and 2006 were approximately

\$80,686, \$44,937 and \$7,673, respectively, and are recognized when the product is sold to the distributor. The Company's distribution agreements provide for selling prices that are fixed at the date of sale, although the Company offers price protections which are specific, of a fixed duration and reserved for by the Company. Further, the payment obligation is not contingent on reselling the product or further action by the company; the distributors take title to the product and bear the risks of ownership, have economic substance and the amount of future returns can be reasonably estimated. The Company allows its distributors to return products for warranty reasons; and stock rotation rights, within certain limitations, and reserves for such instances. Customers however can only return product for warranty reasons. If the Company is unable to repair or replace products returned under warranty, the Company will issue a credit for a warranty return.

The Company receives periodic reports from customers who utilize inventory hubs and recognizes revenues when the customers acknowledge they have pulled inventory from its hub, the point at which title to the product passes to the customer.

Revenues from foundry services and non-recurring engineering fees are recorded when the service is completed. Revenues from cost plus contracts are recognized as costs are incurred.

Revenues from standard and customer-specific products are recognized when title to the products pass to the buyer. Revenues from foundry services and non-recurring engineering fees are recorded when the service is completed or upon certain milestones as provided for in the agreements. Revenues from cost plus contracts are recognized in a manner so that the fees will reasonably reflect assured realization as the production is completed.

Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade receivables, investments and payables and long term investment in CyOptics, all of which have carrying values that approximate their fair values.

Cash Equivalents

The Company considers all highly liquid debt and other instruments purchased with an original maturity of three months or less to be cash equivalents. These investments include money market funds. At December 31, 2008 and 2007, the Company's cash equivalents were \$21,973 and \$168,159, respectively.

Marketable Securities and Other Investments

The Company determines the appropriate classification of its investments at the time of acquisition and reevaluates such determination at each balance sheet date. The Company's investment policy sets minimum credit quality criteria and maximum maturity limits on its investments to provide for safety of principal, liquidity and a reasonable rate of return. Investments for which maturity from the balance sheet date is greater than one year are classified as long-term investments in marketable securities. Available-for-sale securities are recorded at fair value, based on current market valuations. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until realized. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of the securities sold.

At December 31, 2008 the Company's investments consisted of U.S. treasury securities and obligations of U.S. government agencies, and other investments. All were classified as available-for-sale. At December 31, 2007 the Company held no balances in marketable securities or other investments.

Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company establishes an allowance for the trade accounts receivable which represents the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the

allowance by performing on-going evaluations of its customers and their ability to make payments. The Company determines the adequacy of the allowance based on length of time past due, historical experience and judgment of economic conditions. Additionally, the Company has a credit policy that is applied to potential customers. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance sheet credit exposure related to its customers.

Inventories

The Company states its inventories at the lower of cost or market. The Company uses a combination of standard cost and moving average cost methodologies to determine its cost basis for its inventories. This methodology approximates actual cost on a first-in, first-out basis. In addition to stating inventory at the lower of cost or market, the Company also evaluates it each period for excess quantities and obsolescence. This evaluation, based on historical experience and the Company's judgment of economic conditions, includes identifying those parts specifically identified as obsolete and reserving for them, analyzing forecasted demand versus quantities on hand and reserving for the excess, and identifying and recording other specific reserves.

Property, Plant & Equipment

Property, plant and equipment is recorded at cost. Rent expense for operating leases is recorded on a straight-line basis over the life of the lease term. If a lease has a fixed and determinable escalation clause, the difference between rent expense and rent paid is recorded as deferred rent and is included in accrued liabilities on the consolidated balance sheets.

Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are generally as follows: three to seven years for machinery and equipment, furniture and fixtures and computer equipment and software; 15 years for land improvements; 20 years for building equipment; and 39 years for buildings. Leasehold improvements are amortized over the shorter of the estimated life of the asset or the term of the related lease, and are generally three to seven years. Asset lives are reviewed periodically to determine if appropriate and adjustments are made as necessary. Depreciation begins at the time assets are placed in service. Maintenance and repairs are expensed as incurred. For 2008, 2007 and 2006, the Company incurred depreciation expense of \$31,799, \$28,869 and \$30,070, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of the net assets of business acquired. Other intangible assets consist primarily of patents, developed technology, customer relationships and other intangibles with estimable useful lives, ranging from two to 10 years at the time of acquisition. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead reviewed at least annually for impairment. Intangible assets with estimable useful lives are amortized over their respective estimated lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*.

The Company performs its annual goodwill impairment tests in the fourth quarter of the year, or more frequently if circumstances indicate potential impairment. The amount of impairment, if any, is recognized to the extent that the carrying amount exceeds the asset's fair value. Financing costs related to the issuance of debt are capitalized as other noncurrent assets, net and amortized to interest expense over the term of the related debt using the straight-line method, which approximates the effective interest method. See Note 8 for additional discussion of goodwill and other intangible assets.

Investments in Privately Held Companies

The Company accounts for these investments at cost unless their value has been determined to be other than temporarily impaired, in which case the investment is impaired to its current fair value. These investments are

included in other non-current assets in the consolidated balance sheet. The Company reviews these investments periodically for impairment and makes appropriate reductions in carrying value when an other-than-temporary decline is evident; however, for non-marketable equity securities, the impairment analysis requires significant judgment. The Company evaluates the financial condition of the issuer, market conditions, and other factors providing an indication of the fair value of the investments. Adverse changes in market conditions or poor operating results of the issuer could result in additional other-than-temporary losses in future periods.

Research and Development Costs

The Company expenses research and development costs associated with the development of new products and processes when incurred. Engineering and design costs related to revenues on nonrecurring engineering services billed to customers are classified as cost of goods sold.

Litigation

The Company assesses the potential liabilities related to any lawsuits or claims brought against it. While it is typically very difficult to determine the ultimate outcome of such actions, the Company uses its best judgment to determine if it is probable that the Company will incur a loss related to the settlement or final adjudication of such matters. Further, where it is possible to reasonably estimate a probable loss, if any, the Company will make an accrual for the estimated loss. Due to the inherent uncertainties related to the eventual outcome of litigation, it is possible that certain matters may be resolved for amounts materially different from any provision or disclosure that have been previously made. All legal fees to defend such claims are expensed as incurred.

Shipping and Handling Costs

The Company recognizes amounts billed to a customer in a sale transaction related to shipping and handling as revenue. The costs incurred by the Company for shipping and handling are classified as cost of goods sold.

Advertising Costs

The Company expenses advertising costs as incurred. For 2008 and 2007 advertising costs were \$456 and \$281, respectively.

Comprehensive Income (Loss)

The Company has adopted the provisions of SFAS No. 130, *Reporting Comprehensive Income*. The objective of SFAS No. 130 is to report all changes in equity that result from transactions and economic events other than transactions with owners. The components of comprehensive income include unrealized holding gains and losses on available-for-sale investments and unrealized gains and losses on cash flow hedges which are included as a separate component of stockholders' equity until realized. comprehensive income (loss) was as follows:

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net (loss) income	\$(14,613)	\$23,394	\$21,751
Other comprehensive income (loss):			
Net unrealized gain on cash flow hedges	322	104	194
Net unrealized (loss) gain on available for sale investments	(209)	395	2,651
Net unrealized gain on pension obligations	194	462	—
Comprehensive (loss) income	<u>\$(14,306)</u>	<u>\$24,355</u>	<u>\$24,596</u>

Net Income (Loss) Per Share

Basic net income (loss) per share is calculated by dividing the net income (loss) for the period by the weighted-average number of common shares outstanding during the period. Diluted net income per share is calculated by dividing net income for the period by the weighted-average number of common shares outstanding during the period, increased by potentially dilutive common shares (“dilutive securities”) that were outstanding during the period. Dilutive securities include options granted pursuant to the Company’s stock option plans and potential shares related to the Company’s Employee Stock Purchase Plan and convertible subordinated debt. A reconciliation of the numerators and denominators of the basic and diluted net income per share calculations for 2008, 2007 and 2006 is presented in Note 7.

Income Taxes

The Company is subject to taxation from federal, state and international jurisdictions in which it operates and accounts for income taxes using the asset and liability method. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying value and the tax bases of assets and liabilities. A significant amount of management judgment is involved with the Company’s annual provision for income taxes and the calculation of resulting deferred tax assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The tax provision is also affected by discrete items that may occur in any given year, but are not consistent from year to year. Valuation allowances are established in accordance with SFAS No. 109, *Accounting for Income Taxes*, to reduce deferred tax assets to the amount expected to “more likely than not” be realized in future tax returns. Tax law and rate changes are reflected in the period such changes are enacted.

Our provision for income taxes as of and for the years ended December 31, 2008, 2007 and 2006 were as follows (in millions):

	<u>Years ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Provision for income taxes	\$2,753	\$1,530	\$2,796

The provision for income taxes for 2008 and 2007 primarily consisted of domestic and foreign tax liabilities in US and Costa Rica of \$2,753 and \$1,530, respectively. The Company’s Costa Rica subsidiary benefited from a complete exemption from Costa Rican income taxes through 2003, a 75% exemption through 2007 and a 50% exemption through 2011. In January 2008 a \$63,291 dividend was paid from the Costa Rican subsidiary. Of the \$63,291 dividend, the majority was from previously taxed income and the remainder was taxable in 2008. No provision has been made for the U.S. state or additional foreign income taxes related to approximately \$99,041 of undistributed earnings of foreign subsidiaries which have been, or are, intended to be permanently reinvested. It is not practicable to determine the U.S. federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested. In the event the Costa Rican or German subsidiaries remit these earnings to the U.S. parent, the earnings may be subject to U.S. federal and state income taxes.

