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

FORM 10-Q

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

For the quarterly period ended December 30, 2017

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

For the transition period from to .

Commission file number 000-49602

SYNAPTICS INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	**77-0118518**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1251 McKay Drive
San Jose, California 95131
(Address of principal executive offices) (Zip code)

(408) 904-1100
(Registrant's telephone number, including area code)

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company," and "emerging growth 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	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Number of shares of Common Stock outstanding at February 1, 2018: 34,498,684

SYNAPTICS INCORPORATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except par value and share amounts)
(unaudited)

	December 31, 2017	June 30, 2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 252.2	$ 367.8
Accounts receivable, net of allowances of $2.6 at December 31, 2017 and June 30, 2017	236.4	255.2
Inventories	140.6	131.4
Prepaid expenses and other current assets	18.3	37.6
Total current assets	647.5	792.0
Property and equipment at cost, net of accumulated depreciation of $122.5 and $106.8 at December 31, 2017 and June 30, 2017, respectively	118.8	113.8
Goodwill	368.3	206.8
Acquired intangibles, net	263.5	101.0
Non-current other assets	39.9	53.1
	$ 1,438.0	$ 1,266.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 119.7	$ 135.8
Accrued compensation	28.1	31.9
Income taxes payable	22.2	17.2
Acquisition-related liabilities	8.7	8.7
Other accrued liabilities	95.9	101.8
Current portion of long-term debt	-	15.0
Total current liabilities	274.6	310.4
Long-term debt, net of issuance costs	-	202.0
Convertible notes, net	442.2	-
Deferred tax liabilities	7.8	-
Other long-term liabilities	28.2	14.1
Total liabilities	752.8	526.5
Stockholders' Equity:		
Common stock:		
$0.001 par value; 120,000,000 shares authorized, 61,933,342 and 60,579,911 shares issued, and 34,293,466 and 34,638,435 shares outstanding, at December 31, 2017 and June 30, 2017, respectively	0.1	0.1
Additional paid-in capital	1,135.9	1,004.8
Treasury stock: 27,639,876 and 25,941,476 common treasury shares at December 31, 2017 and June 30, 2017, respectively, at cost	(1,073.9)	(980.3)
Accumulated other comprehensive income	1.5	1.5
Retained earnings	621.6	714.1
Total stockholders' equity	685.2	740.2
	$ 1,438.0	$ 1,266.7

See accompanying notes to condensed consolidated financial statements (unaudited).

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Net revenue	$ 430.4	$ 461.3	$ 847.8	$ 847.5
Cost of revenue	315.2	322.6	618.2	585.4
Gross margin	115.2	138.7	229.6	262.1
Operating expenses:				
Research and development	92.2	73.5	179.3	146.9
Selling, general, and administrative	37.4	32.3	77.7	66.9
Acquired intangibles amortization	3.0	2.4	7.1	6.9
Restructuring	6.6	1.7	6.4	7.0
Total operating expenses	139.2	109.9	270.5	227.7
Operating income/(loss)	(24.0)	28.8	(40.9)	34.4
Interest and other income/(expense), net	(4.7)	0.6	(10.7)	(0.3)
Income/(loss) before provision for income taxes and equity investment loss	(28.7)	29.4	(51.6)	34.1
Provision for income taxes	53.3	6.6	56.5	7.6
Equity investment loss	(0.4)	-	(0.8)	
Net income/(loss)	$ (82.4)	$ 22.8	$ (108.9)	$ 26.5
Net income/(loss) per share:				
Basic	$ (2.42)	$ 0.65	$ (3.22)	$ 0.76
Diluted	$ (2.42)	$ 0.64	$ (3.22)	$ 0.74
Shares used in computing net income/(loss) per share:				
Basic	34.1	35.1	33.8	35.0
Diluted	34.1	35.9	33.8	35.7

See accompanying notes to condensed consolidated financial statements (unaudited).

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(in millions)
(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Net income/(loss)	$ (82.4)	$ 22.8	$ (108.9)	$ 26.5
Other comprehensive loss:				
Change in unrealized net loss on investments	-	(1.5)	-	(1.5)
Reclassification from accumulated other comprehensive income to interest income for accretion of non-current investments	-	-	-	(0.3)
Net current period-other comprehensive loss	-	(1.5)	-	(1.8)
Comprehensive income/(loss)	$ (82.4)	$ 21.3	$ (108.9)	$ 24.7

See accompanying notes to condensed consolidated financial statements (unaudited).

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended December 31, 2017	Six Months Ended December 31, 2016
Cash flows from operating activities		
Net income/(loss)	$ (108.9)	$ 26.5
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Share-based compensation costs	34.3	30.2
Depreciation and amortization	20.1	16.6
Acquired intangibles amortization	43.3	31.2
Deferred taxes	22.7	(5.6)
Non-cash interest	-	(0.3)
Amortization of convertible debt discount and issuance costs	8.4	-
Amortization of debt issuance costs	1.4	0.6
Impairment recovery on investments	-	(1.9)
Equity investment loss	0.8	-
Foreign currency remeasurement loss	0.1	0.8
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	30.0	(7.1)
Inventories	70.1	(13.3)
Prepaid expenses and other current assets	18.4	(10.8)
Other assets	(5.5)	2.5
Accounts payable	(27.6)	(2.0)
Accrued compensation	(5.4)	(5.9)
Acquisition-related liabilities	-	(16.8)
Income taxes payable	7.6	(4.6)
Other accrued liabilities	(6.6)	12.3
Net cash provided by operating activities	103.2	52.4
Cash flows from investing activities		
Acquisition of businesses, net of cash and cash equivalents acquired	(395.9)	-
Proceeds from sales of investments	-	7.5
Purchases of property and equipment	(19.5)	(20.3)
Purchase of intangible assets	(7.7)	-
Investment in direct financing lease	-	(15.8)
Net cash used in investing activities	(423.1)	(28.6)
Cash flows from financing activities		
Proceeds from issuance of convertible debt, net of issuance costs	514.5	-
Payment of debt	(220.0)	(11.3)
Purchases of treasury stock	(93.6)	(25.0)
Proceeds from issuance of shares	9.2	13.1
Payment of debt issuance costs	(1.1)	-
Excess tax benefit from share-based compensation	-	1.0
Payroll taxes for deferred stock and market stock units	(4.6)	(4.7)
Net cash provided by/(used in) financing activities	204.4	(26.9)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	(1.9)
Net decrease in cash and cash equivalents	(115.6)	(5.0)
Cash and cash equivalents at beginning of period	367.8	352.2
Cash and cash equivalents at end of period	$ 252.2	$ 347.2
Supplemental disclosures of cash flow information		
Cash paid for taxes	$ 18.1	$ 15.8
Cash refund on taxes	$ 1.0	$ 9.9
Non-cash investing and financing activities:		
Purchases of property and equipment in current liabilities	$ 3.4	$ 1.8
Common stock issued pursuant to acquisition	$ 39.1	$ -

See accompanying notes to condensed consolidated financial statements (unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC, and U.S. generally accepted accounting principles, or U.S. GAAP. Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to SEC rules and regulations. In our opinion, the financial statements include all adjustments, which are of a normal and recurring nature and necessary for the fair presentation of the results of the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the operating results for the full fiscal year or any future period. These financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended June 24, 2017.

The consolidated financial statements include our financial statements and those of our wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation.

Our fiscal year is the 52- or 53-week period ending on the last Saturday in June. Our fiscal 2018 is a 53-week period ending June 30, 2018, and our fiscal 2017 was a 52-week period ending on June 24, 2017. The fiscal periods presented in this report are 13-week and 27-week periods for the three and six months ended December 30, 2017, respectively, and 13-week and 26-week periods for the three and six months ended December 24, 2016, respectively. For simplicity, the accompanying condensed consolidated financial statements have been shown as ending on calendar quarter end dates as of and for all periods presented, unless otherwise indicated.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue recognition, allowance for doubtful accounts, cost of revenue, inventories, loss on purchase commitments, product warranty, accrued liabilities, share-based compensation costs, provision for income taxes, deferred income tax asset valuation allowances, uncertain tax positions, goodwill, intangible assets, investments, contingent consideration liability and loss contingencies. We base our estimates on historical experience, applicable laws and regulations, and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Foreign Currency Transactions and Foreign Exchange Contracts

The U.S. dollar is our functional and reporting currency. We remeasure our monetary assets and liabilities not denominated in the functional currency into U.S. dollar equivalents at the rate of exchange in effect on the balance sheet date. We measure and record non-monetary balance sheet accounts at the historical rate in effect at the date of transaction. We remeasure foreign currency expenses at the weighted average exchange rate in the month that the transaction occurred. Our foreign currency transactions and remeasurement gains and losses are included in selling, general, and administrative expenses in the condensed consolidated statements of income, and resulted in net losses of $0.2 million and $0.5 million in the three and six months ended December 31, 2017 and net losses of $0.1 million and less than $0.1 million in the three and six months ended December 31, 2016, respectively.

2. Revenue Recognition

We recognize revenue from product sales when there is persuasive evidence that an arrangement exists, delivery has occurred and title has transferred, the price is fixed or determinable, and collection is reasonably assured. We accrue for estimated sales returns, incentives, and other allowances at the time we recognize revenue. Our products contain embedded firmware and software, which together with, or consisting of, our ASIC chip, deliver the essential functionality of our products and, as such, software revenue recognition guidance is not applicable. The majority of our sales to distributors are made under agreements that generally do not provide for price adjustments after purchase and revenue recognition and provide for only limited return rights under product warranty. Revenue on these sales is recognized in the same manner as sales to our non-distributor customers. Some of our sales are to distributors which have limited stock rotation rights, which allow them to rotate a small portion of product in their inventory two times per year. We recognize revenue to these distributors upon shipment of product to the distributor, as the stock rotation rights are limited and we can reasonably estimate expected product returns when right of return exists. When sales rebates, price allowances and stock rotations are applicable, they are estimated and recorded in the period the related revenue is recognized.

3. Net Income Per Share

The computation of basic and diluted net income per share was as follows (in millions, except per share data):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Numerator:				
Net income/(loss)	$ (82.4)	$ 22.8	$ (108.9)	$ 26.5
Denominator:				
Shares, basic	34.1	35.1	33.8	35.0
Effect of dilutive share-based awards	-	0.8	-	0.7
Shares, diluted	34.1	35.9	33.8	35.7
Net income/(loss) per share:				
Basic	$ (2.42)	$ 0.65	$ (3.22)	$ 0.76
Diluted	$ (2.42)	$ 0.64	$ (3.22)	$ 0.74

Our basic net income per share amounts for each period presented have been computed using the weighted average number of shares of common stock outstanding over the period measured. Our diluted net income per share amounts for each period presented include the weighted average effect of potentially dilutive shares. We use the “treasury stock” method to determine the dilutive effect of our stock options, deferred stock units, or DSUs, market stock units, or MSUs, performance stock units, or PSUs, and our convertible notes.

Dilutive net income per share amounts do not include the potential weighted average effect of 3,334,776 and 1,900,374 shares of common stock related to certain share-based awards that were outstanding during the three months ended December 31, 2017 and 2016, respectively, and 3,020,056 and 1,586,410 shares of common stock related to certain share-based awards that were outstanding during the six months ended December 31, 2017, and 2016, respectively. These share-based awards were not included in the computation of diluted net income per share because their effect would have been antidilutive.

4. Fair Value

Financial assets measured at fair value on a recurring basis by level within the fair value hierarchy, consisted of the following (in millions):

	December 31, 2017			June 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets:						
Money market funds	$ 219.7	$ -	$ -	$ 361.7	$ -	$ -
Auction rate securities	-	-	1.5	-	-	1.5
Total available-for-sale securities	$ 219.7	$ -	$ 1.5	$ 361.7	$ -	$ 1.5

In our condensed consolidated balance sheets, as of December 31, 2017 and June 30, 2017, money market balances were included in cash and cash equivalents, and auction rate securities, or ARS investments, were included in non-current other assets.

There were no changes in fair value of our Level 3 financial assets during the six months ended December 31, 2017. There were no transfers in or out of our Level 1, 2, or 3 assets during the six months ended December 31, 2017 and 2016.

The fair values of our accounts receivable and accounts payable approximate their carrying values because of the short-term nature of those instruments. Intangible assets, property and equipment, and goodwill are measured at fair value on a non-recurring basis if impairment is indicated.

5. Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value and consisted of the following (in millions):

	December 31, 2017	June 30, 2017
Raw materials and work-in-progress	$ 81.1	$ 94.7
Finished goods	59.5	36.7
	$ 140.6	$ 131.4

We record a write-down, if necessary, to reduce the carrying value of inventory to its net realizable value. The effect of these write-downs is to establish a new cost basis in the related inventory, which we do not subsequently write up. We also record a liability and charge to cost of revenue for estimated losses on inventory we are obligated to purchase from our contract manufacturers when such losses become probable from customer delays, order cancellations, or other factors.

6. Acquisitions

Conexant

On June 11, 2017, we entered into a securities purchase agreement to acquire all of the outstanding limited liability company interests of Conexant Systems, LLC, or Conexant, a technology leader in voice and audio processing solutions for the smart home, or the Conexant Acquisition. The Conexant Acquisition is intended to increase our presence in the smart home market and increase opportunities to grow revenue. Effective July 25, 2017, or the Conexant Closing Date, we completed the Conexant Acquisition for an initial purchase price of (i) $305.4 million in cash (on a cash-free, debt-free basis) and (ii) 726,666 shares of our common stock, or the Stock Consideration, valued at $39.1 million, and (iii) the assumption of a $3.5 million stock appreciation rights liability, with $16.8 million of the purchase price held in escrow to secure the seller's indemnification obligations under the purchase agreement and $7.0 million of the purchase price held in escrow to secure the seller's adjustment escrow obligations under the purchase agreement. Subsequently, we determined that $1.8 million of net adjustments to the purchase price were required reducing the acquisition date fair value of the consideration transferred to a total of $346.2 million. The Stock Consideration was issued at closing in an exempt private placement. On August 4, 2017, we filed a shelf registration statement on Form S-3 with the SEC providing for the registered resale of the Stock Consideration.

The acquisition has been accounted for using the purchase method of accounting in accordance with the business acquisition guidance. Under the purchase accounting method, the total estimated purchase consideration of the acquisition was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their relative fair values. The excess of the purchase consideration over the net tangible and identifiable intangible assets acquired and liabilities has been recorded as goodwill. Our estimate of the fair values of the acquired intangible assets at December 31, 2017, is preliminary and subject to change and is based on established and accepted valuation techniques performed with the assistance of our third-party valuation specialists. Additional information, which existed as of the Conexant Closing Date but is yet unknown to us, may become known to us during the remainder of the measurement period, which will not exceed 12 months from the Conexant Closing Date. Changes to amounts recorded as inventory, other current assets, acquired intangible assets and other accrued liabilities will be recorded as adjustments to the provisional amounts recognized as of the Conexant Closing Date and may result in a corresponding adjustment to goodwill in the period in which new information becomes available.