The Company evaluates liabilities for estimated tax exposures in jurisdictions of operation. Significant income tax exposures include potential challenges on foreign entities, merger, acquisition and disposition transactions and intercompany pricing. These are primarily settled through the completion of audits but can also be affected by other factors. Changes could cause management to find a revision of past estimates appropriate. Tax periods within the statutory period of limitations not previously audited are potentially open for examination by the taxing authorities. Potential liabilities associated with these years will be resolved when an event occurs to warrant closure, primarily through the completion of audits by the taxing jurisdictions and/or the expiration of the statutes of limitation. To the extent audits or other events result in a material adjustment to the accrued estimates, the effect would be recognized during the period of the event. The Company believes that an appropriate estimated liability has been established for potential exposures. The Company is no longer subject to

U.S. federal income tax examinations for years before 2002; state and local income tax examinations before 2002; and foreign income tax examinations before 2004. The Company is not currently under Internal Revenue Service (IRS) or states examinations. In February 2009, we successfully completed the 2004-2007 income tax audit of TriQuint Semiconductor GmbH with no adjustments made by the German tax authorities.

In 2002, the Company determined that a valuation allowance should be recorded against all of the Company's deferred tax assets based on the criteria of Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes. The Company records a valuation allowance to reduce deferred tax assets when it is more likely than not that some portion, or all of the deferred tax assets may not be realized. WJ Communications, Inc ("WJ"), recorded, and the Company maintained, a valuation allowance against its deferred tax assets. The Company considers future taxable income and prudent and feasible tax planning strategies in determining the need for a valuation allowance and evaluates the need for a valuation allowance on a regular basis. At December 31, 2008, the Company determined that it is more likely than not that the deferred tax assets will not be realized.

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), on January 1, 2007. The Company recognized no adjustment in the liability for unrecognized tax benefits upon the adoption of FIN 48. The 2008 and 2007 unrecognized tax benefits totaled \$25,129 and \$10,193 including interest and penalty of \$4,033 and \$3,619, respectively. The amount of the unrecognized tax benefits, if recognized, that would result in a favorable impact on the effective tax rate is \$10,676. The FIN 48 amounts are based upon significant management estimates.

Foreign Currency Remeasurement

The Company's functional currency for all operations worldwide is the U.S. dollar. For foreign operations with the U.S. dollar as the functional currency, monetary assets and liabilities are remeasured at the period-end exchange rates. Certain non-monetary assets and liabilities are remeasured using historical rates. Statements of operations are remeasured at an average exchange rate for the year. See Note 11 for additional information about the Company's foreign currency remeasurement activity.

Derivatives and Hedging

The Company no longer enters into foreign currency forward contracts for hedging purposes. It accounted for previous derivatives and hedging activities in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Certain Hedging Activities*, as amended, which requires that all derivative instruments be recorded on the balance sheet at their respective fair values. The purpose of prior forward currency hedges was to minimize the variability of certain cash flows associated with its German operations. The impact of prior activity was immaterial to the financial statements.

Additional information about the Company's use of derivative instruments is presented in Note 11.

Impairments of Long-lived Assets

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is determined by reference to market prices or through discounted cash flow analysis, depending on the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The Company determined a triggering event occurred during the fourth quarter of 2008 and conducted an assessment of the recoverability of its long-lived and intangible assets based on a comparison of the undiscounted cash flows to the recorded carrying value of the long-lived and intangible assets. The results of the impairment analysis did

not indicate an impairment existed for the long lived asset and accordingly, the Company did not record an impairment charge on its long-lived assets for the year ended December 31, 2008.

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are described in Note 14. The Company accounts for rights under these plans under Statement of Financial Accounting Standards (“SFAS”) No. 123(R), *Share-Based Payment*, adopted on January 1, 2006. SFAS No. 123(R) requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors. The compensation expense for the Company’s stock-based payments, which includes employee stock options and the Company’s Employee Stock Purchase Plan (“ESPP”), is based on estimated fair values at the time of the grant or subscription period, respectively. In addition, in March 2005, the Staff of the SEC issued Staff Accounting Bulletin (“SAB”) No. 107, to provide guidance on the adoption of SFAS No. 123(R). Specifically, SAB No. 107 provides the Staff’s view regarding the valuation of stock-based payment arrangements for public companies and the Company has applied these provisions in its adoption of SFAS No. 123(R).

SFAS No. 123(R) requires companies to estimate the fair value of stock-based payment awards on the date of grant using an option pricing model. These option pricing models involve a number of assumptions, including the expected lives of stock options, the volatility of the public market price for the Company’s common stock and interest rates. In adopting SFAS No. 123(R), the Company is using the Black-Scholes option pricing model, which the Company had previously used under SFAS No. 123. Stock-based compensation expense recognized during the period is based on the value of the portion of stock-based payment awards that are ultimately expected to vest. Stock-based compensation expense recognized during the years ended December 31, 2008, 2007 and 2006 included compensation expense for stock-based payment awards granted during the current year, as well those awards granted prior to adoption of SFAS No. 123(R) but not yet vested as of December 31, 2005. The compensation expense for these grants was based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123. Compensation expense for all stock-based payment awards was recognized using the straight-line method. As stock-based compensation expense recognized during 2008, 2007 and 2006 was based on awards ultimately expected to vest, the gross expense has been reduced for estimated forfeitures.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), “*Business Combinations.*” SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. For business combinations in which the acquisition date was before the effective date of SFAS No. 141R, the Company will apply the requirements of Statement 109, as amended by SFAS No. 141R, prospectively. That is, the Company will not adjust the accounting for prior business combinations for *previously recognized changes* in acquired tax uncertainties or previously recognized changes in the valuation allowance for acquired deferred tax assets. However, after the effective date of SFAS No. 141R the Company will recognize, as an adjustment to income tax expense (or a direct adjustment to contributed capital in accordance with paragraph 26 of Statement 109), changes in the valuation allowance for acquired deferred tax assets. SFAS No. 141R is effective as of the beginning of an entity’s fiscal year that begins after December 15, 2008, and will be adopted by the Company on January 1, 2009. The Company does not believe that the adoption of SFAS No. 141R will have a material impact on its consolidated results of operations and financial condition.

In February 2008, the FASB issued FSP FAS 157-2 defers the effective date of Statement No. 157, “*Fair Value Measurements*”, for nonfinancial assets and nonfinancial liabilities, except those that are recognized at fair value in the financial statements on a recurring basis (at least annually). FSP FAS 157-2 defers the effective date of Statement No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The Company is still evaluating the impact of this pronouncement on its consolidated results of operations and financial condition.

In May 2008, FASB issued FASB Staff Position APB 14-1, “Accounting for Convertible Debt Instruments that may be Settled in Cash upon Conversion (Including Partial Cash Settlement)” (FSP APB 14-1”). FSP APB 14-1 specifies that issuers of convertible debt instruments that may be settled in cash should separately account for the liability and equity components in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008 with retrospective application. The Company does not believe that the adoption of FSP APB 14-1 will have a material impact on its consolidated results of operations and financial condition.

Note 3. Fair Value of Financial Instruments

The Company measures at fair value certain financial assets and liabilities, including cash equivalents, short term securities and long term securities. SFAS No. 157 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. These two types of inputs have created the following fair-value hierarchy:

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

	Fair Value Measurements as of December 31, 2008			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents—money market funds	\$ 50,773	\$28,800	\$21,973	\$ —
Short-term—marketable securities	35,304	—	35,304	—
Long-term—marketable securities	15,854	2,576	13,278	—
Long-term—investment in CyOptics	3,177	—	—	3,177
Total	\$105,108	\$31,376	\$70,555	\$3,177

The investments classified as Level 2 were valued using quoted prices for similar instruments in markets that are not active as identical instruments were not available. At December 31, 2008, the Company did not have any investments in auction-rate securities.

The beginning balance of the level three fair value measurements was zero. The Company transferred in \$5,694 in the current year and recorded a loss of \$2,517 to impairment of investments in other companies in the income statement. The ending balance of the level three fair value measurements was \$3,177. The Company used an income based method to fair value this investment. Additional information about the investments in CyOptics is presented in Note 16.

Note 4. Business Combinations

Peak Devices, Inc

On August 31, 2007, the Company completed the acquisition of Peak Devices, Inc. (“Peak”), a privately-held, fabless semiconductor company focused on the fabrication of radio frequency discrete transistors, which is technology aligned with the Company’s current market focus. The Company paid \$14,922 in cash on the closing

date and \$183 of direct acquisition costs. Of the \$14,922, \$1,500 was held in escrow for payment of claims and liabilities that may result from this acquisition. The escrow period expired on December 31, 2008. No claims were filed by the Company and funds were released to Peak shareholders. The Company is also obligated to pay earnout payments to the former shareholders of Peak based on 10% of the gross margin from sales of Peak technology-based products less a quarterly threshold over a five-year period from 2008 to 2012. These earnout amounts are not contingent on continued employment of the former shareholders. As of December 31, 2008, the Company has not incurred earnout charges.

The Company accounted for the Peak acquisition as a purchase in accordance with SFAS No. 141. Details of the purchase price were as follows:

Cash paid at closing	\$14,922
Acquisition costs	<u>183</u>
Total	<u>\$15,105</u>

The purchase price was allocated to Peak's assets and liabilities based upon fair values as follows:

Cash	\$ 358
Accounts receivables and other assets	476
Inventory	1,494
Property, plant and equipment	174
In-process research and development	7,600
Intangible assets	5,000
Goodwill	1,533
Payables and other liabilities	<u>(1,530)</u>
Total	<u>\$15,105</u>

The results of operations for the Peak business were included in the Company's consolidated statements of operations for the 2007 period subsequent to the acquisition date as well as during the twelve months ended December 31, 2008. Pro forma results of operations have not been presented for this acquisition because its effect was not material to the Company.

The intangible assets acquired are being amortized over a weighted average period of six years. The Company recorded an additional \$165 of goodwill subsequent to the purchase date for the recognition of an assumed tax liability.

In-process research and development ("IPR&D") represented Peak projects that had not reached technological feasibility and had no alternative future use when acquired but had been developed to a point where there was value associated with them in relation to potential future revenues. Using the income approach to value the IPR&D, the Company determined that \$7,600 of the purchase price represented purchased in-process technology. Because technological feasibility was not yet proven and no alternative future uses were believed to exist for the in-process technologies, the assigned value was expensed immediately into operating expenses upon the closing date of the acquisition.