The following table summarizes the provisional amounts recorded for the estimated fair values of the assets acquired and liabilities assumed as of the Conexant Closing Date (in millions):

Cash	$	4.3
Accounts receivable		11.7
Inventory		51.0
Other current assets		3.5
Property and equipment		3.2
Acquired intangible assets		152.5
Other assets		0.9
Total identifiable assets acquired		227.1
Accounts payable		14.2
Accrued compensation		1.1
Other accrued liabilities		9.0
Other long-term liabilities		3.0
Net identifiable assets acquired		199.8
Goodwill		146.4
Net assets acquired	$	346.2

Of the $152.5 million of acquired intangible assets, $115.3 million was allocated to developed technology and will amortize over an estimated weighted average useful life of 5 years; $32.1 million was allocated to customer relationships and will be amortized over an estimated useful life of 4 years, $4.8 million was allocated to trademarks and will be amortized over an estimated useful life of 7 years; and $0.3 million was allocated to backlog and will be amortized over an estimated useful life of less than 1 year. Developed technology consists of semiconductor system solutions for audio and imaging applications. We preliminarily estimated the fair value of the identified intangible assets using a discounted cash flow model for each of the underlying identified intangible assets. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurement. Key assumptions include the level and timing of expected future cash flows, conditions and demands specific to each intangible asset over its remaining useful life, and discount rates we believe to be consistent with the inherent risks associated with each type of asset, which range from 9% to 14%. The fair value of these intangible assets is primarily affected by the projected income and the anticipated timing of the projected income associated with each intangible asset coupled with the discount rates used to derive their estimated present values. We believe the level and timing of expected future cash flows appropriately reflects market participant assumptions.

The value of goodwill reflects the anticipated synergies of the combined operations and workforce of Conexant as of the Conexant Closing Date.

As of December 31, 2017, all of the goodwill is expected to be deductible for income tax purposes.

Prior to the Conexant Acquisition, we did not have an existing relationship or transactions with Conexant.

The condensed consolidated financial statements include approximately $57.4 million of revenue and approximately $27.2 million of operating loss from Conexant from the Conexant Closing Date through December 31, 2017.

The following unaudited pro forma financial information (in millions, except per share data) presents the combined results of operations for us and Conexant as if the Conexant Acquisition had occurred on June 30, 2016. The unaudited pro forma financial information has been prepared for comparative purposes only and does not purport to be indicative of the actual operating results that would have been recorded had the Conexant Acquisition actually taken place on June 30, 2016, and should not be taken as indicative of future consolidated operating results. Additionally, the unaudited pro forma financial results do not include any anticipated synergies or other expected benefits from the Conexant Acquisition.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Revenue	$ 430.4	$ 488.4	$ 855.9	$ 902.9
Net income/(loss)	(82.5)	11.1	(109.4)	5.4
Net income/(loss) per share	(2.42)	0.32	(3.24)	0.16

Pro forma adjustments used to arrive at pro forma net income for the three months ended December 31, 2017 and 2016, were as follows (in millions):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Buyer transaction costs	$ -	$ -	$ 0.9	$ -
Interest expense	-	(4.7)	-	(9.0)
Intangible amortization	-	(7.7)	(2.8)	(12.6)
Depreciation	(0.2)	(0.2)	(0.3)	(0.5)
Income tax adjustment	0.1	4.4	0.8	7.7
Total	$ (0.1)	$ (8.2)	$ (1.4)	$ (14.4)

Marvell Multimedia Solutions Business

On June 11, 2017, the Company entered into an asset purchase agreement to acquire the assets of the multimedia solutions business of Marvell Technology Group Ltd., or Marvell, a leading provider of advanced video and audio processing applications for the smart home, or the Marvell Business Acquisition. The Marvell Business Acquisition is also intended to increase our presence in the smart home market and increase opportunities to grow revenue. Effective September 8, 2017, or the Marvell Closing Date, we completed the Marvell Business Acquisition for a purchase price of $93.7 million in cash.

The acquisition has been accounted for using the purchase method of accounting in accordance with the business acquisition guidance. Under the purchase accounting method, the total estimated purchase consideration of the acquisition was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their relative fair values. The excess of the purchase consideration over the net tangible and identifiable intangible assets acquired and liabilities has been recorded as goodwill. Our estimate of the fair values of the acquired intangible assets at December 31, 2017, is preliminary and subject to change and is based on established and accepted valuation techniques performed with the assistance of our third-party valuation specialists. Additional information, which existed as of the Marvell Closing Date but is yet unknown to us, may become known to us during the remainder of the measurement period, which will not exceed 12 months from the Marvell Closing Date. Changes to amounts recorded as inventory and acquired intangible assets will be recorded as adjustments to the provisional amounts recognized as of the Marvell Closing Date and may result in a corresponding adjustment to goodwill in the period in which new information becomes available.

The following table summarizes the provisional amounts recorded for the estimated fair values of the assets acquired and liabilities assumed as of the Marvell Business Acquisition date (in millions):

Inventory	$ 28.4
Property and equipment	5.0
Acquired intangible assets	45.6
Total identifiable assets acquired	79.0
Accrued liabilities	0.4
Net identifiable assets acquired	78.6
Goodwill	15.1
Net assets acquired	$ 93.7

Of the $45.6 million of acquired intangible assets, $31.7 million was allocated to developed technology and will be amortized over an estimated weighted average useful life of 4 years; $12.7 million was allocated to customer relationships and will be amortized over an estimated useful life of 4 years, $1.2 million was allocated to backlog and will be amortized over an estimated useful life of less than 1 year; and $14.3 million was allocated to in-process research and development and will be amortized over an estimated useful life to be determined at the date the underlying projects are deemed to be substantively complete. Developed technology consists of semiconductor system solutions for advanced video and audio processing applications. We preliminarily estimated the fair value of the identified intangible assets using a discounted cash flow model for each of the underlying identified intangible assets. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurement. Key assumptions include the level and timing of expected future cash flows, conditions and demands specific to each intangible asset over its remaining useful life, and discount rates we believe to be consistent with the inherent risks associated with each type of asset, which range from 9% to 18%. The fair value of these intangible assets is primarily affected by the projected income and the anticipated timing of the projected income associated with each intangible asset coupled with the discount rates used to derive their estimated present values. We believe the level and timing of expected future cash flows appropriately reflects market participant assumptions.

The value of goodwill reflects the anticipated synergies of the combined operations and workforce of the transferred Marvell Business assets as of the Marvell Closing Date.

All of the goodwill is expected to be deductible for income tax purposes.

Prior to the Marvell Business Acquisition, we did not have an existing relationship or transactions with Marvell.

The condensed consolidated financial statements include approximately $63.1 million of revenue and approximately $9.1 million of operating loss from Marvell from the Marvell Closing Date through December 31, 2017.

The following unaudited pro forma financial information (in millions, except per share data) presents the combined results of operations for us and Marvell as if the Marvell Business Acquisition had occurred on June 30, 2016. The unaudited pro forma financial information has been prepared for comparative purposes only and does not purport to be indicative of the actual operating results that would have been recorded had the Marvell Business Acquisition actually taken place on June 30, 2016, and should not be taken as indicative of future consolidated operating results. Additionally, the unaudited pro forma financial results do not include any anticipated synergies or other expected benefits from the Marvell Business Acquisition. As the Marvell Business Acquisition was an asset acquisition and only a portion of Marvell Multimedia Solutions Business was acquired, the unaudited pro forma financial information has been prepared using certain estimates.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Revenue	$ 430.4	$ 461.3	$ 903.8	$ 925.6
Net income/(loss)	(82.1)	17.1	(107.9)	19.5
Net income/(loss) per share	(2.41)	0.50	(3.19)	0.57

Pro forma adjustments used to arrive at pro forma net loss for the three and six months ended December 31, 2017 and 2016, were as follows (in millions):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	**2016**	**2017**	**2016**
Buyer transaction costs	$ -	$ -	$ 1.1	$ -
Interest expense	-	(4.8)	-	(9.8)
Intangible amortization	0.5	(4.0)	(1.7)	(5.2)
Income tax adjustment	(0.2)	3.1	0.2	5.3
Total	$ 0.3	$ (5.7)	$ (0.4)	$ (9.7)

7. Acquired Intangibles and Goodwill

Acquired Intangibles

The following table summarizes the life, the gross carrying value and the related accumulated amortization of our acquired intangible assets as of December 31, 2017 and June 30, 2017 (in millions):

	Weighted Average Life in Years	December 31, 2017	June 30, 2017
Display driver technology	5.3	$ 164.0	$ 164.0
Audio and video technology	5.0	147.0	-
Customer relationships	3.6	73.1	48.4
Fingerprint authentication technology	4.0	55.7	63.5
Licensed technology and other	4.3	9.0	1.3
Tradename	7.0	4.8	-
Patents	7.7	4.6	4.8
Backlog	0.5	1.5	-
Acquired intangibles, gross	4.8	459.7	282.0
Accumulated amortization		(196.2)	(181.0)
Acquired intangibles, net		$ 263.5	$ 101.0

The total amortization expense for the acquired intangible assets was $23.2 million and $14.5 million for the three months ended December 31, 2017 and 2016, respectively, and $43.3 million and $31.2 million for the six months ended December 31, 2017 and 2016, respectively. During the three months ended December 31, 2017 and 2016, $20.3 million and $12.0 million, respectively, and $36.2 million and $24.2 million for the six months ended December 31, 2017 and 2016, respectively, of amortization expense was included in our condensed consolidated statements of operations in cost of revenue; the remainder was included in acquired intangibles amortization.

The following table presents expected annual fiscal year aggregate amortization expense as of December 31, 2017 (in millions):

Remainder of 2018	$ 45.5
2019	78.8
2020	55.3
2021	42.5
2022	31.3
2023	6.3
Thereafter	3.8
Future amortization	$ 263.5

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Changes in our goodwill balance for the three months ended December 31, 2017 were as follows (in millions):

Beginning balance	$ 206.8
Acquisition activity	157.3
Post-acquisition adjustments	4.2
Ending balance	$ 368.3

8. Other Accrued Liabilities

Other accrued liabilities consisted of the following (in millions):

	December 31, 2017	June 30, 2017
Customer obligations	$ 34.4	$ 34.8
Inventory obligations	34.7	41.8
Warranty	5.7	4.4
Other	21.1	20.8
	$ 95.9	$ 101.8

9. Indemnifications, Contingencies and Legal Proceedings

Indemnifications

In connection with certain agreements, we are obligated to indemnify the counterparty against third party claims alleging infringement of certain intellectual property rights by us. We have also entered into indemnification agreements with our officers and directors. Maximum potential future payments under these agreements cannot be estimated because these agreements do not have a maximum stated liability. However, historical costs related to these indemnification provisions have not been significant. We have not recorded any liability in our condensed consolidated financial statements for such indemnification obligations.

Contingencies

We have in the past, and may in the future receive notices from third parties that claim our products infringe their intellectual property rights. We cannot be certain that our technologies and products do not and will not infringe issued patents or other proprietary rights of third parties.

Any infringement claims, with or without merit, could result in significant litigation costs and diversion of management and financial resources, including the payment of damages, which could have a material adverse effect on our business, financial condition, and results of operations.

Legal Proceedings

In October 2015, Amkor Technology, or Amkor, filed a complaint against us alleging infringement of intellectual property rights and various other claims. In November 2015, we filed an indemnification claim against the former stockholders and option holders of Validity Sensors, Inc., or Validity, to secure our rights under the Agreement and Plan of Reorganization between us and Validity (the “Validity Agreement”). Pursuant to the Validity Agreement, we believe we can offset costs, damages and settlements incurred in connection with our defense and resolution of the complaint with Amkor against the contingent consideration earnout balance of $8.7 million and have classified the reserve balance as a current acquisition-related liability in our condensed consolidated balance sheet. In April 2017, we agreed to settle this case with Amkor on undisclosed terms that include each party licensing and assigning certain intellectual property rights, and cash payments. Settlement costs incurred in connection with this litigation have been recorded in our condensed consolidated financial statements in fiscal 2017 and all but an immaterial amount was paid during fiscal 2017. The indemnification claim against the former stockholders and option holders of Validity remains outstanding.

10. Debt

Convertible Debt

On June 20, 2017, we entered into a purchase agreement, or the Purchase Agreement, with Wells Fargo Securities, LLC, as representative of the initial purchasers named therein, or collectively, the Initial Purchasers, pursuant to which we agreed to issue and sell, and the Initial Purchasers agreed to purchase, $500 million aggregate principal amount of our 0.50% convertible senior notes due 2022, or the Notes, in a private placement transaction. Pursuant to the Purchase Agreement, we also granted the Initial Purchasers a 30-day option to purchase up to an additional $25 million aggregate principal amount of Notes, which was exercised in full on June 21, 2017. The net proceeds, after deducting the Initial Purchasers’ discounts, were $514.5 million, which includes proceeds from the Initial Purchasers’ exercise of their option to purchase additional Notes. We received the net proceeds on June 26, 2017, which we used to repurchase 1,698,400 shares of our common stock, to retire our outstanding bank debt, and to provide additional cash resources to fund the Conexant and Marvell Business Acquisitions.

The Notes bear interest at a rate of 0.50% per year. Interest accrued from June 26, 2017 and is payable semi-annually in arrears, on June 15 and December 15 of each year, beginning on December 15, 2017. The Notes are senior unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Notes; equal in right of payment to any our liabilities that are not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

The Notes mature on June 15, 2022, or the Maturity Date, unless earlier repurchased, redeemed or converted.

Holders may convert all or any portion of their Notes, in multiples of $1,000 principal amounts, at their option at any time prior to the close of business on the business day immediately preceding March 15, 2022 under certain defined circumstances.

On or after March 15, 2022 until the close of business on the business day immediately preceding the Maturity Date, holders may convert all or any portion of their Notes, in multiples of $1,000 principal amounts, at the option of the holder. Upon conversion, we will pay or deliver, at our election, shares of common stock, cash, or a combination of cash and shares of common stock.

The conversion rate for the Notes is initially 13.6947 shares of common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $73.02 per share of common stock). The conversion rate is subject to adjustment in certain circumstances.

Upon the occurrence of a fundamental change (as defined in the Notes indenture), holders of the Notes may require us to repurchase for cash all or a portion of their Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the fundamental change repurchase date.

We may not redeem the Notes prior to June 20, 2020. We may redeem for cash all or any portion of the Notes, at our option, on or after June 20, 2020, if the last reported sale price of our common stock, as determined by us, has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest up to, but excluding, the redemption date. Our policy is to settle the principal amount of our Notes with cash upon conversion or redemption.

As of the issuance date of the Notes, we recorded $82.1 million of the principal amount to equity, representing the debt discount for the difference between our estimated nonconvertible debt borrowing rate of 4.39% and the coupon rate of the Notes of 0.50% using a five-year life, which coincides with the term of the Notes. In addition, we allocated the total of $11.1 million of debt issuance costs, consisting of the Initial Purchaser’s discount of $10.5 million and legal, accounting, and printing costs of $579,000, pro rata, to the equity and debt components of the Notes, or $1.9 million and $9.2 million, respectively. The debt discount and the debt issuance costs allocated to the debt component are amortized as interest expense using the effective interest method over five years.

The contractual interest expense and amortization of discount on the Notes for the six months ended December 31, 2017, were as follows (in millions):

	Six Months Ended December 31, 2017
Interest expense	$ 1.3
Amortization of discount and debt issuance costs	8.4
Total interest	$ 9.7

The unamortized amounts of the debt issuance costs and discount associated with the Notes as of December 31, 2017 were $8.3 million and $74.5 million, respectively.

Revolving Credit Facility and Term Loan Arrangement

At the end of fiscal 2017, we had $220.0 million principal outstanding under our credit agreement consisting of $100.0 million under our revolving credit facility and $120.0 million under our term loan arrangement. At the beginning of fiscal 2018, we issued $525.0 million principal amount of convertible senior notes, or the Notes, and utilized a portion of the proceeds from our Notes to retire the outstanding principal and interest balances on our revolving credit facility and our term loan arrangement. At the end of July

2017, we made an election to reduce the commitment under the revolving credit facility from $450.0 million to $250.0 million as we were able to complete the Conexant Acquisition with available cash.

In September 2017, we entered into an Amendment and Restatement Agreement, or the Agreement, with the lenders that are party thereto, or the Lenders, and Wells Fargo Bank, National Association, as administrative agent for the Lenders. The Agreement terminated our term loan arrangement and provides for a revolving credit facility in a principal amount of up to $200 million, which includes a $20 million sublimit for letters of credit and a $20 million sublimit for swingline loans. Under the terms of the Agreement, we may, subject to the satisfaction of certain conditions, request increases in the revolving credit facility commitments in an aggregate principal amount of up to $100 million to the extent existing or new lenders agree to provide such increased or additional commitments, as applicable. Proceeds under the revolving credit facility are available for working capital and general corporate purposes. As of December 31, 2017, there is no balance outstanding under the revolving credit facility. As a result of terminating our term loan arrangement, we expensed the remaining debt issuance costs attributable to the term loan of $1.0 million during the first quarter of fiscal 2018.

The revolving credit facility is required to be repaid in full on the earlier of (i) September 27, 2022 and (ii) the date 91 days prior to the Maturity Date of Notes if the Notes have not been refinanced in full by such date. Debt issuance costs of $2.3 million will be amortized over 60 months.

Our obligations under the Agreement are guaranteed by the material domestic subsidiaries of our company, subject to certain exceptions (such material subsidiaries, together with our company, collectively, the Credit Parties). The obligations of the Credit Parties under the Agreement and the other loan documents delivered in connection therewith are secured by a first priority security interest in substantially all of the existing and future personal property of the Credit Parties, including, without limitation, 65% of the voting capital stock of certain of the Credit Parties’ direct foreign subsidiaries, subject to certain exceptions.

The revolving credit facility bears interest at our election of a Base Rate plus an Applicable Margin or LIBOR plus an Applicable Margin. Swingline loans bear interest at a Base Rate plus an Applicable Margin. The Base Rate is a floating rate that is the greater of the Prime Rate, the Federal Funds Rate plus 50 basis points, or LIBOR plus 100 basis points. The Applicable Margin is based on a sliding scale which ranges from 0.25 to 100 basis points for Base Rate loans and 100 basis points to 175 basis points for LIBOR loans. We are required to pay a commitment fee on any unused commitments under the Agreement which is determined on a leverage-based sliding scale ranging from 0.175% to 0.25% per annum. Interest and fees are payable on a quarterly basis. There is no balance outstanding under the revolving credit facility.

Under the Agreement, there are various restrictive covenants, including three financial covenants which limit the consolidated total leverage ratio, or leverage ratio, the consolidated interest coverage ratio, or interest coverage ratio, a restriction which places a limit on the amount of capital expenditures that may be made in any fiscal year, a restriction that permits up to $50 million per fiscal quarter of accounts receivable financings, and sets the Specified Leverage Ratio. The leverage ratio is the ratio of debt as of the measurement date to earnings before interest, taxes, depreciation and amortization, or EBITDA, for the four consecutive quarters ending with the quarter of measurement. The current leverage ratio shall not exceed 3.50 to 1.00 provided that for the four fiscal quarters ending after the date of a material acquisition, such maximum leverage ratio shall be adjusted to 3.75 to 1.00, and thereafter, shall not be more than 3.50 to 1.00. The interest coverage ratio is EBITDA to interest expense for the four consecutive quarters ending with the quarter of measurement. The interest coverage ratio must not be less than 3.50 to 1.0 during the term of the Agreement. The Specified Leverage Ratio is the ratio used in determining, among other things, whether we are permitted to make dividends and/or prepay certain indebtedness, at a fixed ratio of 3.00 to 1.00. As of the end of the quarter, we were in compliance with the restrictive covenants.

11. Share-Based Compensation

During the three months ended September 30, 2017, we adopted the accounting standard update, or ASU, for Compensation-Stock Compensation which was issued by the Financial Accounting Standards Board, or FASB. This update simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Upon adoption of this ASU, we elected to change our accounting policy to account for forfeitures as they occur and we applied the accounting policy change on a modified retrospective basis. As a result of the adoption of this ASU, we recognized the net cumulative effect of this change as a $24.7 million increase to retained earnings, a $1.0 million increase to additional paid-in capital and established an additional $25.7 million of deferred tax assets for research credit and alternative minimum tax credit carryforwards. We have reflected excess tax benefits for share-based payments in the statement of cash flows as operating activities rather than financing activities on a prospective basis and therefore prior periods have not been adjusted.

Share-based compensation and the related tax benefit recognized in our condensed consolidated statements of income were as follows (in millions):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Cost of revenue	$ 0.7	$ 0.6	$ 1.4	$ 1.1
Research and development	9.8	8.5	18.9	16.3
Selling, general, and administrative	7.3	6.5	14.0	12.8
Total	$ 17.8	$ 15.6	$ 34.3	$ 30.2
Income tax benefit on share-based compensation	$ (1.3)	$ 4.3	$ 2.7	$ 8.0

Historically, we have issued new shares in connection with our share-based compensation plans, however, treasury shares are also available for issuance. Any additional shares repurchased under our common stock repurchase program will be available for issuance under our share-based compensation plans.

Stock Options

Stock option activity, including stock options granted, exercised, and forfeited, weighted average exercise prices for stock options outstanding and exercisable, and the aggregate intrinsic value were as follows:

	Stock Option Awards Outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value (in millions)
Balance as of June 30, 2017	2,490,168	$ 49.20	
Granted	61,825	45.32	
Exercised	(85,126)	27.85	
Forfeited	(79,653)	67.02	
Balance as of December 31, 2017	2,387,214	49.26	$ 14.0
Exercisable at December 31, 2017	1,943,715	46.64	$ 14.0

The aggregate intrinsic value was determined using the closing price of our common stock on December 29, 2017 of $39.94 and excludes the impact of stock options that were not in-the-money.

Deferred Stock Units

DSU activity, including DSUs granted, delivered, and forfeited, and the balance and aggregate intrinsic value of DSUs were as follows:

	DSU Awards Outstanding	Aggregate Intrinsic Value (in millions)
Balance as of June 30, 2017	1,320,798	
Granted	1,230,511	
Delivered	(450,099)	
Forfeited	(101,645)	
Balance as of December 31, 2017	1,999,565	$ 79.9

The aggregate intrinsic value was determined using the closing price of our common stock on December 29, 2017 of $39.94.

Of the shares delivered, 119,258 shares valued at $4.6 million were withheld to meet statutory tax withholding requirements.

Market Stock Units

Our Amended and Restated 2010 Incentive Compensation Plan provides for the grant of MSU awards to our employees, consultants, and directors. An MSU is a promise to deliver shares of our common stock at a future date based on the achievement of market-based performance requirements in accordance with the terms of the MSU grant agreement.

We have granted MSUs to our executive officers, and other management members, which are designed to vest in three tranches with the target quantity for each tranche equal to one-third of the total MSU grant. The first tranche vests based on a one-year performance period; the second tranche vests based on a two-year performance period; and the third tranche vests based on a three-year performance period. Performance is measured based on the achievement of a specified level of total stockholder return, or TSR, relative to the TSR of the S&P Semiconductor Select Industry Index, or SPSISC Index for grants beginning in fiscal 2018 and relative to the Philadelphia Semiconductor Index, or SOX Index for grants made prior to fiscal 2018. The potential payout ranges from 0% to 200% of the grant target quantity and is adjusted on a two-to-one ratio based on our TSR performance relative to the SPSISC Index TSR or SOX Index TSR using the following formula:

(100% + ([Synaptics TSR — {SPSISC Index TSR or SOX Index TSR}] x 2))

The payout for the first tranche and the second tranche will not exceed 100% and the payout for the third tranche will be calculated based on the total target quantity for the entire grant multiplied by the payout factor, based on performance for the three-year performance period, which will then be reduced by shares issued for the first tranche and the second tranche.

Delivery of shares earned, if any, will take place on the dates provided in the applicable MSU grant agreement, assuming the grantee is still an employee, consultant, or director of our company at the end of the applicable performance period. On the delivery date, we withhold shares to cover statutory tax withholding requirements and deliver a net quantity of shares to the employee, consultant, or director after such withholding. Until delivery of shares, the grantee has no rights as a stockholder with respect to any shares underlying the MSU award.

During the six months ended December 31, 2017, MSU activity, including MSUs granted, delivered, and forfeited, and the balance and aggregate intrinsic value of MSUs as of December 31, 2017 was as follows:

	MSU Awards Outstanding	Aggregate Intrinsic Value (in millions)
Balance as of June 30, 2017	158,596	
Granted	300,071	
Performance adjustment	(68,003)	
Delivered	-	
Forfeited	(8,733)	
Balance as of December 31, 2017	381,931	$ 15.3

We value MSUs using the Monte Carlo simulation model on the date of grant and amortize the compensation expense over the three-year performance and service period on a straight-line basis. The unrecognized share-based compensation cost of our outstanding MSUs was approximately $20.8 million as of December 31, 2017, which will be recognized over a weighted average period of approximately 1.6 years.

Performance Stock Units

Our Amended and Restated 2010 Incentive Compensation Plan provides for the grant of PSU awards to our employees, consultants, and directors. A PSU is a promise to deliver shares of our common stock at a future date based on the achievement of performance-based requirements in accordance with the terms of the PSU grant agreement.

We have granted PSUs to our executive officers and other management members, which are designed to vest in three tranches with the target quantity for each tranche equal to one-third of the total PSU grant. The grants have a specific one-year performance period and vesting occurs over three service periods with the final service period ending approximately three years from the grant date. Performance is measured based on the achievement of a specified level of non-GAAP earnings per share. The potential payout ranges from 0% to 200% of the grant target quantity and is adjusted on a linear basis with a payout triggering if our non-GAAP earnings per share equals greater than 65% of the target with a maximum payout achieved at 135% of target.

Delivery of shares earned, if any, will take place on the dates provided in the applicable PSU grant agreement, assuming the grantee is still an employee, consultant, or director of our company at the end of the applicable service period. On the delivery date, we withhold shares to cover statutory tax withholding requirements and deliver a net quantity of shares to the employee, consultant, or director after such withholding. Until delivery of shares, the grantee has no rights as a stockholder with respect to any shares underlying the PSU award.

During the six months ended December 31, 2017, there were 300,071 PSUs granted and no PSUs were delivered or forfeited. The aggregate intrinsic value of PSUs as of December 31, 2017 was $12.0 million.

We value PSUs using the aggregate intrinsic value on the date of grant and amortize the compensation expense over the three-year service period on a ratable basis, dependent upon the probability of meeting the performance measures. The unrecognized share-based compensation cost of our outstanding PSUs was approximately $11.0 million as of December 31, 2017, which will be recognized over a weighted average period of approximately 1.9 years.

Employee Stock Purchase Plan

Shares purchased, weighted average purchase price, cash received, and the aggregate intrinsic value for employee stock purchase plan purchases during the six-month period ended December 31, 2017 were as follows (in millions, except for shares purchased and weighted average price):

Shares purchased		210,798
Weighted average purchase price	$	32.17
Cash received	$	6.8
Aggregate intrinsic value	$	1.2

12. Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation, commonly known as the Tax Cuts and Jobs Act of 2017, or the Act, which significantly reforms the Internal Revenue Code of 1986, as amended. The Act contains broad and complex changes to corporate taxation, including in part reduction of the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously considered permanently reinvested, and creates new taxes on certain foreign sourced earnings. As our accounting and tax year is the fiscal period ending on the last Saturday in June, U.S. federal tax law requires that taxpayers with a fiscal year that spans the effective date of a rate change to calculate a blended tax rate based on the pro rata number of days in the fiscal year before and after the effective date. As a result, our U.S. federal tax rate for fiscal 2018 is a days-weighted blended tax rate of 28.17%. For fiscal 2019 and subsequent tax years, our U.S. federal tax rate will be 21%.

As of December 31, 2017, we have not fully completed our accounting for the tax effects of the Act; however, in certain cases, we have made a reasonable estimate of the effects of the enactment. In cases where we have not been able to make a reasonable estimate, we continue to account for those items based on our existing accounting policies. For the items for which we were able to determine a reasonable estimate, namely the one-time transition tax and the remeasurement of deferred tax at the new tax rate, we recognized provisional tax expense of $46.5 million, which is included as a component of provision for income tax expenses in the three and six months ended December 31, 2017. Of the $46.5 million provisional tax expense, $54.4 million was for discrete tax expense items consisting of the one-time transition tax and the remeasurement of the beginning balance of U.S. federal deferred tax assets, partially offset by a non-discrete tax benefit of $7.9 million, which has an impact of 12.6% on our annual effective tax rate. As of December 31, 2017, we remeasured our U.S. federal deferred tax assets and liabilities based on the tax rates at which they are expected to reverse in the future and recorded a discrete tax provision of $5.1 million.