The fair value underlying the \$7,600 assigned to acquire IPR&D from the Peak acquisition was determined by identifying research projects in areas for which technological feasibility had not been established and there were no alternative future uses. The acquired IPR&D consisted of wide band transistor products and was approximately 75% complete as of December 31, 2008. This technology is being integrated into products expected to be completed in 2009. There has been no material change in the estimated cost of these projects.

The fair value of IPR&D was determined by an income approach where fair value is the present value of projected net free cash flows that will be generated by the products incorporating the acquired technologies under development, assuming they are successfully completed. The estimated net free cash flows generated by the products over a 10-year period was discounted at a rate of 40%, which reflected the stage of completion and the technical risks associated with achieving technological feasibility. Other factors considered were the inherent uncertainties in future revenue estimates from technology investments including the uncertainty surrounding the successful development of the IPR&D, the useful life of the technology and the profitability levels of the technology. The estimated net cash flows from these products were based on estimates of related revenues, cost of sales, R&D costs, SG&A costs, asset requirements and income taxes. The stages of completion of the products at the date of the acquisition were estimated based on the tasks required to develop the technology into a commercially viable product. The nature of the efforts to develop the in-process technology into commercially viable products principally related to the completion of all planning, designing, prototyping, verification and testing activities that are necessary to establish that the product can be produced to meet its design specification, including function, features and technical performance requirements. These estimates are subject to change, given the uncertainties of the development process, and no assurance can be given that deviations from these estimates will not occur or that the Company will realize any anticipated benefits of the acquisition. The risks associated with IPR&D are considered high and no assurance can be made that these products will generate any benefit or meet market expectations.

To the extent that estimated completion dates are not met, the risk of competitive product introduction is greater and revenue opportunity may be permanently lost.

WJ Communications, Inc

On May 22, 2008, the Company completed the acquisition of WJ a RF semiconductor company that provides RF product solutions worldwide to communications equipment companies. The acquisition will enable the Company to combine RF power, switching and filtering in cost effective module solutions for base station and other infrastructure applications. The Company paid \$71,957 in cash on the closing date, and \$580 of direct acquisition costs through the fourth quarter of 2008 for 100% of the shares of WJ.

The Company accounted for the WJ acquisition as a purchase in accordance with SFAS No. 141, “*Business Combinations.*” Details of the purchase price are as follows:

Cash paid at closing	\$71,957
Acquisition costs	<u>580</u>
Total	<u>\$72,537</u>

The total purchase price was allocated to WJ’s assets and liabilities based upon fair values as determined by the Company.

Cash	\$ 10,789
Accounts receivables and other assets	7,472
Inventory	10,043
Property, plant and equipment	4,673
Intangible assets (Note 8)	31,000
In-process research and development	1,400
Goodwill (Note 8)	28,989
Payables and other liabilities	<u>(21,829)</u>
Total	<u>\$ 72,537</u>

The Company recognized goodwill of \$28,989 which represents payment in excess of the fair values of WJ's assets and liabilities because this acquisition will enable the Company to combine RF power, switching and filtering in cost effective module solutions for base station and other infrastructure applications. The acquisition leverages WJ's radio frequency/ microwave design expertise with the Company's technologies to expand the Company's presence in the communications infrastructure market. The acquisition completes the Company's RF front-end portfolio for cellular base stations, adds products which complement the Company's current base station line-up, and provides the Company with a Silicon Valley based design center, which are key aspects of the Company's networks strategy.

The results of operations for the WJ business are included in the Company's consolidated statements of operations for the period from May 23, 2008 through December 31, 2008. The following unaudited pro forma consolidated information gives effect to the acquisition of WJ as if it had occurred on January 1, 2007 after giving effect to certain adjustments, including the amortization of intangible assets, interest income, and tax adjustments, and assumes the purchase price has been allocated to assets and purchased liabilities assumed based on values at the date of purchase. Results may not be indicative of future operating results.

<u>Proforma results of operations (unaudited)</u>	<u>Twelve Months Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Revenue	589,021	519,720
Net Income	(22,319)	8,807
Basic EPS	(0.15)	0.06
Diluted EPS	(0.15)	0.06

The acquisition also resulted in the recognition of \$1,400 of in process research and development costs which the Company has written off in operating expenses in the quarter ended June 30, 2008.

In-process research and development ("IPR&D") represented projects from the WJ acquisition that had not reached technological feasibility and had no alternative future use when acquired but had been developed to a point where there was value associated with them in relation to potential future revenue. Using the income approach to value the IPR&D, the Company determined that \$1,400 of the purchase price represented purchased in-process technology. Because technological feasibility was not yet proven and no alternative future uses were believed to exist for the in-process technologies, the assigned value was expensed immediately into operating expenses upon the closing date of the acquisition.

The fair value underlying the \$1,400 assigned to acquire IPR&D from the WJ acquisition was determined by identifying research projects in areas for which technological feasibility had not been established and there were no alternative future uses. The acquired IPR&D consisted of small, signal, and power products and was approximately 85% complete as of December 31, 2008. This technology is being integrated into products of which some were completed in 2008 and the remainder is expected to be complete in 2009. There has been no material change in the estimated cost of these projects.

The fair value of IPR&D was determined by an income approach where fair value is the present value of projected net free cash flows that will be generated by the products incorporating the acquired technologies under development, assuming they are successfully completed. The estimated net free cash flows generated by the products over a 5 year period was discounted by a rate of 25%, which reflected the stage of completion and the technical risks associated with achieving technological feasibility. Other factors considered were the inherent uncertainties in future revenue estimates from technology investments, including the uncertainty surrounding the successful development of the IPR&D, the useful life of the technology and the profitability levels of the technology. The estimated net cash flows from these products were based on estimates of related revenues, cost of sales, R&D costs, SG&A costs, asset requirements and income taxes. The stage of completion of the products at the date of the acquisition was estimated based on the tasks required to develop the technology into a

commercially viable product and the costs remaining to completion. The nature of the efforts to develop the in-process technology into commercially viable products principally related to the completion of all planning, designing, prototyping, verification and testing activities that are necessary to establish that the product can be produced to meet its design specification, including function, features and technical performance requirements. These estimates are subject to change, given the uncertainties of the development process, and no assurance can be given that deviations from these estimates will not occur or that we will realize any anticipated benefits of the acquisition. The risks associated with IPR&D are considered high and no assurance can be made that these products will generate any benefit or meet market expectations.

To the extent that estimated completion dates are not met, the risk of competitive product introduction is greater and revenue opportunity may be permanently lost.

In accordance with EITF 95-3 "Recognition of Liabilities in Connection with a Purchase Business Combination" the Company committed to a restructuring plan to consolidate facilities in San Jose and China and to reduce certain redundant positions in the WJ operations as a result of the acquisition. The consolidation of the facilities and the reduction of personnel are expected to be completed by the end of the first quarter of 2009. The plan to consolidate facilities includes partial abandonment of the San Jose facility and full abandonment of the China leases. The China and San Jose leases expire in 2009 and 2011, respectively. Payments related to this restructuring are expected to be complete by 2011.

The following table summarizes the charges taken as part of the restructuring plan:

	<u>Personnel</u>	<u>Lease abandonment costs</u>	<u>Total</u>
Balance at May 22, 2008	\$ 3,859	\$11,148	\$15,007
Payments	(2,194)	(2,248)	(4,442)
Accretion	—	310	310
Balance at December 31, 2008	<u>\$ 1,665</u>	<u>\$ 9,210</u>	<u>\$10,875</u>

The Company has estimated the fair value of the acquired identifiable intangible assets, which are subject to amortization, using the income approach. The following table sets forth the components of these intangible assets and their estimated useful lives.

	<u>Fair value</u>	<u>Estimated useful life</u>
Developed technology	\$22,800	7 years
Customer relationships	\$ 8,200	10 Years
In-process research and development	\$ 1,400	Expensed

Note 5. Selected Financial Statement Information

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Accounts receivable, net:		
Trade accounts receivable	\$ 78,439	\$ 73,215
Allowance for doubtful accounts	(20)	(30)
	<u>\$ 78,419</u>	<u>\$ 73,185</u>
Inventories:		
Raw materials	\$ 27,013	\$ 15,561
Work-in-process	43,025	30,218
Finished goods	38,222	21,452
	<u>\$ 108,260</u>	<u>\$ 67,231</u>
Property, plant and equipment, net:		
Land	\$ 15,668	\$ 19,691
Buildings	89,361	89,233
Leasehold improvements	8,856	5,029
Machinery and equipment	357,367	280,830
Furniture and fixtures	5,799	5,098
Computer equipment and software	34,187	29,876
Assets in process	35,041	28,310
	<u>546,279</u>	<u>458,067</u>
Accumulated depreciation	(282,029)	(253,514)
	<u>\$ 264,250</u>	<u>\$ 204,553</u>
Accrued payroll:		
Accrued payroll and taxes	\$ 7,963	\$ 7,016
Accrued vacation, sabbatical, and sick pay	9,602	9,000
Self-insurance liability	1,172	1,163
	<u>\$ 18,737</u>	<u>\$ 17,179</u>

Note 6. Investments in Marketable Securities

At December 31, 2007 the Company held no investments in marketable securities and therefore had zero gross unrealized holding gains or losses. The cost, gross unrealized holding gains, gross unrealized holding losses and fair value of available-for-sale investments by types and classes of security at December 31, 2008 consisted of the following:

<u>At December 31, 2008</u>	<u>Cost</u>	<u>Gross unrealized holding gains</u>	<u>Gross unrealized holding losses</u>	<u>Fair Value</u>
Available-for-sale:				
U.S. treasury securities and obligations of U.S. government agencies	\$70,990	\$324	\$—	\$71,314
Corporate debt securities and other	1,818	—	(1)	1,817
	<u>\$72,808</u>	<u>\$324</u>	<u>\$ (1)</u>	<u>\$73,131</u>

Investments with an unrealized holding gain or loss for greater than and less than 12 consecutive months at December 31, 2006 were as follows:

At December 31, 2008	Greater than 12 months		Less than 12 months		Total Fair Value	Total Unrealized Gain/(Loss)
	Fair Value	Unrealized Gain/(Loss)	Fair Value	Unrealized Gain/(Loss)		
U.S. treasury securities and obligations of U.S. government agencies	\$15,854	\$200	\$55,460	\$124	\$71,314	\$324
Corporate debt securities and other	—	—	1,817	(1)	1,817	(1)
	<u>\$15,854</u>	<u>\$200</u>	<u>\$57,277</u>	<u>\$123</u>	<u>\$73,131</u>	<u>\$323</u>

Investments by contractual maturity are as follows:

	December 31, 2008		December 31, 2007	
	Cost	Fair Value	Cost	Fair Value
Due or callable in one year or less	\$68,314	\$68,495	\$—	\$—
Due after one year through 42 months	\$ 4,494	\$ 4,636	\$—	\$—

Investments are considered to be impaired when a decline in fair value is judged to be other-than-temporary. The Company employs a methodology that reviews specific securities in evaluating potential impairment of its investments. In the event that the cost of an investment exceeds its fair value, the Company evaluates, among other factors, the Company's intent and ability to hold the investment and extent to which the fair value is less than cost; the financial health of and business outlook for the issuer; and operational and financing cash flow factors. At December 31, 2008, all unrealized holding losses were considered to be temporary as the Company has the ability and intent to hold the investments until a recovery of fair value. During 2008, 2007 and 2006, the Company did not record any other-than-temporary impairments on its marketable securities.