The one-time transition tax is based on our post-1986 foreign earnings and profits, or E&P, which we have previously excluded from U.S. income taxes due to our position that we would permanently reinvest future earnings. The one-time transition tax is applied at a 15.5% tax rate on cash assets and an 8% tax rate for other specified assets. We recorded a provisional amount for our one-time transition tax liability for our foreign subsidiaries, resulting in an increase in income tax expense of $49.3 million, net of foreign tax credits. We also expect to fully utilize all of our federal research tax credit carryforwards generated from previous years.

We have not yet completed our calculation of the total post-1986 foreign E&P for these foreign subsidiaries. This amount may change when we finalize the determination of our E&P previously deferred from U.S. federal taxation and finalize the amounts held in cash or other specified assets. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax and any additional outside basis difference inherent in these entities as these amounts continue to be indefinitely reinvested in foreign operations. We did not have the necessary information prepared or analyzed to develop a reasonable estimate of the tax liability, if any, for our remaining outside basis difference including any deferred tax accounting that may be required due to other provisions in the Act beyond the one-time transition tax, including how that accounting may be affected by our ongoing accounting position to indefinitely reinvest unremitted foreign earnings.

We account for income taxes under the asset and liability method. The provision for income taxes recorded in interim periods is recorded by applying the estimated annual effective tax rate to year-to-date income before provision for income taxes, excluding the effects of significant unusual or infrequently occurring discrete items. The tax effects of discrete items are recorded in the same period that the related discrete items are reported and results in a difference between the actual effective tax rate and the estimated annual effective tax rate.

The provision for income taxes of $53.3 million and $6.6 million for the three months ended December 31, 2017 and 2016, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the three months ended December 31, 2017 diverged from the combined U.S. federal and state statutory tax rate primarily because of the impact of the one-time transition tax on E&P, the impact of the reduction in the U.S. federal tax rate on our net deferred tax assets, foreign withholding taxes, nondeductible amortization, the impact of accounting for qualified stock options, and foreign income taxed at higher tax rates, partially offset by benefits from research credits. The effective tax rate for the three months ended December 31, 2016, diverged from the combined U.S. federal and state statutory tax rate, primarily because of foreign income taxed at lower tax rates and research credits, partially offset by foreign withholding taxes, nondeductible amortization, and the impact of accounting for qualified stock options.

The provision for income taxes of $56.5 million and $7.6 million for the six months ended December 31, 2017, and 2016, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the three months ended December 31, 2017 diverged from the combined U.S. federal and state statutory tax rate primarily because of the impact of the one-time transition tax on E&P, the impact of the reduction in the U.S. federal tax rate on our net deferred tax assets, foreign withholding taxes, nondeductible amortization, the impact of accounting for qualified stock options, and foreign income taxed at higher tax rates, partially offset by benefits from research credits. The effective tax rate for the three months ended December 31, 2016, diverged from the combined U.S. federal and state statutory tax rate, primarily because of foreign income taxed at lower tax rates and research credits, partially offset by foreign withholding taxes, nondeductible amortization, and the impact of accounting for qualified stock options.

The total liability for gross unrecognized tax benefits related to uncertain tax positions increased $2.8 million during the six months ended December 31, 2017, to $18.0 million from $15.2 million at June 30, 2017, and was included in other long-term liabilities on our condensed consolidated balance sheets. If recognized, the total gross unrecognized tax benefits would reduce the effective tax rate on income from continuing operations. Accrued interest and penalties related to unrecognized tax benefits as of December 31, 2017 were $1.3 million; this balance increased by $0.1 million compared to June 30, 2017. We classify interest and penalties as components of income tax expense. It is reasonably possible that the amount of the liability for unrecognized tax benefits may change within the next twelve months and an estimate of the range of possible changes may include an increase in our liability of up to $2.4 million.

In July 2015, the U.S. Tax Court issued an opinion in Altera Corp. v. Commissioner related to a treasury regulation addressing the treatment of stock-based compensation in a cost-sharing arrangement with a related party. The U.S. Department of the Treasury has not withdrawn the requirement in its regulations related to the treatment of stock-based compensation. The Commissioner filed an appeal to the Ninth Circuit Court of Appeals in February 2016. While we determined no adjustment to our financial statements is required due to the uncertainties with respect to the ultimate resolution, we will continue to monitor developments in this case.

Our major tax jurisdictions are the United States, Hong Kong SAR, and Japan. From fiscal 2010 onward, we remain subject to examination by one or more of these jurisdictions. We are currently under an income tax examination by the IRS for fiscal years 2014 and 2015, which is in the early stages. No issues have been raised during the examination so far.

During the three months ended September 30, 2017, we early adopted the new ASU on Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory, which reduces the complexity in the accounting standards by allowing the recognition of current and deferred income taxes for an intra-entity asset transfer, other than inventory, when the transfer occurs. Historically, recognition of the income tax consequence of an intra-entity asset transfer was deferred and recognized either upon the disposition of the asset or over the economic life of the asset. We applied this amendment on a modified retrospective basis through a cumulative-effect adjustment of $8.3 million directly to retained earnings as of the beginning of fiscal 2018.

13. Segment, Customers, and Geographic Information

We operate in one segment: the development, marketing, and sale of semiconductor products used in electronic devices and products. We generate our revenue from three broad product categories: the mobile product market, the personal computing, or PC, product market, and the Internet of Things product market, or IoT. We sell our products to original equipment manufacturers, or OEMs, and to contract manufacturers that provide manufacturing services to OEMs.

Net revenue within geographic areas based on our customers' locations for the periods presented was as follows (in millions):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
China	$ 209.9	$ 229.0	$ 419.7	$ 407.2
Japan	97.3	123.7	188.3	197.7
Taiwan	60.2	18.6	103.3	33.4
United States	28.8	57.0	65.0	121.3
South Korea	12.5	28.2	33.7	79.3
Other	21.7	4.8	37.8	8.6
	$ 430.4	$ 461.3	$ 847.8	$ 847.5

Net revenue from our customers for each group of similar products was as follows (in millions):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Mobile product applications	$ 261.8	$ 376.6	$ 554.7	$ 690.6
PC product applications	61.7	63.8	127.0	118.7
IoT product applications	106.9	20.9	166.1	38.2
	$ 430.4	$ 461.3	$ 847.8	$ 847.5

As a result of our recent acquisitions, we are presenting a new revenue line for IoT. Certain reclassifications have been made to the prior year revenue presentation in the above table in order to conform to the current year revenue presentation.

Net revenue from major customers as a percentage of total net revenue for the periods presented was as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Customer A	12%	21%	15%	22%
Customer B	12%	10%	12%	11%
Customer C	*	18%	11%	20%
Customer D	*	11%	*	*
Customer E	*	10%	*	*

* Less than 10%

We extend credit based on evaluation of a customer’s financial condition, and we generally do not require collateral. Major customer accounts receivable as a percentage of total accounts receivable were as follows:

	December 31, 2017	June 30, 2017
Customer A	15%	17%
Customer B	14%	13%
Customer C	11%	15%
Customer D	10%	*
Customer E	*	10%

* Less than 10%

14. Comprehensive Income/(Loss)

Our comprehensive income/(loss) generally consists of net income/(loss) plus the effect of unrealized gains and losses on our investments, primarily due to temporary changes in market value of certain of our ARS investments. In addition, we recognize the noncredit portion of other-than-temporary impairment on debt securities in other comprehensive income/(loss). We recognize foreign currency remeasurement adjustments and foreign currency transaction gains and losses in our condensed consolidated statements of operations as the U.S. dollar is the functional currency of our foreign entities.

15. Restructuring Activities Announced November 2017

In November 2017, we committed to a plan and initiated a restructuring action intended to streamline and reduce our operating cost structure and capitalize on acquisition synergies. While the total cost of this restructuring action is subject to change as we refine our plans, we currently estimate the cost to be $9.5 million to $10.5 million for fiscal 2018. Restructuring costs related to the November 2017 restructuring activities were recorded to the restructuring costs line item within our condensed consolidated statements of income. These costs primarily related to severance costs for a reduction in headcount. The remaining restructuring charges for employee severance and benefits costs and facility consolidation and related charges are expected to be recognized before the end of fiscal 2018. The restructuring liability activities during the six months ended December 31, 2017 were as follows (in millions):

	Employee Severance and Benefits
Accruals	$ 6.6
Cash payments	(3.0)
Balance as of December 31, 2017	$ 3.6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements and Factors That May Affect Results

This Quarterly Report on Form 10-Q for the quarter ended December 30, 2017 (this "Report") contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Act of 1934, as amended (the "Exchange Act"). For ease of presentation, this Report shows reporting periods ending on calendar quarter end dates as of and for all periods presented, unless otherwise indicated. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business, and can be identified by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements may include words such as "expect," "anticipate," "intend," "believe," "estimate," "plan," "target," "strategy," "continue," "may," "will," "should," variations of such words, or other words and terms of similar meaning. All forward-looking statements reflect our best judgment and are based on several factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. Such factors include, but are not limited to, the risks as identified in the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" sections of our Annual Report on Form 10-K for the fiscal year ended June 24, 2017, and other risks as identified from time to time in our SEC reports. Forward-looking statements are based on information available to us on the date hereof, and we do not have, and expressly disclaim, any obligation to publicly release any updates or any changes in our expectations, or any change in events, conditions, or circumstances on which any forward-looking statement is based. Our actual results and the timing of certain events could differ materially from the forward-looking statements. These forward-looking statements do not reflect the potential impact of any mergers, acquisitions, or other business combinations that had not been completed as of the date of this filing.

Statements made in this Report, unless the context otherwise requires, include the use of the terms "us," "we," "our," the "Company" and "Synaptics" to refer to Synaptics Incorporated and its consolidated subsidiaries.

Overview

We are a leading worldwide developer and supplier of custom-designed human interface product solutions that enable people to interact more easily and intuitively with a wide variety of mobile computing, communications, entertainment, and other electronic devices. We currently generate revenue from the markets for smartphones, tablets, personal computer, or PC, products, primarily notebook computers, Internet of Things, or IoT, which includes devices with voice, speech and video within smart homes, and other select electronic devices, including devices in automobiles, with our custom human interface solutions. Every solution we deliver either contains or consists of our touch-, display driver-, fingerprint authentication-based-, voice and speech-, and video-semiconductor solutions, which include our chip, customer-specific firmware, and software.

Many of our customers have manufacturing operations in China, and many of our OEM customers have established design centers in Asia. With our expanding global presence, including offices in Armenia, China, Hong Kong, India, Japan, Korea, Switzerland, Taiwan, and the United States, we are well positioned to provide local sales, operational, and engineering support services to our existing customers, as well as potential new customers, on a global basis.

Our manufacturing operations are based on a variable cost model in which we outsource all of our production requirements and generally drop ship our products directly to our customers from our contract manufacturers' facilities, thereby reducing the need for significant capital expenditures and allowing us to minimize our investment in inventories. This approach requires us to work closely with our contract manufacturers and semiconductor foundries to ensure adequate production capacity to meet our forecasted volume requirements. We provide our contract manufacturers with rolling forecasts and issue purchase orders based on our anticipated requirements. We do not have long-term supply contracts with any of our contract manufacturers. We use third-party wafer manufacturers to supply wafers and third-party packaging manufacturers to package our proprietary ASICs. In certain cases, we rely on a single source or a limited number of suppliers to provide other key components of our products. Our cost of revenue includes all costs associated with the production of our products, including materials; logistics; amortization of intangibles related to acquired developed technology, backlog, and supplier arrangements; fair value adjustments for inventory acquired in a business purchase transaction; manufacturing, assembly, and test costs paid to third-party manufacturers; and related overhead costs associated with our indirect manufacturing operations personnel. Additionally, we charge all warranty costs, losses on inventory purchase obligations, and write-downs to reduce the carrying value of obsolete, slow moving, and non-usable inventory to net realizable value, to cost of revenue.

Our gross margin generally reflects the combination of the added value we bring to our OEM customers' products by meeting their custom design requirements and the impact of our ongoing cost-improvement programs. These cost-improvement programs include reducing materials and component costs, and implementing design and process improvements. Our newly introduced products may have lower margins than our more mature products, which have realized greater benefits associated with our ongoing cost-improvement programs. As a result, new product introductions may initially negatively impact our gross margin.

Our research and development expenses include costs for supplies and materials related to product development, as well as the engineering costs incurred to design ASICs and human interface solutions for OEM customers prior to and after their commitment to incorporate those solutions into their products. We are continuing our commitment to the technological and design innovation required to maintain our position in our existing markets, and to adapt our existing technologies or develop new technologies for new markets.

Selling, general, and administrative expenses include expenses related to sales, marketing, and administrative personnel; internal sales and outside sales representatives' commissions; market and usability research; outside legal, accounting, and consulting costs; and other marketing and sales activities.

Acquired intangibles amortization, included in operating expenses, consists primarily of amortization of customer relationship and trademark intangible assets recognized under the purchase method for business combinations.

Restructuring costs primarily reflect severance and facilities costs related to our restructuring of operations to reduce operating expenses. These headcount-related costs and facilities costs were in cost of revenue, research and development, and selling, general and administrative expenses.

Interest and other income/(expense), net, primarily reflects interest expense on convertible notes as well as the amortization of debt issuance costs and discount on convertible notes.

Equity investment loss includes amortization of intangible assets as well as our portion of the net loss reflected under the equity method of accounting in connection with our investment in OXi Technology Ltd.

Acquisitions

Conexant

On June 11, 2017, we entered into a securities purchase agreement to acquire all of the outstanding limited liability company interests of Conexant Systems, LLC, or Conexant, a technology leader in voice and audio processing solutions for the smart home, or the Conexant Acquisition. The Conexant Acquisition is intended to increase our presence in the smart home market and increase opportunities to grow revenue. Effective July 25, 2017, we completed the Conexant Acquisition. The results of Conexant are included in our condensed consolidated financial statements for the period from July 25, 2017 through December 31, 2017. For further discussion of the Conexant Acquisition, see Note 6 Acquisitions included in the condensed consolidated financial statements contained elsewhere in this Report.