Note 7. Net (Loss) Income Per Share

Net (loss) income per share is presented as basic and diluted net (loss) income per share. Basic net (loss) income per share is net (loss) income available to common stockholders divided by the weighted-average number of common shares outstanding. Diluted net (loss) income per share is similar to basic net (loss) income per share, except that the denominator includes potential common shares that, had they been issued, would have had a dilutive effect. Further, under SFAS No. 128, *Earnings per Share*, continuing operations is the governing measure for the determination of antidilution.

The following summarizes the elements included in the calculation of basic and diluted net (loss) income per share for 2008, 2007 and 2006:

	Year ended December 31,		
	2008	2007	2006
Net (loss) income	\$(14,613)	\$ 23,394	\$ 21,751
	<u>\$(14,613)</u>	<u>\$ 23,394</u>	<u>\$ 21,751</u>
Weighted-average shares outstanding—Basic	144,518	140,189	139,236
Dilutive securities	—	2,301	1,953
Weighted-average shares outstanding—Dilutive	<u>144,518</u>	<u>142,490</u>	<u>141,189</u>
Net (loss) income per common share:			
Basic	\$ (0.10)	\$ 0.17	\$ 0.16
Diluted	<u>\$ (0.10)</u>	<u>\$ 0.16</u>	<u>\$ 0.15</u>

For 2008, 2007 and 2006, options and other exercisable convertible securities totaling and 29,991 shares, 14,912 shares and 20,472 shares, respectively, were excluded from the calculation as their effect would have been antidilutive.

Note 8. Goodwill and Other Acquisition-Related Intangible Assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", the Company is required to perform an impairment analysis on its goodwill at least annually, or when events and circumstances warrant. Conditions that would trigger an impairment assessment, include, but are not limited to, a significant adverse change in legal factors or in the business climate that could affect the value of an asset or an adverse action or assessment by a regulator. The Company is considered one reporting unit. As a result, to determine whether or not goodwill may be impaired, the Company compares its book value to its adjusted market capitalization. If the trading price of the Company's common stock adjusted for a control premium which is the implied fair value, is below the book value at the date of the annual impairment test or if the average trading price of the Company's common stock is below book value for a sustained period, a goodwill impairment test will be performed by comparing book value to estimated market value. If the comparison of book value to estimated market value indicates impairment, then the Company compares the implied fair value of goodwill and other intangible assets to its carrying amount in a manner similar to a purchase price allocation for a business combination. If the carrying amount of goodwill and other intangible assets exceeds its implied fair value, an impairment loss is recognized equal to that excess.

The Company performs this test in the fourth quarter of each year, unless indicators warrant testing at an earlier date. During its annual impairment test in the fourth quarter of 2008, the price of the Company's common stock adjusted for a control premium was significantly below the book value. The Company performed a goodwill impairment test and determined that the entire balance of goodwill was impaired and recognized an impairment of \$33,871. In 2007 no impairment of goodwill were recorded. Information regarding the Company's other acquisition-related intangible assets is as follows:

	Useful Life (Years)	December 31, 2008			December 31, 2007		
		Gross	Accumulated Amortization	Net Book Value	Gross	Accumulated Amortization	Net Book Value
Non-amortizing:							
Goodwill		\$ —	\$ —	\$ —	\$ 4,817	\$ —	\$ 4,817
Amortizing:							
Patents, trademarks and other	2 – 10	44,181	11,286	32,895	13,353	7,861	5,492
Total intangible assets		<u>\$44,181</u>	<u>\$11,286</u>	<u>\$32,895</u>	<u>\$18,170</u>	<u>\$7,861</u>	<u>\$10,309</u>

Amortization expense of intangible assets was approximately \$3,425, \$632 and \$390 for 2008, 2007 and 2006, respectively. Amortization expense related to intangible assets at December 31, 2008 in each of the next five fiscal years and beyond is expected to be as follows:

2009	\$ 5,071
2010	5,024
2011	4,934
2012	4,934
2013	4,662
Thereafter	8,270
	<u>\$32,895</u>

Note 9. Bank Line

On June 27, 2008, the Company and Bank of America, N.A. (the “Lender”) entered into a Credit Agreement dated as of June 27, 2008 (the “Agreement”). The Agreement provides the Company with a two-year unsecured revolving credit facility of \$50,000.

Borrowings under the Agreement bear interest in two possible ways, at the election of the Company. The Company pays interest at an amount equal to the sum of a rate per annum calculated from the British Bankers Association LIBOR rate plus a designated percentage per annum (the “Applicable Rate.”) The Applicable Rate is based on the Company’s consolidated total leverage ratio (as defined in the Agreement) and is subject to a floor of 1.25% per annum and a cap of 1.75% per annum. Alternatively, the Company may pay interest at a rate equal to the higher of the federal funds rate plus ½% and the prime rate of the Lender plus the Applicable Rate. The interest payment date (as defined in the Agreement) varies based on the type of loan but generally is either quarterly or a specified period of every one, two or three months.

The Agreement contains non-financial covenants including restrictions on the ability to create, incur or assume liens and indebtedness, make certain investments and dispositions, including payments of dividends or repurchases of stock, change the nature of the business, and merge with other entities. The Agreement requires the Company to maintain a consolidated total leverage ratio during any period of four fiscal quarters not in excess of 2.00:1.00 and a consolidated liquidity ratio (as defined in the Agreement) of at least 1.50:1.00.

Outstanding amounts are due in full on the maturity date of June 27, 2010, subject to a one-year extension at the Company’s option and with the Lender’s consent. Upon the occurrence of certain events of default specified in the Agreement, amounts due under the Agreement may be declared immediately due and payable. Including accrued interest, at December 31, 2008, the Company currently had no amounts outstanding under the Agreement.

Note 10. Income Taxes

Domestic and foreign pre-tax (loss) income for 2008, 2007 and 2006 were as follows:

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Domestic	\$(15,657)	\$14,847	\$18,081
Foreign	3,797	10,077	6,466
	<u>\$(11,860)</u>	<u>\$24,924</u>	<u>\$24,547</u>

Income tax expense for 2008, 2007 and 2006, consisted of the following:

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Current:			
Federal	\$1,255	\$ 932	\$ 134
State	38	30	(10)
Foreign	1,460	568	2,672
	<u>2,753</u>	<u>1,530</u>	<u>2,796</u>
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Net income tax expense	<u>\$2,753</u>	<u>\$1,530</u>	<u>\$2,796</u>

The actual income tax expense reported for operations is different from that which would have been computed by applying the federal statutory tax rate to income (loss) before income taxes. A reconciliation of income tax expense as computed at the U.S. federal statutory income tax rate to the provision for income tax expense for 2008, 2007 and 2006 is as follows:

	Year ended December 31,		
	2008	2007	2006
Tax expense (benefit) at United States statutory rate	(35.0%)	35.0%	35.0%
State income tax, net of federal effect	0.2	2.2	—
Change in valuation allowance	(86.1)	(41.6)	(31.0)
Foreign income tax	22.7	1.6	8.0
Costa Rican subsidiary tax holiday	(10.3)	(0.6)	(26.6)
Deemed dividend from foreign subsidiary	(1.4)	25.8	7.1
Goodwill	93.0	—	—
Stock-based compensation	11.9	0.5	6.3
Pro-rata reversal of WJ acquired valuation allowance	5.9	—	—
Other, net	22.3	(16.8)	12.6
Effective tax rate	<u>23.2%</u>	<u>6.1%</u>	<u>11.4%</u>

Deferred income tax assets and liabilities consist of the tax effects of temporary differences. These temporary differences as of December 31, 2008 and 2007 were as follows:

	December 31, 2008	December 31, 2007
Deferred tax assets:		
Amortization and depreciation	\$ 7,300	\$ 23,732
Capital research and development expenditures	18,270	15,704
Reserves and allowances	5,783	1,596
Accrued liabilities	3,939	3,138
Impairment of investment in other companies	6,412	5,097
Inventory	9,659	9,743
Net operating loss carryforwards	60,614	26,831
Capital loss carryforwards	1,370	5,804
Research and development, and other credits	2,930	4,513
Stock-based compensation	4,670	2,744
Other	2,524	5,534
Total deferred tax asset	<u>123,471</u>	<u>104,436</u>
Deemed dividend distribution	—	(3,199)
Valuation allowance	<u>(123,471)</u>	<u>(101,237)</u>
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

The Company recorded a tax charge of \$2,753, \$1,530, and \$2,796 for 2008, 2007, and 2006, respectively. The provisions for 2008, 2007, and 2006 do not reflect a benefit for prior year losses due to a full valuation allowance against deferred tax assets. The net increase (decrease) in total valuation allowance for the deferred tax assets for 2008, 2007, and 2006 were \$22,234, \$(10,380) and \$(6,552), respectively.

At December 31, 2008, the Company had approximately \$189,068 of U.S. net operating loss carryforwards, \$77,346 of which arose from the WJ acquisition, to offset future U.S. taxable income, expiring from 2023 through 2028; and \$187,291 for state tax purposes, expiring 2009 through 2028. The net operating losses acquired with WJ are subject to IRC SEC. 382, Limitation on net operating loss carry forwards. In 2008 and 2007, the capital loss decreased by \$12,578 due to the expiration of the statute of limitations; and increased by \$1,711, respectively. The remaining \$3,569 capital loss carryforward will offset future capital gains subject to the statute of limitations expirations in 2011 and 2012. The Company has placed a full valuation allowance against the tax effect of all net operating and capital loss carryforwards.

In accordance with SFAS No. 123 (R), deferred tax assets and the related valuation allowance do not reflect \$18,703 and \$16,087 as of December 31, 2008 and 2007, respectively, relating to U.S. income tax benefits of excess stock option deductions. This benefit will be credited to additional paid in capital, when and if realized.

The Company has benefited from a complete exemption from Costa Rican income taxes through 2003, a 75% exemption through 2007 and a 50% exemption through 2011. In January 2008 a \$63,291 dividend was paid from the Costa Rican subsidiary. Of the \$63,291 dividend, the majority was from previously taxed income and the remainder was taxable in 2008. No provision has been made for the U.S. state or additional foreign income taxes related to approximately \$99,041 of undistributed earnings of foreign subsidiaries which have been, or are, intended to be permanently reinvested. It is not practicable to determine the U.S. federal income tax liability, if any, which would be payable if such earnings were not permanently reinvested. In the event the Costa Rican or German subsidiaries remit these earnings to the U.S. parent, the earnings may be subject to U.S. federal and state income taxes.

The Company adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48), on January 1, 2007. The Company recognized no adjustment in the liability for unrecognized tax benefits upon the adoption of FIN 48. As of the date of adoption, the Company's unrecognized tax benefits totaled \$9,293 including interest and penalty of \$2,764. As of December 31, 2008 and 2007, the Company's unrecognized tax benefits totaled \$25,129 and \$10,193 including interest and penalty of \$ 4,033 and \$3,619, respectively. At December 31, 2008, the Company had \$25,129 of unrecognized tax benefits, inclusive of interest and penalties, \$10,676 of which would affect its effective tax rate if recognized. The FIN 48 amounts are based upon significant management estimates. The Company recognized 2008 interest and penalties accrued related to unrecognized tax benefits in the tax provision. A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, is as follows:

Balance January 1, 2008	\$ 6,574
Reductions for tax positions-prior years	—
Acquisition Addition-current year	8,117
Additions for tax positions-current years	6,397
Expiration of statute of limitations	8
Balance December 31, 2008	<u>\$21,096</u>

The unrecognized tax benefits anticipated to be recognized due to the expiration of the statute of limitations on or before December 31, 2009 are \$1,169. The unrecognized tax benefits anticipated to be recognized within twelve months relates to a foreign subsidiary's U.S. activities and foreign tax on a foreign subsidiary's income and expense items. No other changes are anticipated within the next twelve months to the unrecognized tax benefits. The major jurisdictions in which the Company files include the U.S and Costa Rica. Tax years beginning in 2005 are subject to examination by taxing authorities, although net operating loss and credit carryforwards from all years are subject to examinations and adjustments for at least three years following the year in which the attributes are used.

Note 11. Foreign Currency Exchange

The Company's functional currency for all operations worldwide is the U.S. dollar. For foreign operations with the U.S. dollar as the functional currency, monetary assets and liabilities are remeasured at the period-end exchange rates. Certain non-monetary assets and liabilities are remeasured using historical rates. Statements of operations for each month are remeasured at the prior month's balance sheet rate which approximates the average exchange rates for the month. To manage its exposure to foreign currency exchange rate fluctuations, the Company previously entered into derivative financial instruments, including hedges. The ineffective portion of the gain or loss on derivative instruments that are designated and qualify as cash flow hedges are immediately reported as a component of other income (expense), net. The effective portion of the gain or loss on the

derivative instrument is initially recorded in accumulated other comprehensive income as a separate component of stockholders' equity and subsequently reclassified into earnings in the period during which the hedged transaction is recognized into earnings. For 2008, the Company reported foreign currency gains from remeasurement and hedging activity of \$733 as compared to a gain from remeasurement and hedging activity of \$343 during 2007 and a loss from remeasurement and hedging activity of \$90 during 2006.

As of December 31, 2008 the company had no forward currency contracts outstanding. As of December 31, 2007, the Company had forward currency contracts outstanding \$3,193.

Note 12. Commitments and Contingencies

On February 28, 2007, a purported derivative action (case no. C-07-0299) was filed in the United States District Court for the District of Oregon, allegedly on behalf of TriQuint, against certain of TriQuint's officers and directors. On March 16, 2007, a substantially similar action (case no. C-07-0398) was filed. The plaintiffs allege that the defendants violated Section 14 of the Securities Exchange Act, as amended, breached their fiduciary duty, abused control, engaged in constructive fraud, corporate waste, insider selling, and gross mismanagement, and were unjustly enriched by improperly backdating stock options. The plaintiffs also allege that TriQuint failed to properly account for stock options and that the defendants' conduct caused artificial inflation in TriQuint's stock price. The plaintiffs seek unspecified damages and disgorgement of profits from the alleged conduct, corporate governance reform, establishment of a constructive trust over defendants' stock options and proceeds derived therefrom, punitive damages, and reasonable attorney's, accountant's, and expert's fees. On April 25, 2007, the Court consolidated the two cases. Plaintiffs filed a consolidated complaint on or about May 25, 2007. On July 23, 2007, the Company and the individual defendants filed separate motions for the dismissal of all claims in each case with the District Court for the District of Oregon. On September 28, 2007, the plaintiffs filed a consolidated opposition to the motions for the dismissal of all claims in each case. On October 26, 2007, the Company and the individual defendants filed separate reply briefs in support of their motions for the dismissal of all claims in each case. On March 13, 2008, the Court granted motions for dismissal, but indicated that plaintiffs could amend their complaint to address the grounds on which the Court based the dismissal. On March 28, 2008, the plaintiffs filed an amended complaint pursuant to the Court's ruling on the motions for dismissal. Defendants filed an answer to the amended complaint on September 29, 2008. No trial date has been set. The Company believes the claim lacks merit and plans to vigorously defend this claim. At this time, the Company does not believe it is probable that losses related to the litigation described above have occurred.

In October 2006, the Company received an informal request for information from the staff of the San Francisco district office of the Securities and Exchange Commission regarding its option granting practices. In November 2006, the Company was contacted by the Office of the U.S. Attorney for the District of Oregon and was asked to produce documents relating to option granting practices on a voluntary basis. The Company has cooperated in both inquiries. On October 24, 2007, the San Francisco district office of the SEC sent the Company a letter indicating that the district office had terminated its investigation and is not recommending that the SEC take any enforcement action against the Company. The U.S. Attorney for the District of Oregon has also stated that it has terminated its inquiry.

Prior to filing the quarterly report on Form 10-Q for the quarter ended September 30, 2006, the Company conducted an extensive review of its option granting practices. Accordingly, the Company concluded that no backdating had occurred with respect to its option grants and that prior disclosures regarding its option grants were not incorrect. The Company remains current in its reporting under the Securities Exchange Act of 1934, as amended.

Environmental Remediation

Current operations are subject to federal, state and local laws and regulations governing the use, storage, disposal of and exposure to hazardous materials, the release of pollutants into the environment and the remediation of contamination.

The Company continues to be in compliance with the remedial action plans being monitored by various regulatory agencies at WJ's former Palo Alto and Scotts Valley sites. WJ had entered into funded fixed price remediation contracts and obtained cost-overflow and unknown pollution conditions insurance coverage. The Company believes that it is remote that it would incur any significant liability beyond that which it has recorded. The Company does ultimately retain responsibility for these environmental liabilities in the unlikely event that the environmental remediation firm and the insurance company do not meet their obligations.

With respect to other former production facilities, to date either no contamination of significance has been identified or reported to the Company or the regulatory agency involved has granted closure with respect to the identified contamination. Nevertheless, the Company may face environmental liabilities related to these sites in the future.

Lease Commitments

The Company currently leases certain equipment, office and manufacturing space under operating leases. Lease terms range from approximately one to 5 years, expiring at various dates through 2013 with options to renew at varying terms. Commitments for minimum lease payments under non-cancelable leases as of December 31, 2008 were as follows:

2009	\$ 6,063
2010	5,891
2011	2,382
2012	989
2013	604
Thereafter	—
	<u>\$15,929</u>

Future minimum lease payments have not been reduced by future minimum sublease rentals of \$1,121 under an operating lease. Rent expense under cancelable and non-cancelable operating leases for 2008, 2007, 2006 was \$3,411, \$2,303 and \$2,232, respectively.

Note 13. Concentration of Credit Risk

Suppliers

The Company currently obtains some components, equipment and services for their products from limited or single sources. The Company purchases these components, equipment and services on a purchase order basis, does not carry significant inventories of components and does not have any long-term supply contracts with these vendors. Access to sufficient capacity from these vendors in periods of high demand may be limited, as the Company often does not account for a significant part of the vendor's business. If the Company were to change any of its sole or limited source vendors, it would be required to requalify each new vendor. Requalification could prevent or delay product shipments that could negatively affect its results of operations. In addition, reliance on these vendors may negatively affect the Company's production if the components, equipment or services vary in reliability or quality. If the Company is unable to obtain timely deliveries of sufficient quantities of acceptable quality or if the prices increase, results of operations could be harmed.

Credit Risk

The Company performs periodic credit evaluations of certain customers and generally does not require collateral; however, in certain circumstances, the Company may require letters of credit or prepayment from its customers. All of the Company's customers are in the communications or military markets.

Note 14. Stock, Stock Options and Rights

Common Stock

The Company has authorized capital of 600,000,000 shares of \$.001 par value common stock. Holders of the common stock are entitled to one vote for each share of common stock on all matters submitted to a vote of the Company's stockholders.