Marvell

On June 11, 2017, the Company entered into an asset purchase agreement to acquire the assets of the multimedia solutions business of Marvell Technology Group Ltd., or Marvell, a leading provider of advanced video and audio processing applications for the smart home, or the Marvell Business Acquisition. The Marvell Business Acquisition is also intended to increase our presence in the smart home market and increase opportunities to grow revenue. Effective September 8, 2017, we completed the Marvell Business Acquisition. The results of Marvell are included in our condensed consolidated financial statements for the period from September 8, 2017 through December 31, 2017. For further discussion of the Marvell Business Acquisition, see Note 6 Acquisitions included in the condensed consolidated financial statements contained elsewhere in this Report.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates during the three months ended December 31, 2017, compared with our critical accounting policies and estimates disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended June 24, 2017.

Results of Operations

As a result of our recent acquisitions, we are presenting a new revenue line for revenue derived from the Internet of Things, or IoT market. Certain reclassifications have been made to the prior period revenue presentation to conform to the current period revenue presentation. Certain of the data used in our condensed consolidated statements of income for the periods indicated, together with comparative absolute and percentage changes in these amounts, were as follows (in millions, except percentages):

	Three Months Ended December 31,				Six Months Ended December 31,			
	2017 (1)	2016	$ Change	% Change	2017 (1)	2016	$ Change	% Change
Mobile product applications	$ 261.8	$ 376.6	$ (114.8)	(30.5%)	$ 554.7	$ 690.6	$ (135.9)	(19.7%)
PC product applications	61.7	63.8	(2.1)	(3.3%)	127.0	118.7	8.3	7.0%
IoT product applications	106.9	20.9	86.0	411.5%	166.1	38.2	127.9	334.8%
Net revenue	430.4	461.3	(30.9)	(6.7%)	847.8	847.5	0.3	0.0%
Gross margin	115.2	138.7	(23.5)	(16.9%)	229.6	262.1	(32.5)	(12.4%)
Operating expenses:								
Research and development	92.2	73.5	18.7	25.4%	179.3	146.9	32.4	22.1%
Selling, general, and administrative	37.4	32.3	5.1	15.8%	77.7	66.9	10.8	16.1%
Acquired intangibles amortization	3.0	2.4	0.6	25.0%	7.1	6.9	0.2	2.9%
Restructuring costs	6.6	1.7	4.9	288.2%	6.4	7.0	(0.6)	(8.6%)
Operating income/(loss)	(24.0)	28.8	(52.8)	(183.3%)	(40.9)	34.4	(75.3)	(218.9%)
Interest and other income/(expense), net	(4.7)	0.6	(5.3)	(883.3%)	(10.7)	(0.3)	(10.4)	(3466.7%)
Income/(loss) before provision for income taxes	(28.7)	29.4	(58.1)	(197.6%)	(51.6)	34.1	(85.7)	(251.3%)
Provision for income taxes	53.3	6.6	46.7	707.6%	56.5	7.6	48.9	643.4%
Equity investment loss	(0.4)	-	(0.4)	-	(0.8)	-	(0.8)	-
Net income/(loss)	$ (82.4)	$ 22.8	$ (105.2)	(461.4%)	$ (108.9)	$ 26.5	$ (135.4)	(510.9%)

(1) Includes the post-acquisition results of operations from the Conexant Acquisition, completed on July 25, 2017, and from the Marvell Business Acquisition, completed on September 8, 2017.

Certain of the data used in our condensed consolidated statements of income presented here as a percentage of net revenue for the periods indicated were as follows:

	Three Months Ended December 31,		Percentage Point Increase/ (Decrease)	Six Months Ended December 31,		Percentage Point Increase/ (Decrease)
	2017 (1)	2016		2017 (1)	2016	
Mobile product applications	60.8%	81.7%	(20.9%)	65.4%	81.5%	(16.1%)
PC product applications	14.3%	13.8%	0.5%	15.0%	14.0%	1.0%
IoT product applications	24.9%	4.5%	20.4%	19.6%	4.5%	15.1%
Net revenue	100.0%	100.0%	0.0%	100.0%	100.0%	0.0%
Gross margin	26.8%	30.1%	(3.3%)	27.1%	30.9%	(3.8%)
Operating expenses:						
Research and development	21.4%	15.9%	5.5%	21.1%	17.3%	3.8%
Selling, general, and administrative	8.7%	7.0%	1.7%	9.2%	7.9%	1.3%
Acquired intangibles amortization	0.7%	0.5%	0.2%	0.8%	0.8%	0.0%
Restructuring costs	1.5%	0.4%	1.1%	0.8%	0.8%	0.0%
Operating income/(loss)	(5.6%)	6.2%	(11.8%)	(4.8%)	4.1%	(8.9%)
Interest and other income/(expense), net	(1.1%)	0.1%	(1.2%)	(1.3%)	0.0%	(1.3%)
Income/(loss) before provision for income taxes	(6.7%)	6.4%	(13.1%)	(6.1%)	4.0%	(10.1%)
Provision for income taxes	12.4%	1.4%	11.0%	6.7%	0.9%	5.8%
Equity investment loss	(0.1%)	0.0%	(0.1%)	(0.1%)	0.0%	(0.1%)
Net income/(loss)	(19.1%)	4.9%	(24.0%)	(12.8%)	3.1%	(15.9%)

(1) Includes the post-acquisition results of operations from the Conexant Acquisition, completed on July 25, 2017, and from the Marvell Business Acquisition, completed on September 8, 2017.

Net Revenue

Net revenue was $430.4 million for the three months ended December 31, 2017 compared with $461.3 million for the three months ended December 31, 2016, a decrease of $30.9 million, or 6.7%. Of this net revenue, $261.8 million, or 60.8% was from mobile product applications, $106.9 million, or 24.9% was from IoT product applications, and $61.7 million, or 14.3%, was from PC product applications. The decrease in net revenue for the three months ended December 31, 2017, was attributable to a decrease in mobile and PC product applications, partially offset by an increase in net revenue from IoT product applications. Mobile product applications decreased as a result of a decline in units sold (which decreased 41.1%), partially offset by higher average selling prices for mobile product applications (which increased 18.0%). PC product applications decreased as a result of a decline in units sold (which decreased 10.3%), partially offset by higher average selling prices for PC product applications (which increased 7.8%). Net revenue from IoT product applications increased primarily as a result of the Conexant Acquisition and Marvell Business Acquisition.

Net revenue was $847.8 million for the six months ended December 31, 2017 compared with $847.5 million for the six months ended December 31, 2016, an increase of $0.3 million, or less than 0.1%. Of this net revenue, $554.7 million, or 65.4% was from mobile product applications, $166.1 million, or 19.6%, was from IoT product applications, and $127.0 million, or 15.0%, was from PC product applications. The increase in net revenue for the six months ended December 31, 2017, was attributable to an increase in net revenue from IoT and PC product applications, partially offset by a decrease in mobile product applications. Net revenue from IoT product applications increased primarily as a result of the Conexant Acquisition and Marvell Business Acquisition. PC product applications increased as a result of higher average selling prices (which increased 6.2%) and more units sold (which increased 0.7%). Mobile product applications decreased as a result of a decline in units sold (which decreased 27.4%), partially offset by higher average selling prices for mobile product applications (which increased 10.6%).

Gross Margin

Gross margin as a percentage of net revenue was 26.8%, or $115.2 million, for the three months ended December 31, 2017 compared with 30.1%, or $138.7 million, for the three months ended December 31, 2016. The 330 basis point decline in gross margin was primarily due to $18.2 million of inventory fair value adjustments associated with the Conexant Acquisition and the Marvell Business Acquisition, as well as a $8.2 million increase in acquired intangibles amortization that were charged to cost of revenue during the quarter, partially offset by a favorable mix due primarily to IoT business products which have higher gross margins.

Gross margin as a percentage of net revenue was 27.1%, or $229.6 million, for the six months ended December 31, 2017 compared with 30.9%, or $262.1 million, for the six months ended December 31, 2016. The 380 basis point decline in gross margin was primarily due to $33.9 million of inventory fair value adjustments associated with the Conexant Acquisition and the Marvell Business Acquisition, as well as a $12.0 million increase in acquired intangibles amortization that were charged to cost of revenue during the quarter, partially offset by a favorable mix due primarily to IoT business products which have higher gross margins.

We continually introduce new product solutions, many of which have life cycles of less than one year. Further, because we sell our technology solutions in designs that are generally unique or specific to an OEM customer's application, gross margin varies on a product-by-product basis, making our cumulative gross margin a blend of our product specific designs. As a virtual manufacturer, our gross margin percentage is generally not materially impacted by our shipment volume. We charge losses on inventory purchase obligations and write-downs to reduce the carrying value of obsolete, slow moving, and non-usable inventory to net realizable value (including warranty costs) to cost of revenue.

Operating Expenses

Research and Development Expenses. Research and development expenses increased $18.7 million to $92.2 million for the three months ended December 31, 2017, compared with the three months ended December 31, 2016. The increase in research and development expenses primarily reflected a $15.4 million increase in personnel-related costs, which included additional headcount due to our recent acquisitions; a $2.9 million increase in infrastructure related costs; a $1.2 million increase in software licensing costs; and a $0.7 million increase in non-employee services; partially offset by a $2.2 million decrease in supplies and project related costs.

Research and development expenses increased $32.4 million to $179.3 million for the six months ended December 31, 2017 compared with the six months ended December 31, 2016. The increase in research and development expenses primarily reflected a $25.4 million increase in personnel-related costs, which included additional headcount due to our recent acquisitions; a $4.8 million increase in infrastructure related costs; a $1.1 million increase in software licensing costs; a $1.3 million increase in travel related expenses; and a $1.2 million increase in non-employee services; partially offset by a $1.7 million decrease in supplies and project related costs.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased $5.1 million to $37.4 million for the three months ended December 31, 2017, compared with the three months ended December 31, 2016. The increase in selling, general, and administrative expenses primarily reflected an increase in personnel-related costs, which included additional headcount due to our recent acquisitions.

Selling, general, and administrative expenses increased $10.8 million to $77.7 million for the six months ended December 31, 2017, compared with the six months ended December 31, 2016. The increase in selling, general, and administrative expenses primarily reflected an increase in personnel-related costs, which included additional headcount due to our recent acquisitions.

Acquired intangibles amortization. Acquired intangibles amortization reflects the amortization of intangibles acquired through acquisitions. For further discussion of acquired intangibles amortization, see Note 7 included in the condensed consolidated financial statements contained elsewhere in this Report.

Restructuring costs. Restructuring costs of $6.6 million in the three months ended December 31, 2017 reflect severance costs related to restructuring of the operations to reduce operating costs which commenced in the second quarter of fiscal 2018. We expect to incur additional restructuring costs in fiscal 2018 as our restructuring activities are completed, which will include additional severance costs and facility consolidation costs, ranging from $2.9 million to $3.9 million. See Note 15 to the condensed consolidated financial statements contained elsewhere in this report. Restructuring costs of $7.0 million in the six months ended December 31, 2016, reflect severance costs related to restructuring of the operations to reduce operating costs which commenced in the fourth quarter of fiscal 2016.

Interest and other income/(expense), net. Interest and other income/(expense), net primarily includes the amortization of debt discount and issuance costs, as well as interest on the debt. See **Liquidity and Capital Resources** included in the next section of this Report.

Provision for Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation, commonly known as the Tax Cuts and Jobs Act of 2017, or the Act, which significantly reforms the Internal Revenue Code of 1986, as amended. The Act contains broad and complex changes to corporate taxation, including in part reduction of the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously considered permanently reinvested, and creates new taxes on certain foreign sourced earnings. As our accounting and tax year is the fiscal period ending on the last Saturday in June, U.S. federal tax law requires that taxpayers with a fiscal year that spans the effective date of a rate change to calculate a blended tax rate based on the pro rata number of days in the fiscal year before and after the effective date. As a result, our U.S. federal tax rate for fiscal 2018 is a days-weighted blended tax rate of 28.17%. For fiscal 2019 and subsequent tax years, our U.S. federal tax rate will be 21%.

As of December 31, 2017, we have not fully completed our accounting for the tax effects of the Act; however, in certain cases, we have made a reasonable estimate of the effects of the enactment. In cases where we have not been able to make a reasonable estimate, we continue to account for those items based on our existing accounting policies. For the items for which we were able to determine a reasonable estimate, namely the one-time transition tax and the remeasurement of deferred tax at the new tax rate, we recognized provisional tax expense of $46.5 million, which is included as a component of provision for income tax expenses in the three and six months ended December 31, 2017. Of the $46.5 million provisional tax expense, $54.4 million was for discrete tax expense items consisting of the one-time transition tax and the remeasurement of the beginning balance of U.S. federal deferred tax assets, partially offset by a non-discrete tax benefit of $7.9 million, which has an impact of 12.6% on our annual effective tax rate. As of December 31, 2017, we remeasured our U.S. federal deferred tax assets and liabilities based on the tax rates at which they are expected to reverse in the future and recorded a discrete tax provision of $5.1 million.

The one-time transition tax is based on our post-1986 foreign earnings and profits, or E&P, which we have previously excluded from U.S. income taxes due to our position that we would permanently reinvest future earnings. The one-time transition tax is applied at a 15.5% tax rate on cash assets and an 8% tax rate for other specified assets. We recorded a provisional amount for our one-time transition tax liability for our foreign subsidiaries, resulting in an increase in income tax expense of $49.3 million, net of foreign tax credits. We also expect to fully utilize all of our federal research tax credit carryforwards generated from previous years.

We have not yet completed our calculation of the total post-1986 foreign E&P for these foreign subsidiaries. This amount may change when we finalize the determination of our E&P previously deferred from U.S. federal taxation and finalize the amounts held in cash or other specified assets. No additional income taxes have been provided for any remaining undistributed foreign earnings not subject to the transition tax and any additional outside basis difference inherent in these entities as these amounts continue to be indefinitely reinvested in foreign operations. We did not have the necessary information prepared or analyzed to develop a reasonable estimate of the tax liability, if any, for our remaining outside basis difference including any deferred tax accounting that may be required due to other provisions in the Act beyond the one-time transition tax, including how that accounting may be affected by our ongoing accounting position to indefinitely reinvest unremitted foreign earnings.

We account for income taxes under the asset and liability method. The provision for income taxes recorded in interim periods is recorded by applying the estimated annual effective tax rate to year-to-date income before provision for income taxes, excluding the effects of significant unusual or infrequently occurring discrete items. The tax effects of discrete items are recorded in the same period that the related discrete items are reported and results in a difference between the actual effective tax rate and the estimated annual effective tax rate.

The provision for income taxes of $53.3 million and $6.6 million for the three months ended December 31, 2017 and 2016, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the three months ended December 31, 2017 diverged from the combined U.S. federal and state statutory tax rate primarily because of the impact of the one-time transition tax on E&P, the impact of the reduction in the U.S. federal tax rate on our net deferred tax assets, foreign withholding taxes, nondeductible amortization, the impact of accounting for qualified stock options, and foreign income taxed at higher tax rates, partially offset by benefits from research credits. The effective tax rate for the three months ended December 31, 2016, diverged from the combined U.S. federal and state statutory tax rate, primarily because of foreign income taxed at lower tax rates and research credits, partially offset by foreign withholding taxes, nondeductible amortization, and the impact of accounting for qualified stock options.