Stock Options

The Company had two stock option plans under which shares were available for grant during 2008: the 1996 Stock Incentive Plan (the "1996 Plan") and the 2008 Inducement Award Plan. The 1996 Plan provides for the grant of incentive and non-qualified stock options to officers, outside directors and other employees of the Company or any parent or subsidiary. The Plan was amended in 2002 to provide that options granted thereunder must have an exercise price per share no less than 100% of the fair market value of the share price on the grant date. Further, with respect to any participant who owns a quantity of stock representing more than 10% of the voting rights of the Company's outstanding capital stock, the exercise price of any incentive stock option granted must equal at least 110% of the fair market value on the grant date. In 2005, the 1996 Plan was further amended to extend the term of the plan to 2015 and permit the award of restricted stock, restricted stock units, stock appreciation rights, performance shares and performance units in addition to the grant of stock options. In addition, the amendment provided specific performance criteria that the plan administrator may use to establish performance objectives, a formula mechanism that provides for automatic grants to the non-employee chairman of the Board and limited management's ability to (i) reprice any outstanding stock option or stock appreciation right after it has been granted (other than pro rata adjustments to reflect stock dividends and other corporate events) and (ii) cancel any outstanding stock option or stock appreciation right and replace it with a new stock option or stock appreciation right with a lower exercise price, unless approved by the Company's stockholders. The terms of each grant under the Plan may not exceed 10 years. The 2008 Inducement Award Plan provides for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights and other stock or cash awards to officers and directors employed by the company or any parent or subsidiary. The options granted thereunder must have an exercise price per share no less than 100% of the fair market value per share on the date of grant. The terms of each grant under the Plan may not exceed 10 years.

The following table presents shares authorized, available for future grant and outstanding under each of the Company's plans at December 31, 2008 (in thousands):

	<u>Authorized</u>	<u>Available</u>	<u>Outstanding</u>
1996 Stock Incentive Program	41,050	4,490	27,799
1998 Nonstatutory Stock Option Plan	4,000	—	291
Sawtek Stock Option Plans ⁽¹⁾	2,439	—	705
2008 Inducement Award Plan	<u>1,250</u>	<u>194</u>	<u>1,056</u>
Total	<u>48,739</u>	<u>4,684</u>	<u>29,851</u>

⁽¹⁾ Includes the acquired Sawtek Inc. Second Stock Option Plan and the Sawtek Inc. Stock Option Plan for Acquired Companies

Subject to the discretion of the Board of Directors and beginning in 2006, outstanding options granted to new employees under the Plans generally vest and become exercisable at the rate of 25% at the end of the first year, and thereafter at a rate of 6.25% per quarter until fully vested. Options granted to current employees generally become exercisable at the rate of 25% per quarter during either the third or fourth year following the grant, or as approved by the Compensation Committee. All options granted to employees generally expire 10 years after the grant date. Annual option grants to sitting board members generally expire five years after the grant date. Option grants to newly elected board members generally expire ten years after the grant date.

The following summarizes the Company's stock option transactions for 2008, 2007 and 2006 (in thousands, except per share data):

	Year ended December 31,					
	2008		2007		2006	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Outstanding at beginning of year	27,321	\$ 9.55	25,732	\$ 9.84	23,440	\$10.78
Granted	6,050	\$ 6.18	5,136	\$ 5.07	3,871	\$ 4.71
Exercised	(2,158)	\$ 3.27	(2,443)	\$ 3.59	(455)	\$ 3.39
Forfeitures	(1,362)	\$ 8.18	(1,104)	\$ 8.95	(1,124)	\$14.17
Outstanding at end of year	<u>29,851</u>	<u>\$ 9.36</u>	<u>27,321</u>	<u>\$ 9.55</u>	<u>25,732</u>	<u>\$ 9.84</u>
Exercisable at end of year	<u>18,787</u>	<u>\$11.58</u>	<u>18,424</u>	<u>\$11.77</u>	<u>19,179</u>	<u>\$11.77</u>

The aggregate intrinsic value of options exercised during 2008, 2007 and 2006 was \$6,060, \$4,828 and \$708, respectively. Fully vested outstanding options at December 31, 2008 had an aggregate intrinsic value of \$598, based upon the Company's closing stock price on that date of \$3.44 per share. Fully vested outstanding options at December 31, 2007 had an aggregate intrinsic value of \$23,158, based upon the Company's closing stock price on that date of \$6.63 per share. The aggregate intrinsic value of all outstanding options at December 31, 2008 and 2007 was \$735, and \$39,826, respectively. The Company issues new shares of common stock upon exercise of stock options.

The following table summarizes information concerning stock options outstanding and exercisable at December 31, 2008 (in thousands, except per share data):

Range of Exercise Price	Options Outstanding			Options Exercisable	
	Number Outstanding (in thousands)	Weighted-Average Remaining Contractual Life-Years	Weighted-Average Exercise Price	Number Exercisable (in thousands)	Weighted-Average Exercise Price
\$ 1.69 – \$ 5.00	9,461	6.55	\$ 4.09	6,582	\$ 3.90
\$ 5.01 – \$10.00	14,314	7.04	\$ 6.19	6,129	\$ 6.49
\$10.01 – \$15.00	1,937	2.42	\$11.42	1,937	\$11.42
\$15.01 – \$25.00	1,780	1.23	\$21.20	1,780	\$21.20
\$25.01 – \$61.44	2,359	1.64	\$39.09	2,359	\$39.09
<u>\$ 1.91 – \$61.44</u>	<u>29,851</u>	<u>5.81</u>	<u>\$ 9.36</u>	<u>18,787</u>	<u>\$11.58</u>

The following table summarizes the average estimates the Company used in the Black-Scholes option-pricing model during 2008, 2007 and 2006, to determine the fair value of employee stock options and employee ESPP rights granted during each period:

Stock Options	2008	2007	2006
Risk free interest rates	2.9%	4.7%	4.6%
Expected life in years	4.15 years	4.5 years	4.9 years
Expected dividend yield	0.0%	0.0%	0.0%
Expected volatility	50.7%	46.3%	56.8%
Estimated annualized forfeiture rate	8.0%	8.0%	8.0%

Employee Stock Purchase Plans	2008	2007	2006
Risk free interest rates	2.3%	4.3%	3.5%
Expected life in years	0.5 years	0.5 years	1.6 years
Expected dividend yield	0.0%	0.0%	0.0%
Expected volatility	56.0%	49.1%	59.4%
Estimated annualized forfeiture rate	8.0%	8.0%	8.0%

The Company determines its risk-free rate assumption based upon the U.S. Treasury yield for obligations with contractual lives similar to the expected lives of the Company's option grants and ESPP subscription periods. The expected life represents the weighted average period the options are expected to remain outstanding, based upon historical experience. The dividend yield assumption is based on the Company's historical and anticipated dividend distributions. The expected volatility is based upon a blend of the Company's historical volatility of its stock price and its exchange traded options. Forfeitures are estimated based upon historical and anticipated future experience. Based upon these assumptions, the Company has estimated the per share weighted-average grant fair value of its options granted during 2008, 2007, and 2004 at \$2.67, \$2.19, and \$2.47, respectively.

On November 10, 2005, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. FAS 123(R)-3, *Transition Election Related to Accounting for Tax Effects of Share Based Payment Awards*, which provides guidance on calculating the pool of excess tax benefits available to absorb tax deficiencies recognized subsequent to the adoption of SFAS No. 123(R). The Company has elected the simplified method for its method of calculating the tax effects of stock-based compensation pursuant to SFAS No. 123(R). Under the simplified method, the Company's beginning pool of excess tax benefits is zero.

Stock-based compensation expense recognized under SFAS No. 123(R) for 2008, 2007 and 2006 was \$11,503 and \$8,488, respectively, which consisted of stock-based compensation expense related to unvested grants of employee stock options and the Company's ESPP. The table below summarizes the stock-based compensation expense for 2008, 2007 and 2006:

	Year ended December 31,		
	2008	2007	2006
Cost of goods sold	\$ 4,338	\$3,170	\$2,887
Stock-based compensation expense included in cost of goods sold	4,338	3,170	2,887
Research, development and engineering	2,712	1,502	1,689
Selling, general and administrative	4,453	3,816	4,539
Stock-based compensation expense included in operating expenses	7,165	5,318	6,228
Total stock-based compensation expense included in income from operations	<u>\$11,503</u>	<u>\$8,488</u>	<u>\$9,115</u>

As of December 31, 2008, the total future compensation expense related to the current unvested stock options and the ESPP, net of estimated forfeitures, is expected to be approximately \$23,328. This expense is expected to be recognized over a weighted average period of approximately 30 months.

Employee Stock Purchase Plan

The Company also has an ESPP, pursuant to which participating employees authorize the Company to withhold compensation and to use the withheld amounts to purchase shares of the Company's common stock at a discount. In August, 2006, the Company's board of directors amended the ESPP to shorten the look-back period of offerings commencing after November 30, 2006 from two years to six months. Offerings in effect as of November 30, 2006 remain unaffected by the amendment. These offerings purchase shares at 85% of the lower of the fair market value on the first day of the two year offering period or the last day of each six month exercise

period. If the share price at the end of any six month exercise period is less than the share price on the first day of the offering, that offering is closed subsequent to that purchase and all employees are transferred the new offering. Offerings subsequent to November 30, 2006 will allow shares to be purchased at 85% of the lower of the fair market value on the first or last day of the six month offering period.

The Company's ESPP purchases occur on the first business days of June and December of each year. During 2008, 2007 and 2006, approximately 2,295, 1,962 and 2,236 shares, respectively, of the Company's common stock were purchased under the ESPP. The Company issues new shares of common stock for purchases through the ESPP. The 1998 ESPP expired in December 2007, and the 2007 Employee Stock Purchase Plan (the "2007 ESPP") was approved by the Company's stockholders in May 2007.

The 2007 ESPP went into effect on June 1, 2007 and provides for six month offering and purchase periods. Participants are able to purchase shares at 85% of the lower of the closing sales price of the Company's common stock on the first or last day of the six month purchase period. Approximately 2,000 shares are reserved for issuance under the 2007 ESPP, subject to annual increases commencing January 1, 2008 of the lesser of (i) 3,000 shares, (ii) 1.5% of the number of shares outstanding on the last day of the immediately preceding fiscal year or (iii) an amount determined by the board of directors. As of December 31, 2008, 1,096 shares were reserved for issuance under the 2007 ESPP. The 2007 ESPP will expire in February 2017.

Preferred Shares Rights Plan

On June 30, 1998, the Company adopted a Preferred Shares Rights Agreement (the "Agreement"). Pursuant to the Agreement, rights were granted as a dividend at the rate of one right for each share of TriQuint common stock, held by stockholders of record as of the close of business on July 24, 1998. The rights expired on June 29, 2008, unless redeemed or exchanged. Initially, under the Agreement, each right entitled the registered holder to buy one share of preferred stock for \$20.83. On April 5, 2000, the Company approved an amendment to the Agreement to increase the per unit price to \$200.00. These prices are reflective of all stock splits. The rights will become exercisable only if a person or group (other than stockholders currently owning 15% of the Company's common stock) acquires beneficial ownership of 15% or more of the Company's common stock, or commences a tender offer or exchange offer upon consummation of which such person or group would beneficially own 15% or more of the Company's common stock. On June 23, 2008 the plan was amended to change the expiration date to June 29, 2018.

Note 15. Employee Benefit Plans

The Company has a qualified retirement plan under the provisions of Section 401(k) of the Internal Revenue Code covering substantially all employees in the U.S. Participants in this plan may defer up to the maximum annual amount allowable under IRS regulations. Company contributions to the 401(k) Plan were approximately \$3,021, \$2,219 and \$1,048 in 2008, 2007 and 2006, respectively.

During the fourth quarter of 2004, the Company's Board of Directors approved a non-qualified deferred compensation plan (the "Compensation Plan"). Under the Compensation Plan, employees who are eligible to participate and members of its Board of Directors, are provided with the opportunity to defer a specified percentage of their cash compensation which the Company will be obligated to deliver on a future date. At the time of deferral, the Company allocates the deferred monies to a trust account that is invested at the participants' election. The amount of compensation to be deferred by each participating employee or board member will be based on elections by each participant and adjusted for any positive or negative investment results from investment alternatives selected by the participant under the Compensation Plan. The liability for the deferred compensation is included in "Other long-term liabilities" on the Company's balance sheet and was \$1,283 at December 31, 2008 and \$1,382 at December 31, 2007. The value of the funds allocated to the trust by the Company was \$1,283 at December 31, 2008 and \$1,382 at December 31, 2007, and was included in "Other noncurrent assets, net." For 2008 and 2007, the total participant deferrals were \$278 and \$332, respectively.

The Company also has a pension obligation related to its German subsidiary, acquired as a result of the Company's purchase of the Infineon Technologies AG, GaAs business in 2002. The pension liability becomes payable when the covered employees reach the age of 60 or 65 and the Company has elected to secure the liability through a reinsurance program paid for by the Company. The Company has included the obligation to deliver the pension obligation in the "Other long-term liabilities" line item on its consolidated balance sheet and the insurance receivables in the "Other noncurrent assets, net." The value of the pension obligation at December 31, 2008 and 2007 was \$2,444 and \$2,592, respectively. The value of the insurance receivable at December 31, 2008 and 2007 was \$2,931 and \$2,890, respectively. The disclosures required by SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, have not been included due to the insignificance of the plan.

Note 16. CyOptics Subordinated Promissory Note and Preferred Stock

On April 29, 2005, the Company completed the sale of its optoelectronic operations in Breinigsville, Pennsylvania and its optoelectronics subsidiary in Matamoros, Mexico to CyOptics at the time. The terms of the sale included \$4,500 of preferred stock representing approximately 10% of the voting shares of CyOptics and a subordinated unsecured promissory note for \$5,633 which was discounted \$2,292 to reflect the current market rate for similar debt of comparable companies. The promissory note is an interest-bearing note at the rate of the lesser of (i) 8.5% and (ii) 3.0% plus the one-year LIBOR, as determined on the date of the note and redetermined on each subsequent April 1 thereafter. At the time of the transaction, the Company reviewed current market rates for similar debt, analyzed CyOptics' financial condition and obtained an independent valuation analysis on the debt. The initial payment of interest on the note was due April 1, 2007, and all subsequent payments have been received timely. The \$4,500 of preferred stock obtained in the transaction represented approximately 10% of the capital stock of CyOptics on a fully diluted basis on the closing date. The value of the preferred stock was objectively determined based upon the price paid by unrelated parties for the same Series F preferred stock on the same date as the closing of the sale of the optoelectronics operations. The combined investment is being accounted for utilizing the cost method and as such, the fair value of the investment is not adjusted if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. Payments received on the note reduce the carrying value of the investments. On October 9, 2007, the Company participated in an additional bridge financing in which it purchased \$488 of a subordinated convertible promissory note. On July 24, 2008, the promissory note converted into preferred stock. CyOptics made payments of \$1,524 for the year ended December 31, 2008, which reduced the carrying value of the Company's investment. In December 2008, the Company received a letter of intent from Millennium Partners ("Millennium") and signed a definitive agreement to sell the preferred stock and debt to Millennium for approximately \$3,792, inclusive of certain purchase adjustments. On February 13, 2009, the Company received notice from Millennium indicating that it no longer wished to pursue completion of the purchase of the Company's preferred stock and that it believed it had the right to purchase the note for \$1,000. The Company disputes their interpretation of the agreement and does not believe this outcome to be probable. The Company continues to pursue closure of the transaction in accordance with the agreement; however the ultimate outcome is uncertain. Based on the developments above, the review of CyOptics financial condition and operating results and other best available market information, the Company has written this investment down to \$3,177 resulting in a non-operating charge to earnings in 2008 of \$2,517.

Note 17. Segment Information

The Company complies with Statement of SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information*. SFAS No. 131 establishes standards for the reporting by public business enterprises of information about operating segments, products and services, geographic areas and major customers. The method for determining what information to report is based on the way that management organizes the segments within the Company for making operating decisions and assessing financial performance.

The Company's chief operating decision maker is considered to be the President and Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO"), and the Vice President of Operations. Results of operations are provided and analyzed at a consolidated level. Key resources, decisions, and assessment of performance is done at a consolidated level. Thus, the Company has concluded at December 31, 2008 that it has only one reportable operating segment. The Company will re-assess its conclusions at least annually.

The Company's revenue by business market (as a percentage of total revenues) was as follows:

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Business market:			
Handsets	52%	53%	51%
Networks	37%	36%	37%
Military	11%	11%	12%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Revenues are reported in the geographic area where the sale originates. The Company's Costa Rica facility provides manufacturing services to its U.S. operations and does not generate revenue from external parties. The functional currency for the Costa Rican operations is the U.S. dollar as most material and equipment costs are denominated in the U.S. dollar. The impact of fluctuations of the local Costa Rican currency is not considered significant and the foreign exchange rate is not hedged. Selected financial information by geographical area is summarized below:

	<u>Year ended December 31,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues (origin):			
United States	\$573,465	\$475,776	\$401,793
Costa Rica	21,653	17,948	17,465
Eliminations	(21,647)	(17,948)	(17,465)
	<u>\$573,471</u>	<u>\$475,776</u>	<u>\$401,793</u>
Income (loss) from operations:			
United States	\$(15,610)	\$ 14,092	\$ 16,903
Costa Rica	1,725	2,127	1,988
	<u>\$(13,885)</u>	<u>\$ 16,219</u>	<u>\$ 18,891</u>
Tangible assets:			
United States	\$226,977	\$186,225	\$179,397
Costa Rica	33,837	16,136	19,895
Other	3,436	2,192	1,054
	<u>\$264,250</u>	<u>\$204,553</u>	<u>\$200,346</u>

The Company's products are sold to customers in various countries and shipped to factories around the world. During 2008, revenues derived from international customers were approximately \$408,827, of which revenues from sales to end customers in China and Hong Kong were approximately \$137,064 and \$73,072, respectively. Revenues derived from customers located outside the U.S. were approximately \$371,307 during 2007, of which revenues from sales to end customers in China and South Korea were approximately \$144,538 and \$73,725, respectively. Revenues outside of the U.S. were approximately \$292,150 in 2006, of which revenues from sales to end customers in China and South Korea were approximately \$90,718 and \$65,861, respectively. There were no other countries from which revenues represented 10% or more of total revenues for the periods presented.

Revenues from customers representing approximately 10% or more of total revenues for each period as follows (as a percentage of total revenues):

	Year ended December 31,		
	2008	2007	2006
Foxconn	12%	(1)	(1)
Samsung	(1)	14%	15%
Motorola	(1)	12%	14%

Related receivables from customers representing approximately 10% or more of total revenues for each period as follows (as a percentage of total trade receivables):

	Year ended December 31,		
	2008	2007	2006
Foxconn	9%	(1)	(1)
Samsung	(1)	9%	14%
Motorola	(1)	13%	25%

(1) During the period presented, the customer did not represent more than 10% of the Company's total revenues.

Note 18. Subsequent Events

On February 13, 2009, the Company received notice from Millennium indicating that it no longer wished to pursue completion of the purchase of the Company's preferred stock and that it believed it had the right to purchase the note for \$1,000. The Company disputes Millennium's interpretation of the agreement and does not believe this outcome to be probable. The Company continues to pursue closure of the transaction in accordance with the agreement, however the ultimate outcome is uncertain. Based on the developments above, the review of CyOptics financial condition and operating results and other best available market information, the Company has written this investment down to \$3,177 resulting in a non-operating charge to earnings in 2008 of \$2,517.