The provision for income taxes of $56.5 million and $7.6 million for the six months ended December 31, 2017, and 2016, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the three months ended December 31, 2017 diverged from the combined U.S. federal and state statutory tax rate primarily because of the impact of the one-time transition tax on E&P, the impact of the reduction in the U.S. federal tax rate on our net deferred tax assets, foreign withholding taxes, nondeductible amortization, the impact of accounting for qualified stock options, and foreign income taxed at higher tax rates, partially offset by benefits from research credits. The effective tax rate for the three months ended December 31, 2016, diverged from the combined U.S. federal and state statutory tax rate, primarily because of foreign income taxed at lower tax rates and research credits, partially offset by foreign withholding taxes, nondeductible amortization, and the impact of accounting for qualified stock options.

Liquidity and Capital Resources

Our cash and cash equivalents were $252.2 million as of December 31, 2017, compared with $367.8 million as of June 30, 2017, a decrease of $115.6 million. The decrease primarily reflected the combination of $395.9 million used for the acquisition of businesses, net of cash and cash equivalents acquired; $220.0 million for payment of debt; $93.6 million used to repurchase 1,698,400 shares of our common stock; and $19.5 million used for the purchase of property and equipment; partially offset by $514.5 million in net proceeds from issuance of convertible notes and $103.2 million of net cash provided by operating activities. At this time, we consider earnings of our foreign subsidiaries indefinitely invested overseas and have made no provision for income or withholding taxes that may result from a future repatriation of those earnings. As of December 31, 2017, $162.2 million of cash and cash equivalents was held by our foreign subsidiaries. If these funds are needed for our operations in the United States, we may be required to accrue and pay certain state and foreign taxes to repatriate these funds.

Cash Flows from Operating Activities. Operating activities during the six months ended December 31, 2017 generated $103.2 million compared with $52.4 net cash generated during the six months ended December 31, 2016. From June 30, 2017 to December 31, 2017, our days sales outstanding decreased slightly from 54 days to 49 days. Our annual inventory turns decreased from nine to eight due to the additional inventory acquired in recent acquisitions, including the fair value adjustment recorded as part of the purchase accounting for such acquisitions. From June 30, 2016 to December 31, 2016, our days sales outstanding decreased from 70 days to 51 days, due to a much smaller percentage of the quarter’s net revenue occurring late in the December 31, 2016 quarter compared with a much larger percentage of the quarter’s net revenue occurring late in the June 30, 2016 quarter. Our annual inventory turns increased from six to eight during the same period.

Cash Flows from Investing Activities. Cash used in investing activities during the six months ended December 31, 2017 consisted of $395.9 million for the acquisition of businesses, net of cash and cash equivalents acquired, $19.5 million for purchases of property and equipment, and $7.7 million for purchases of intangible assets. Cash used in investing activities during the six months ended December 31, 2016 consisted of $20.3 million for purchase of property and equipment and $15.8 million for the investment in a direct financing lease, partially offset by $7.5 million of proceeds from sales of investments.

Cash Flows from Financing Activities. Net cash provided by financing activities for the six months ended December 31, 2017 was $204.4 million compared with $26.9 million used in financing activities for the six months ended December 31, 2016. Net cash provided by financing activities for the six months ended December 31, 2017 was primarily related to $514.5 million in proceeds from issuance of convertible debt, net of issuance costs, partially offset by $220.0 million used for payment of debt and $93.6 million used to repurchase 1,698,400 shares of our common stock. Net cash used in financing activities for the three months ended December 31, 2016 primarily related to $25.0 million used to repurchase 508,063 shares of our common stock, $11.3 million for the payment of debt, partially offset by $13.1 million in proceeds from issuance of shares.

Common Stock Repurchase Program. As of December 31, 2017, our board has cumulatively authorized $1.3 billion for our common stock repurchase program, which will expire in July 2019. The program authorizes us to purchase our common stock in the open market or in privately negotiated transactions, depending upon market conditions and other factors. The number of shares purchased and the timing of purchases is based on the level of our cash balances, general business and market conditions, and other factors. Common stock purchased under this program is held as treasury stock. From April 2005 through December 31, 2017, we purchased 27,639,876 shares of our common stock in the open market for an aggregate cost of $1.1 billion. Treasury shares purchased prior to August 28, 2008 were not subject to the stock split on that date. During the six months ended December 31, 2017, we repurchased 1,698,400 shares of our common stock for a total cost of $93.6 million. As of December 31, 2017, the remaining available authorization under our common stock repurchase program is $226.1 million.

Convertible Debt

On June 20, 2017, we entered into a purchase agreement, or the Purchase Agreement, with Wells Fargo Securities, LLC, as representative of the initial purchasers named therein, or collectively, the Initial Purchasers, pursuant to which we agreed to issue and sell, and the Initial Purchasers agreed to purchase, $500 million aggregate principal amount of our 0.50% convertible senior notes due 2022, or the Notes, in a private placement transaction. Pursuant to the Purchase Agreement, we also granted the Initial Purchasers a 30-day option to purchase up to an additional $25 million aggregate principal amount of Notes, which was exercised in full on June 21, 2017. The net proceeds, after deducting the Initial Purchasers' discounts, were $514.5 million, which includes proceeds from the Initial Purchasers' exercise of their option to purchase additional Notes. We received the net proceeds on June 26, 2017, which we used to repurchase shares of our common stock, to retire our outstanding bank debt, and to provide additional cash resources to fund the Conexant and Marvell Business Acquisitions.

The Notes bear interest at a rate of 0.50% per year. Interest will accrue from June 26, 2017 and will be payable semi-annually in arrears, on June 15 and December 15 of each year, beginning on December 15, 2017. The Notes are senior unsecured obligations and rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Notes; equal in right of payment to any our liabilities that are not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

The Notes mature on June 15, 2022, or the Maturity Date, unless earlier repurchased, redeemed or converted.

Holders may convert all or any portion of their Notes, in multiples of $1,000 principal amounts, at their option at any time prior to the close of business on the business day immediately preceding March 15, 2022 under certain defined circumstances.

On or after March 15, 2022 until the close of business on the business day immediately preceding the Maturity Date, holders may convert all or any portion of their Notes, in multiples of $1,000 principal amounts, at the option of the holder. Upon conversion, we will pay or deliver, at our election, shares of common stock, cash, or a combination of cash and shares of common stock.

The conversion rate for the Notes is initially 13.6947 shares of common stock per $1,000 principal amount of Notes (equivalent to an initial conversion price of approximately $73.02 per share of common stock). The conversion rate is subject to adjustment in certain circumstances.

Upon the occurrence of a fundamental change (as defined in the Notes indenture), holders of the Notes may require us to repurchase for cash all or a portion of their Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest up to, but excluding, the fundamental change repurchase date.

We may not redeem the Notes prior to June 20, 2020. We may redeem for cash all or any portion of the Notes, at our option, on or after June 20, 2020, if the last reported sale price of our common stock, as determined by us, has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest up to, but excluding, the redemption date. Our policy is to settle the principal amount of our Notes with cash upon conversion or redemption.

Bank Credit Facility. At the end of fiscal 2017, we had $220.0 million principal outstanding under our credit agreement consisting of $100.0 million under our revolving credit facility and $120.0 million under our term loan arrangement. At the beginning of fiscal 2018, we issued $525.0 million principal amount of convertible notes and utilized a portion of the proceeds from our Notes to retire the outstanding principal and interest balances on our revolving credit facility and our term loan arrangement. At the end of July 2017, we made an election to reduce the commitment under the revolving credit facility from $450.0 million to $250.0 million as we were able to complete the Conexant Acquisition with available cash.

In September 2017, we entered into an Amendment and Restatement Agreement, or the Agreement, with the lenders that are party thereto, or the Lenders, and Wells Fargo Bank, National Association, as administrative agent for the Lenders. The Agreement terminated our term loan arrangement and provides for a revolving credit facility in a principal amount of up to $200 million, which includes a $20 million sublimit for letters of credit and a $20 million sublimit for swingline loans. Under the terms of the Agreement, we may, subject to the satisfaction of certain conditions, request increases in the revolving credit facility commitments in an aggregate principal amount of up to $100 million to the extent existing or new lenders agree to provide such increased or additional commitments, as applicable. Proceeds under the revolving credit facility are available for working capital and general corporate purposes. As of December 31, 2017, there is no balance outstanding under the revolving credit facility. As a result of terminating our term loan arrangement, we expensed the remaining debt issuance costs attributable to the term loan of $1.0 million during the first quarter of fiscal 2018.

The revolving credit facility is required to be repaid in full on the earlier of (i) September 27, 2022 and (ii) the date 91 days prior to the Maturity Date of the Notes if the Notes have not been refinanced in full by such date. Debt issuance costs of $2.3 million will be amortized over 60 months.

Our obligations under the Agreement are guaranteed by the material domestic subsidiaries of our company, subject to certain exceptions (such material subsidiaries, together with our company, collectively, the Credit Parties). The obligations of the Credit Parties under the Agreement and the other loan documents delivered in connection therewith are secured by a first priority security interest in substantially all of the existing and future personal property of the Credit Parties, including, without limitation, 65% of the voting capital stock of certain of the Credit Parties' direct foreign subsidiaries, subject to certain exceptions.

The revolving credit facility bears interest at our election of a Base Rate plus an Applicable Margin or LIBOR plus an Applicable Margin. Swingline loans bear interest at a Base Rate plus an Applicable Margin. The Base Rate is a floating rate that is the greater of the Prime Rate, the Federal Funds Rate plus 50 basis points, or LIBOR plus 100 basis points. The Applicable Margin is based on a sliding scale which ranges from 0.25 to 100 basis points for Base Rate loans and 100 basis points to 175 basis points for LIBOR loans. We are required to pay a commitment fee on any unused commitments under the Agreement which is determined on a leverage-based sliding scale ranging from 0.175% to 0.25% per annum. Interest and fees are payable on a quarterly basis. As of December 31, 2017, there is no balance outstanding under the revolving credit facility.

Under the Agreement, there are various restrictive covenants, including three financial covenants which limit the consolidated total leverage ratio, or leverage ratio, the consolidated interest coverage ratio, or interest coverage ratio, a restriction which places a limit on the amount of capital expenditures that may be made in any fiscal year, a restriction that permits up to $50 million per fiscal quarter of accounts receivable financings, and sets the Specified Leverage Ratio. The leverage ratio is the ratio of debt as of the measurement date to earnings before interest, taxes, depreciation and amortization, or EBITDA, for the four consecutive quarters ending with the quarter of measurement. The current leverage ratio shall not exceed 3.50 to 1.00 provided that for the four fiscal quarters ending after the date of a material acquisition, such maximum leverage ratio shall be adjusted to 3.75 to 1.00, and thereafter, shall not be more than 3.50 to 1.00. The interest coverage ratio is EBITDA to interest expense for the four consecutive quarters ending with the quarter of measurement. The interest coverage ratio must not be less than 3.50 to 1.0 during the term of the Agreement. The Specified Leverage Ratio is the ratio used in determining, among other things, whether we are permitted to make dividends and/or prepay certain indebtedness, at a fixed ratio of 3.00 to 1.00.

$100 Million Shelf Registration. We have registered an aggregate of $100.0 million of common stock and preferred stock for issuance in connection with acquisitions, which shares will generally be freely tradeable after their issuance under Rule 145 of the Securities Act unless held by an affiliate of the acquired company, in which case such shares will be subject to the volume and manner of sale restrictions of Rule 144 of the Securities Act.

Liquidity and Capital Resources. We believe our existing cash and cash equivalents, anticipated cash flows from operating activities, and available credit under the Agreement will be sufficient to meet our working capital and other cash requirements for at least the next 12 months, our contingent consideration obligations associated with the acquisition of Validity, and our debt service obligations. Our future capital requirements will depend on many factors, including our revenue, the timing and extent of spending to support product development efforts, costs associated with restructuring activities net of projected savings from those activities, costs related to protecting our intellectual property, the expansion of sales and marketing activities, timing of introductions of new products and enhancements to existing products, the costs to ensure access to adequate manufacturing, the costs of maintaining sufficient space for our workforce, the continuing market acceptance of our product solutions, our common stock repurchase program, and the amount and timing of our investments in, or acquisitions of, other technologies or companies. Further equity or debt financing may not be available to us on acceptable terms or at all. If sufficient funds are not available or are not available on acceptable terms, our ability to take advantage of business opportunities or to respond to competitive pressures could be limited or severely constrained.

Based on our ability to access our cash and cash equivalents, our expected operating cash flows, and our other sources of cash, we do not anticipate the need to remit undistributed earnings of our foreign subsidiaries to meet our working capital and other cash requirements, but if we did remit such earnings we may be required to accrue and pay certain state and foreign taxes to repatriate these funds, which would adversely impact our financial position and results of operations.

Contractual Obligations and Commercial Commitments

Our material contractual obligations and commercial commitments as of December 31, 2017 were as follows (in millions):

	Remaining in Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Thereafter	Total
Long-term debt (1)	$ 1.3	$ 2.6	$ 2.6	$ 2.6	$ 527.6	$ -	$ -	$ 536.7
Leases	7.5	6.1	3.3	1.1	0.4	0.5	-	18.9
Purchase obligations and other commitments (2)	42.9	16.9	8.6	2.0	-	-	-	70.4
Other obligations (3)	8.7	-	-	-	-	-	-	8.7
Total	$ 60.4	$ 25.6	$ 14.5	$ 5.7	$ 528.0	$ 0.5	$ -	$ 634.7

(1) Represents the principal and interest payable through the maturity date of the underlying contractual obligation.

(2) Purchase obligations and other commitments include payments due for inventory purchase obligations with contract manufacturers, long-term software tool licenses, and other licenses.

(3) Represents payments retained in connection with the earnout consideration related to the Validity acquisition.

In connection with the Validity acquisition in November 2013, we entered into a contingent consideration arrangement. The earnout period for this arrangement was complete as of March 31, 2016. As of December 31, 2017, $8.7 million of the final earnout consideration liability is outstanding; this balance represents amounts we have not paid and have retained, subject to resolution of matters relating to the Amkor Technology legal dispute (see *Legal Proceedings* under Note 9 included in the condensed consolidated financial statements contained elsewhere in this Report).