Note 19. Summarized Quarterly Data (Unaudited)

	Year ended December 31, 2008 Quarters				
	1st ⁽²⁾	2nd ⁽³⁾	3rd ⁽⁴⁾	4th ⁽⁵⁾	Total
	(In thousands, except per share data)				
Revenues	\$ 111,138	\$ 126,957	\$ 186,347	\$ 148,989	\$ 573,431
Gross profit	\$ 38,446	\$ 43,915	\$ 58,560	\$ 45,039	\$ 185,960
Net (loss) income	\$ 4,480	\$ 3,364	\$ 11,843	\$ (34,300)	\$ (14,613)
Net income (loss) per common share ⁽¹⁾					
Basic	\$ 0.03	\$ 0.02	\$ 0.08	\$ (0.23)	\$ (0.10)
Diluted	\$ 0.03	\$ 0.02	\$ 0.08	\$ (0.23)	\$ (0.10)
	Year ended December 31, 2007 Quarters				
	1st ⁽⁶⁾	2nd ⁽⁷⁾	3rd ⁽⁸⁾	4th ⁽⁹⁾	Total
	(In thousands, except per share data)				
Revenues	\$ 110,603	\$ 113,771	\$ 122,918	\$ 128,484	\$ 475,776
Gross profit	\$ 34,391	\$ 30,168	\$ 39,562	\$ 47,179	\$ 151,300
Net income	\$ 6,396	\$ 1,351	\$ 1,878	\$ 13,769	\$ 23,394
Net income per common share ⁽¹⁾					
Basic	\$ 0.05	\$ 0.01	\$ 0.01	\$ 0.10	\$ 0.17
Diluted	\$ 0.05	\$ 0.01	\$ 0.01	\$ 0.10	\$ 0.16

-
- (1) Earnings per share is computed individually for each of the quarters presented; therefore, the sum of the quarterly earnings per share may not necessarily equal the total for the year.
 - (2) During the first quarter of 2008, the Company recorded a gain on the disposal of equipment of \$433.
 - (3) During the second quarter of 2008, the Company recorded a loss on the disposal of equipment of \$16. Additionally, the Company incurred \$1,400 in charges associated with the acquisition of WJ, which was completed on May 22, 2008. Specifically, the charges reflect the write off of IPR&D, where technological feasibility was not yet proven and no alternative future uses were believed to exist, and as such, the assigned value was expensed immediately into operating expenses upon the closing date of the acquisition. The Company also recorded a recovery of \$105 on a previously impaired investment.
 - (4) During the third quarter of 2008, the Company recorded a gain on the disposal of equipment of \$101.
 - (5) During the fourth quarter of 2008, the Company recorded a loss on the disposal of equipment of \$4. Additionally, the Company recorded an impairment of an investment of \$2,517 and an impairment of goodwill of \$33,871
 - (6) During the first quarter of 2007 the Company recorded a loss on the disposal of equipment of \$96.
 - (7) During the second quarter of 2007, the Company recorded a gain on the disposal of equipment of \$10.
 - (8) During the third quarter of 2007, the Company recorded a loss on the disposal of equipment of \$2. Additionally, the company incurred \$7,600 in charges associated with the acquisition of Peak Devices, which was completed on August 31, 2007. Specifically, the charges reflect the write off of IPR&D, where technological feasibility was not yet proven and no alternative future uses were believed to exist, and as such, the assigned value was expensed immediately into operating expenses upon the closing date of the acquisition.
 - (9) During the fourth quarter of 2007, the Company recorded a loss on the disposal of equipment of \$39.

TRIQUINT SEMICONDUCTOR, INC.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
For the Years ended December 31, 2008, 2007 and 2006
(in thousands)

<u>Date</u>	<u>Allowance for Doubtful Accounts</u>
Balance at December 31, 2005	<u>755</u>
Additions/(deductions) charged/(credited) to costs and expenses	52
Write-offs	<u>(345)</u>
Balance at December 31, 2006	<u>\$ 462</u>
Additions (deductions) charged to costs and expenses	(413)
Write-offs	<u>(19)</u>
Balance at December 31, 2007	<u>\$ 30</u>
Additions charged to costs and expenses	165
Write-offs	<u>(175)</u>
Balance at December 31, 2008	<u><u>\$ 20</u></u>

Exhibit 21.1

<u>NAME OF SUBSIDIARY</u>	<u>STATE OR OTHER JURISDICTION OF INCORPORATION</u>
TriQuint, Inc. (f/k/a Sawtek, Inc.)	Florida
Triquint, Inc. (f/k/a Sawtek Sweden AB)	Sweden
TriQuint TFR, Inc. (f/k/a TFR Technologies, Inc.)	Oregon
TriQuint Semiconductor GmbH	Germany
TriQuint C.V.	Netherlands Antilles
TriQuint S.R.L. (f/k/a Sawtek S.R.L.)	Costa Rica
TriQuint B.V.	Netherlands
TriQuint Asia, Inc. (f/k/a Sawtek Far East, Inc.)	Delaware
TriQuint Japan TYK	Japan
TriQuint (Shanghai) Trading Company, Ltd.	China
TriQuint Colorado, Inc. (f/k/a Peak Devices, Inc.)	Colorado
TriQuint Texas General Holding Company	Delaware
TriQuint Texas Limited Holding Company	Delaware
TriQuint Semiconductor Texas, LP	Texas
TriQuint Sales and Design, Inc. (f/k/a TriQuint Optoelectronics, Inc.)	Delaware
TriQuint Technology Holding Co.	Delaware
TriQuint International Holding Co.	Delaware
TriQuint Europe Holding Company	Delaware
TriQuint WJ, Inc (f/k/a WJ Communications, Inc.)	Delaware
Watkins-Johnson Environmental, Inc.	California
Watkins- Johnson International, Inc.	California
WJ Communications (Shanghai) Ltd	China
WJ Newco LLC	Delaware

Report and Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
TriQuint Semiconductor, Inc.:

Under date of March 2, 2009, we reported on the consolidated balance sheets of TriQuint Semiconductor, Inc. and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008, as contained in the annual report on Form 10-K for the year 2008. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We consent to the incorporation by reference in the registration statements (No. 333-81245 and No. 333-36112) on Form S-3 and (No. 333-75464, No. 333-08891, No. 333-08893, No. 333-02166, No. 333-31585, No. 333-48883, No. 333-66707, No. 333-74617, No. 333-81273, No. 333-39732, No. 333-39730, No. 333-61582, No. 333-65850, No. 333-89242, No. 333-102085, No. 333-105701, No. 333-115809, No. 333-120407, No. 333-125269, No. 333-134470, No. 333-143337, and No. 333-151192) on Form S-8 of the Company of our report dated March 2, 2009, with respect to the consolidated balance sheets of the Company as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2008, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2008, which report appears in the December 31, 2008 annual report on Form 10-K of the Company.

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2007, the Company adopted Financial Accounting Standards Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* and adopted Emerging Issues Task Force Issue (EITF) No. 06-02, *Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43*.

/s/ KPMG LLP

Portland, Oregon
March 2, 2009

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Ralph G. Quinsey, certify that:

1. I have reviewed this annual report on Form 10-K of TriQuint Semiconductor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RALPH G. QUINSEY

Ralph G. Quinsey
President and Chief Executive Officer
(Principal Executive Officer)

Date: March 2, 2009

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Steven J. Buhaly certify that:

1. I have reviewed this annual report on Form 10-K of TriQuint Semiconductor, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN J. BUHALY

Steven J. Buhaly
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: March 2, 2009

BOARD OF DIRECTORS

STEVEN J. SHARP
Chairman of the Board,
TriQuint Semiconductor, Inc.

RALPH G. QUINSEY
President and Chief
Executive Officer
TriQuint Semiconductor, Inc.

PAUL A. GARY
Retired Executive of Lucent
Technologies Inc.

CHARLES SCOTT GIBSON
Consultant

NICOLAS KAUSER
Retired President, Clearwire
International

WALDEN C. RHINES
Chairman of the Board and
Chief Executive Officer,
Mentor Graphics Corporation

WILLIS C. YOUNG
Retired Senior Partner,
BDO Seidman, LLP

ANNUAL MEETING

The Company's Annual Meeting of Stockholders for the year ended December 31, 2008, will be held on Tuesday, May 5, 2009 at 1:00 pm. (Pacific time) at the offices of TriQuint Semiconductor, located at 2300 NE Brookwood Parkway, Hillsboro, OR 97124.

CORPORATE HEADQUARTERS

2300 NE Brookwood Parkway
Hillsboro, Oregon 97124
Phone: (503) 615-9000
Fax: (503) 615-8900
Web site: www.triquint.com

INVESTOR RELATIONS

Heidi Flannery
Fi.Comm
(541) 322-0320

OPERATING SUBSIDIARIES

**TRIQUINT, INC. (f/k/a
SAWTEK INC.)**

**TRIQUINT SRL (f/k/a
SAWTEK SRL)**

**TRIQUINT
SEMICONDUCTOR GmbH**

**TRIQUINT
SEMICONDUCTOR TEXAS
LP**

TFR TECHNOLOGIES, INC.

**TRIQUINT COLORADO, INC.
(f/k/a PEAK DEVICES, INC.)**

**TRIQUINT SALES AND
DESIGN, INC. (f/k/a
TRIQUINT
OPTOELECTRONICS, INC.)**

TRIQUINT WJ, INC.

TRANSFER AGENTS

COMMON STOCK:
American Stock Transfer &
Trust Company, LLC
59 Maiden Lane
Plaza Level
New York, NY 10038
www.amstock.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
1300 SW Fifth Ave.
Portland, Oregon 97201

LEGAL COUNSEL

Perkins Coie LLP
1120 N.W. Couch St., 10th
Floor
Portland, Oregon 97209

OFFICERS

RALPH G. QUINSEY
President and
Chief Executive Officer

STEVEN J. BUHALY
Vice President – Finance and
Administration, Chief Financial
Officer, and Secretary

BRIAN P. BALUT
Vice President – Networks

DEBORAH BURKE
Vice President – Human
Resources

THOMAS V. CORDNER
Vice President – Military and
Texas Operations

TODD A. DeBONIS
Vice President – Worldwide
Sales and Customer Service

TIMOTHY A. DUNN
Vice President – Handsets

BRUCE R. FOURNIER
Vice President – Business
Development

STEVEN R. GRANT
Vice President – Worldwide
Operations

J. DAVID PYE
Vice President – Oregon
Operations

GLEN A. RILEY
Vice President – Commercial
Foundry and Supply Chain
Management

AZHAR WASEEM
Vice President – Florida
Operations



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