The amounts in the table above exclude unrecognized tax benefits of $18.0 million. As of December 31, 2017, we were unable to make a reasonably reliable estimate of when cash settlement with a taxing authority may occur in connection with our gross unrecognized tax benefit.

Recently Issued Accounting Pronouncements Not Yet Effective

In May 2014, the Financial Accounting Standards Board, or FASB, issued an accounting standard update, or ASU, on Revenue from Contracts with Customers. The ASU will supersede most of the existing revenue recognition guidance in U.S. GAAP when the new standard becomes effective, and requires entities to recognize revenue when they transfer promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled to in exchange for those goods or services. The ASU is effective for us in our fiscal year 2019, with early adoption permitted in the first quarter of fiscal 2018. We did not early adopt the new standard. The new standard permits the use of either the full retrospective or modified retrospective transition method and we plan to adopt the standard using the modified retrospective transition method. Based on our current assessment of the ASU and our related customer contracts and current revenue recognition methodologies and processes, the new revenue standard is not expected to have a material impact on the amount and timing of revenue recognized in our consolidated financial statements.

In February 2016, the FASB issued an ASU on Leases. This update requires organizations that lease assets with lease terms of more than 12 months to recognize assets and liabilities for the rights and obligations created by those leases on their balance sheets. It also requires new qualitative and quantitative disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard will be effective for us beginning in the first quarter of our fiscal year 2020, with early adoption permitted. We are evaluating the effects of adoption of this ASU on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2017, our market risk related to interest rates on our cash and cash equivalents and ARS investments, and foreign currency exchange risks has not changed materially from the risks disclosed in Item 7A of our Annual Report on Form 10-K for the fiscal year ended June 24, 2017.

Variable Interest Rate Risk

As of December 31, 2017, there is no balance outstanding under our revolving credit facility. The revolving credit facility bears interest at our election of a Base Rate plus an Applicable Margin or LIBOR plus an Applicable Margin. Swingline loans bear interest at a Base Rate plus an Applicable Margin. The Base Rate is a floating rate that is the greater of the Prime Rate, the Federal Funds Rate plus 50 basis points, or LIBOR plus 100 basis points. The Applicable Margin is based on a sliding scale which ranges from 0.25 to 100 basis points for Base Rate loans and 100 basis points to 175 basis points for LIBOR loans. We are required to pay a commitment fee on any unused commitments under the Agreement which is determined on a leverage-based sliding scale ranging from 0.175% to 0.25% per annum. Interest and fees are payable on a quarterly basis.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and procedures designed to reasonably ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Report, are recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and to reasonably ensure that such information is accumulated and communicated to our management, including the Chief Executive Officer, or CEO, and the Chief Financial Officer, or CFO, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Report. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

Changes in Internal Control over Financial Reporting

We assessed, with the participation of the CEO and CFO, any change in our internal control over financial reporting as of the end of the fiscal quarter covered by this Report.

Our assessment excluded Conexant which was acquired on July 25, 2017. Conexant had net revenues of approximately $57.4 million and total tangible assets of approximately $75.1 million, which are included in our condensed consolidated financial statements as of and for the six months ended December 31, 2017. We are currently assessing the control environment of this acquired business. Conexant’s sales constitute approximately 6.8% of our sales for the quarterly period covered by this Report, and Conexant’s tangible assets constitute approximately 5.0% of our total assets as of the end of such period.

Under guidelines established by the SEC, companies are permitted to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company. During the integration period, management is developing additional controls to ensure the financial information provided by Conexant is complete and accurate in all material respects.

Except as noted above, there were no changes in our internal control over financial reporting during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1A. RISK FACTORS

You should carefully consider the following factors, together with all the other information included in this report and in the factors set forth in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended June 24, 2017, in evaluating our company and our business.

Comprehensive changes in tax laws could adversely affect our consolidated financial position, results of operations or cash flows.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation, commonly known as the Tax Cuts and Jobs Act, or the Act, which significantly reforms the Internal Revenue Code of 1986, as amended. The Act contains broad and complex changes to corporate taxation, including in part reduction of the U.S federal corporate tax rate, limitation of the tax deduction for interest expense, a limitation on the deduction for net operating losses, elimination of net operating loss carrybacks, one-time taxation of foreign earnings at reduced tax rates regardless of whether they are repatriated, elimination of U.S. federal tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, a limitation on the deduction for compensation paid to certain executive officers, and modifying or repealing many business deductions and credits. As regulations, new legislation, or technical corrections are enacted to interpret various elements of the Act, these changes may result in adjustments to our estimates.

Notwithstanding the reduction in the corporate U.S. federal corporate tax rate, the initial impact of accounting for the Act was a material increase to our provision for income taxes in the quarter of enactment. The ongoing impact is uncertain, pending completion of U.S. federal and state regulations and guidance, and could adversely affect our consolidated financial position, results of operations, or cash flows.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Our Board of Directors has cumulatively authorized $1.3 billion for our common stock repurchase program, which expires at the end of July 2019. As of December 31, 2017, the remaining amount authorized for the repurchase of our common stock is $226.1 million. There were no repurchases under our common stock repurchase program during the three-month period ended December 31, 2017.

ITEM 6. EXHIBITS

10.3*	Synaptics Incorporated Amended and Restated 2010 Incentive Compensation Plan, as amended effective on October 31, 2017 (1)
10.24(e)*	Form of Deferred Stock Award Agreement for Market Stock Units for Amended and Restated 2010 Incentive Compensation Plan
10.24(f)*	Form of Deferred Stock Award Agreement for Performance Stock Units for Amended and Restated 2010 Incentive Compensation Plan
10.26*	Change of Control Severance Policy for Principal Executive Officers
10.27*	Severance Policy for Principal Executive Officers
31.1	Certification of Chief Executive Officer
31.2	Certification of Chief Financial Officer
32.1**	Section 1350 Certification of Chief Executive Officer
32.2**	Section 1350 Certification of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to the Registrant’s Form 8-K as filed with the SEC on November 3, 2017.

* Indicates a contract with management or compensatory plan or arrangement.

** This information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYNAPTICS INCORPORATED

Date: February 8, 2018	By:	*/s/ Richard A. Bergman*
	Name:	Richard A. Bergman
	Title:	President and Chief Executive Officer
Date: February 8, 2018	By:	*/s/ Wajid Ali*
	Name:	Wajid Ali
	Title:	Senior Vice President and Chief Financial Officer

FORM FOR FISCAL 2018 MSU AWARDS

SYNAPTICS INCORPORATED
2010 INCENTIVE COMPENSATION PLAN
DEFERRED STOCK UNIT AWARD AGREEMENT FOR MARKET STOCK UNITS

Synaptics Incorporated (the “Company”) wishes to grant to **[_________________]** (the “Participant”) a Deferred Stock Unit Award (the “Award”) pursuant to the provisions of the Company’s 2010 Incentive Compensation Plan, as amended (the “Plan”). The Award will entitle the Participant to shares of Stock from the Company, if the Participant meets the vesting requirements described herein. Therefore, pursuant to the terms of the attached Notice of Grant (“Notice of Grant”) and this Deferred Stock Unit Award Agreement (the “Agreement”), the Company grants the Participant the number of Deferred Stock Units listed below in Section 2.

The details of the Award are as follows:

1. Grant Pursuant to Plan. This Award is granted pursuant to the Plan, which is incorporated herein for all purposes. The Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all of the terms and conditions of this Agreement and of the Plan. All capitalized terms in this Agreement shall have the meaning assigned to them in this Agreement, or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

2. Deferred Stock Unit Award.

(a) Number of Deferred Stock Units. On [______________], 2017 (the “Grant Date”), the Company granted to the Participant a Target Number of Deferred Stock Units set forth below that may be earned based on the Payout Factor:

Target Number of Deferred Stock Units	**[_______________]**

The Target Number of Deferred Stock Units has been divided into the following three Tranches, each with a corresponding Performance Period with respect to which the Payout Factor will be determined.

Tranche	Target Number of Deferred Stock Units	Performance Period
Tranche One	**[_______________]**	October 1, 2017 – September 30, 2018
Tranche Two	**[_______________]**	October 1, 2017 – September 30, 2019
Tranche Three	**[_______________]**	October 1, 2017 – September 30, 2020

The total number of Deferred Stock Units shall be adjusted from time to time pursuant to Section 10(c) of the Plan.

(b) Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings indicated:

(i) "Beginning Company TSR" shall mean the average closing price for the Company's common stock during the period starting on October 1, 2017, and ending on October 31, 2017, as reported in The Wall Street Journal.

(ii) "Beginning SPSISC TSR" shall mean the average closing price for the S&P Semiconductor Select Industry Index during the period starting on October 1, 2017, and ending on October 31, 2017, as reported in The Wall Street Journal.

(iii) "Change in Control" shall mean any of the following:

(A) a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, or if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, which serve similar purposes;

(B) the following individuals no longer constitute a majority of the members of the Board of Directors of the Company (the "Board"): (1) the individuals who, as of the date of this Agreement constitute the Board (the "Current Directors"); (2) the individuals who thereafter are elected to the Board and whose election, or nomination for election, to the Board was approved by a vote of all of the Current Directors then still in office (such directors becoming "Additional Directors" immediately following their election); and (3) the individuals who are elected to the Board and whose election, or nomination for election, to the Board was approved by a vote of all of the Current Directors and Additional Directors then still in office (such directors also becoming "Additional Directors" immediately following their election);

(C) a tender offer or exchange offer is made whereby the effect of such offer is to take over and control the Company, and such offer is consummated for the equity securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding voting securities;

(D) upon the consummation of a transaction approved by the stockholders of the Company of a merger, consolidation, recapitalization, or reorganization of the Company, a reverse stock split of outstanding voting securities, or consummation of any such transaction if stockholder approval is not obtained, other than any such transaction that would result in more than 50% of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction being beneficially owned by the holders of outstanding voting securities of the Company immediately prior to the transaction, with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction;

(E) upon the consummation of a transaction approved by the stockholders of the Company of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or a substantial portion of the Company's assets to another person, which is not a wholly owned subsidiary of the Company (i.e., 50% or more of the total assets of the Company); or

(F) any "person" (as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under that Act), directly or indirectly of more than 50% of the total voting power represented by the Company's then outstanding voting securities.

(iv) "Change in Control Deferred Stock Units" shall mean, with respect to each Tranche for which the applicable Vesting Date is after the effective date of a Change in Control, (A) the Target Number of Deferred Stock Units subject to such Tranche, multiplied by (B) the Payout Factor, multiplied by (C) a fraction, the numerator of which shall be the number of days that elapsed during the applicable Performance Period through the effective date of the Change in Control, and the denominator of which shall be the total number of days in the applicable Performance Period, and in the case of Tranche Three, less the number of Deferred Stock Units or Change in Control Deferred Stock Units that vested in Tranche One and Tranche Two.

(v) "Company TSR" shall mean (A) the Ending Company TSR minus the Beginning Company TSR divided by (B) the Beginning Company TSR, with the quotient expressed as a percentage.

(vi) "Determination Date" shall mean the last day of the applicable Performance Period, or, if earlier, the day immediately prior to the effective date of the Change in Control.

(vii) "Ending Company TSR" shall mean the average closing price for the Company's common stock during the thirty (30) calendar day period ending on the last day of the Performance Period applicable to the Tranche for which the Payout Factor is being determined, as reported in The Wall Street Journal. However, if a Change in Control occurs prior to the last day of a Performance Period, the Ending Company TSR shall mean (A) the value of the consideration offered for a share of the Company's common stock in the Change in Control or (B) in the event that there is no consideration offered for a share of the Company's common stock in the Change in Control, the average closing price for the Company's common stock during the thirty (30) calendar day period ending on the day immediately prior to the effective date of the Change in Control, as reported in The Wall Street Journal.

(viii) "Ending SPSISC TSR" shall mean the average closing price for the S&P Semiconductor Select Industry Index during the thirty (30) calendar day period ending on the Determination Date, as reported in The Wall Street Journal.

(ix) "Good Cause" shall mean any one (1) or more of the following: (A) the Participant's willful, material, and irreparable breach of any employment, consulting, or change in control agreement between Participant and the Company or a Related Entity (a "Service

Agreement”); (B) the Participant’s gross negligence in the performance or intentional nonperformance (continuing for thirty (30) days after receipt of written notice of need to cure) of any of the Participant’s material duties and responsibilities to the Company; (C) the Participant’s willful dishonesty, fraud, or misconduct with respect to the business or affairs of the Company, which materially and adversely affects the operations or reputation of the Company; (D) the Participant’s indictment for, conviction of, or guilty plea to a felony crime involving dishonesty or moral turpitude whether or not relating to the Company; or (E) a confirmed positive illegal drug test result.

(x) “Good Reason” shall mean the occurrence of any of the following events without the Participant’s prior written approval: (A) the Participant is demoted by means of a material reduction in authority, responsibilities, or duties; (B) the Participant’s annual base salary for a fiscal year (“Base Salary”) is reduced to a level that is less than 90% of the Base Salary paid to the Participant during the prior fiscal year, or, the Participant’s Targeted Bonus is reduced to a level that is less than 90% of the Targeted Bonus for the Participant during the prior fiscal year; (C) the Participant is required to render his or her principal duties from a Company location that is more than fifty (50) miles from a Company location from which the Participant performs his or her principal duties at the earlier of the time the Participant entered into any Service Agreement or the date of this Agreement, in either case other than as has been previously contemplated by the Company and the Participant, and such relocation increases the Participant’s one way commute; or (D) the Company breaches a material provision of any Service Agreement.

(xi) “Non-Vested Deferred Stock Units” means, with respect to each Tranche for which the applicable Vesting Date is after the effective date of a Change in Control, the difference of (i) (A) the Target Number of Deferred Stock Units subject to such Tranche, multiplied by (B) the Payout Factor, minus (ii) the CIC Deferred Stock Units for such Tranche.

(xii) “Payout Factor” shall mean:

(A) For Tranche One and Tranche Two, 100% minus two (2) times the percentage, if any, by which the SPSISC TSR exceeds the Company TSR as of the Determination Date. If Company TSR exceeds SPSISC TSR as of the Determination Date, then the Payout Factor shall be 100%.

(B) For Tranche Three, 100% (x) plus the percentage by which the Company TSR exceeds the SPSISC TSR, multiplied by two (2), if the Company TSR exceeds the SPSISC TSR or (y) minus the percentage by which the SPSISC TSR exceeds the Company TSR, multiplied by two (2), if the SPSISC TSR exceeds the Company TSR, as of the Determination Date.

In no event, however, shall the Payout Factor be less than 0% or greater than 200%.

(xiii) “SPSISC TSR” shall mean (A) the Ending SPSISC TSR minus the Beginning SPSISC TSR divided by (B) the Beginning SPSISC TSR, with the quotient expressed as a percentage.

(xiv) “Targeted Bonus” shall mean, for each fiscal year of the Company, either (i) a bonus program in which the Participant shall be entitled to participate, which provides the Participant with a reasonable opportunity, based on the past compensation practices of the Company and the Participant’s then base salary, to maintain or increase the Participant’s total compensation compared to the previous fiscal year or (ii) a targeted bonus based on such factors as the Board may determine.

(xv) “Vested Deferred Stock Units” means the portion of the Deferred Stock Units subject to this Agreement that become vested on the applicable Vesting Date set forth in Section 3 below.

3. Vesting and Forfeiture of Deferred Stock Units.

(a) Vesting. As of each Determination Date, the Company shall determine the Payout Factor for the applicable Performance Period.

For Tranche One and Tranche Two, the Company shall multiply the Payout Factor by the Target Number of Deferred Stock Units subject to the Tranche, and the resulting number of Deferred Stock Units shall vest in full on the Vesting Date set forth below for that Tranche, in each case, subject to the Participant’s Continuous Service on the Vesting Date.

For Tranche Three, the Company shall multiply the Payout Factor by the Target Number of Deferred Stock Units subject to Tranche Three and then subtract the number of Deferred Stock Units that vested in Tranche One and Tranche Two. The resulting number of Deferred Stock Units shall vest in full on the Vesting Date set forth below for Tranche Three, subject to the Participant’s Continuous Service on the Vesting Date.

Tranche	Vesting Date
Tranche One	September 30, 2018
Tranche Two	September 30, 2019
Tranche Three	September 30, 2020

There shall be no proportionate or partial vesting of Deferred Stock Units in or during the months, days, or periods prior to each Vesting Date, and except as otherwise provided in Sections 3(b), 3(c), or 3(d) hereof, all vesting of Deferred Stock Units shall occur only on the applicable Vesting Date.

(b) Acceleration of Vesting Upon a Change in Control. In the event that during the Participant's Continuous Service, a Change in Control occurs prior to the last day of a Performance Period, the Change in Control Deferred Stock Units shall become immediately vested as of the effective date of the Change in Control and all Performance Periods shall be deemed completed. After giving effect to the preceding sentence, any Non-Vested Deferred Stock Units with respect to each Tranche shall remain outstanding and will vest thereafter on the applicable

Vesting Date for such Tranche, subject to the Participant's Continuous Service on such Vesting Date.

(c) Treatment of Non-Vested Deferred Stock Units Upon a Change in Control. The successor or acquiring entity or an affiliate thereof in a Change in Control may, with the consent of the Committee, assume the Non-Vested Deferred Stock Units or substitute an equivalent equity or cash award or right (including an award or right that is based on the per share consideration payable to stockholders of the Company in such Change in Control). If the successor or acquiring entity or an affiliate thereof does not cause such an assumption or substitution, then the Non-Vested Deferred Stock Units shall become fully vested, and all applicable restrictions, deferrals of settlement or forfeiture provisions shall lapse, effective as of and contingent on the consummation of the Change in Control. Immediately prior to and contingent on the consummation of the Change in Control, the Company shall deliver shares of Stock in respect of such accelerated Non-Vested Deferred Stock Units (as provided in the immediately preceding sentence) as of the date of the consummation of such Change in Control. In addition, the transaction agreement for such Change in Control may provide for the settlement of a Non-Vested Deferred Stock Unit through a payment equal to the per share consideration payable to stockholders of the Company in such Change in Control.

(d) Acceleration of Vesting Upon Termination. Notwithstanding any other term or provision of this Agreement, in the event that the Participant's Continuous Service is terminated either by the Company without Good Cause or by the Participant for Good Reason during the eighteen (18) month period immediately following a Change in Control, all Non-Vested Deferred Stock Units subject to this Agreement shall become immediately vested as of the date of the termination of the Participant's Continuous Service.

(e) Acceleration of Vesting at Committee's Discretion. Notwithstanding any other term or provision of this Agreement, the Committee shall be authorized, in its sole discretion, based upon its review and evaluation of the performance of the Participant and of the Company, to accelerate the vesting of any Non-Vested Deferred Stock Units subject to this Agreement, at such times and upon such terms and conditions as the Committee shall deem advisable.

(f) Forfeiture. If the Participant's Continuous Service is terminated for any reason, any Deferred Stock Units that are not Vested Deferred Stock Units, and that do not become Vested Deferred Stock Units pursuant to this Section 3, shall be forfeited immediately upon such termination of Continuous Service without any payment to the Participant. The Committee shall have the power and authority to enforce on behalf of the Company any rights of the Company under this Agreement in the event of the Participant's forfeiture of Non-Vested Deferred Stock Units pursuant to this Section 3.

4. Settlement of Deferred Stock Units.

(a) Delivery of Stock. The Company shall deliver to the Participant one (1) share of Stock for each Vested Deferred Stock Unit subject of this Agreement (or, in the event there are no longer shares of Stock, in lieu of such Stock, the equivalent value of the stock or other securities of a successor or acquiring entity or cash to which the Participant would have been entitled to receive for such Stock). Shares of Stock (or the equivalent value of the stock or other securities of a successor or acquiring entity or cash) corresponding to the Vested Deferred Stock Units shall be delivered within thirty (30) days after the applicable Vesting Date of the Vested Deferred Stock Units; provided, however, that shares of Stock corresponding to the Change in Control Deferred Stock Units that vest on account of a Change in Control shall be delivered immediately prior to the consummation of the transaction constituting a Change in Control.

(b) Once shares of Stock are delivered with respect to Vested Deferred Stock Units, such Vested Deferred Stock Units shall terminate and the Company shall have no further obligation to deliver shares of Stock for such Vested Deferred Stock Units.

(c) Distribution to Specified Employees. This Award is intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other guidance promulgated or issued thereunder ("Section 409A"). However, if the Company determines that the Award constitutes deferred compensation as determined under Section 409A, and if the Participant is a "specified employee" for purposes of Section 409A, then no distributions otherwise required to be made under this Agreement on account of the Participant's "separation from service", within the meaning under Section 409A, shall be made before the date that is six (6) months and one (1) day after the date of the Participant's "Separation from Service" or, if earlier, the date of the Participant's death.

5. Rights with Respect to Deferred Stock Units.

(a) No Rights as Shareholder until Delivery. The Participant shall not have any rights, benefits, or entitlements with respect to any Stock subject to this Agreement unless and until the Stock has been delivered to the Participant. On or after delivery of the Stock, the Participant shall have, with respect to the Stock delivered, all of the rights of an equity interest holder of the Company, including the right to vote the Stock and the right to receive all dividends, if any, as may be declared on the Stock from time to time.

(b) No Restriction on Certain Transactions. Notwithstanding any term or provision of this Agreement to the contrary, the existence of this Agreement, or of any outstanding Deferred Stock Units awarded hereunder, shall not affect in any manner the right, power, or authority of the Company or any Related Entity to make, authorize, or consummate: (i) any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's or any Related Entity's capital structure or its business; (ii) any merger, consolidation, or similar transaction by or of the Company or any Related Entity; (iii) any offer, issue, or sale by the Company or any Related Entity of any capital stock of the Company or any Related Entity, including any equity or debt securities, or preferred or preference stock that would rank prior to or on parity with the shares of Stock represented by the Deferred Stock Units and/or that would include, have or possess other rights, benefits, and/or preferences superior to those that such shares of Stock includes, has or possesses, or any warrants, options, or rights with respect to any of the foregoing; (iv) the dissolution or liquidation of the Company or any Related Entity; (v) any sale, transfer, or assignment of all or any part of the stock, assets, or business of the Company or any Related Entity; or (vi) any other corporate transaction, act, or proceeding (whether of a similar character or otherwise).

6. Adjustments in Case of Certain Corporate Transactions. In the event of any reorganization, merger, consolidation, or other form of corporate transaction that does not constitute a Change in Control in which the Company does not survive, or that does not constitute a Change in Control in which the shares of Stock are exchanged for or converted into securities issued by another entity, then the successor or acquiring entity or an affiliate thereof may, with the consent of the Committee, assume this Award or substitute an equivalent award. If the successor or acquiring entity or an affiliate thereof does not cause such an assumption or substitution, then immediately prior to and contingent on the consummation of a corporate transaction as described in this Section 6, the Company shall treat such corporate transaction as a Change in Control for purposes of this Agreement, including accelerating vesting and settlement of any Non-Vested Deferred Stock Units pursuant to Sections 3(b) and 4(a) hereof.

7. Tax Provisions.

(a) Tax Consequences. The Participant has reviewed with the Participant's own tax advisors the federal, state, local, and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

(b) Withholding Obligations. At the time the Award is granted, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, including the shares of Stock deliverable pursuant to this Award, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local, and foreign tax withholding obligations of the Company or a Related Entity, if any, which arise in connection with the Award.

The Company, in compliance with any applicable legal conditions or restrictions, shall withhold from fully vested shares of Stock otherwise deliverable to the Participant upon the vesting of the Award a number of whole shares of Stock having a Fair Market Value, as determined by the Company as of the date the Participant recognizes income with respect to those shares of Stock, not in excess of the amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid adverse financial accounting treatment). Any adverse consequences to the Participant arising in connection with such Stock withholding procedure shall be the Participant's sole responsibility.

Unless the tax withholding obligations of the Company or any Related Entity are satisfied, the Company shall have no obligation to issue a certificate for such shares of Stock.

8. Consideration. With respect to the value of the shares of Stock to be delivered pursuant to the Award, such shares of Stock are granted in consideration for the services the Participant shall provide to the Company during the Participant's Continuous Service.

9. Transferability. The Deferred Stock Units granted under this Agreement are not transferable otherwise than by will or under the applicable laws of descent and distribution. In addition, the Deferred Stock Units shall not be assigned, negotiated, pledged, or hypothecated in

any way (whether by operation of law or otherwise), and the Deferred Stock Units shall not be subject to execution, attachment, or similar process.

10. General Provisions.

(a) Employment At Will. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the service of the Company or its Related Entities for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Related Entity employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate the Participant's service at any time for any reason, with or without cause.

(b) Notices. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the address indicated below such party's signature line on this Agreement or at such other address as such party may designate by ten (10) days' advance written notice under this section to all other parties to this Agreement.

(c) No Limit on Other Compensation Arrangements. Nothing contained in this Agreement shall preclude the Company from adopting or continuing in effect other or additional compensation arrangements, and those arrangements may be either generally applicable or applicable only in specific cases.

(d) Severability. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or would disqualify this Agreement or the Award under any applicable law, that provision shall be construed or deemed amended to conform to applicable law (or if that provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and the Award, that provision shall be stricken as to that jurisdiction and the remainder of this Agreement and the Award shall remain in full force and effect).

(e) No Trust or Fund Created. Neither this Agreement nor the grant of the Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and the Participant or any other person. The Deferred Stock Units subject to this Agreement represent only the Company's unfunded and unsecured promise to issue Stock to the Participant in the future. To the extent that the Participant or any other person acquires a right to receive payments from the Company pursuant to this Agreement, that right shall be no greater than the right of any unsecured general creditor of the Company.

(f) Cancellation of Award. If any Deferred Stock Units subject to this Agreement are forfeited, then from and after such time, the person from whom such Deferred Stock Units are forfeited shall no longer have any rights to such Deferred Stock Units or the corresponding shares of Stock. Such Deferred Stock Units shall be deemed forfeited in accordance with the applicable provisions hereof.

(g) Participant Undertaking. The Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the shares of Stock deliverable pursuant to the provisions of this Agreement.

(h) Amendment, Modification, and Entire Agreement. No provision of this Agreement may be modified, waived, or discharged unless that waiver, modification, or discharge is agreed to in writing and signed by the Participant and the Committee. This Agreement constitutes the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan. In the event of a conflict between the Plan and this Agreement, the terms of the Plan shall govern. The Participant further acknowledges that as of the Grant Date, this Agreement and the Plan set forth the entire understanding between the Participant and the Company regarding the acquisition of Stock pursuant to this Award and supersede all prior oral and written agreements on that subject with the exception of awards from the Company previously granted and delivered to the Participant. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

(i) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of Delaware without regard to the conflict-of-laws rules thereof or of any other jurisdiction.

(j) Interpretation. The Participant accepts this Award subject to all the terms and provisions of this Agreement and the terms and conditions of the Plan. The undersigned Participant hereby accepts as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions arising under this Agreement.

(k) Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant’s assigns and the legal representatives, heirs, and legatees of Participant’s estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof. The Company may assign its rights and obligations under this Agreement, including, but not limited to, the forfeiture provision of Section 3(e) hereof to any person or entity selected by the Committee.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(m) Headings. Headings are given to the Sections and Subsections of this Agreement solely as a convenience to facilitate reference. The headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision thereof.

(n) Non-Waiver of Breach. The waiver by any party hereto of the other party's prompt and complete performance, or breach or violation, of any term or provision of this Agreement shall be effected solely in a writing signed by such party, and shall not operate nor be construed as a waiver of any subsequent breach or violation, and the waiver by any party hereto to exercise any right or remedy which he, she, or it may possess shall not operate nor be construed as the waiver of such right or remedy by such party, or as a bar to the exercise of such right or remedy by such party, upon the occurrence of any subsequent breach or violation.

(o) Complete Agreement. This Agreement (together with those agreements and documents expressly referred to herein, for the purposes referred to herein) embody the complete and entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede any and all prior promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, which may relate to the subject matter hereof in any way. No provision of any employment, consulting, change in control, or other agreement, policy, practice, or arrangement, whether written or unwritten, as may be amended or modified from time to time, shall apply to or in any way modify or amend this Agreement.

11. Representations. The Participant acknowledges and agrees that the Participant has reviewed the Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing and accepting the Award, and fully understands all provisions of the Award.

12. Compliance with Section 409A.

(a) General. It is the intention of both the Company and the Participant that the benefits and rights to which the Participant could be entitled pursuant to this Agreement be exempt from Section 409A, and to the extent not so exempt, to comply with Section 409A, and the provisions of this Agreement shall be construed in a manner consistent with that intention.

(b) No Representations as to Section 409A Compliance. Notwithstanding the foregoing, the Company does not make any representation to the Participant that the Deferred Stock Units awarded pursuant to this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto is deemed to violate any of the requirements of Section 409A.

(c) No Acceleration of Payments. Neither the Company nor the Participant, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(d) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Participant is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first indicated above.

SYNAPTICS INCORPORATED

By:

Title:

PARTICIPANT

Address:

Exhibit 10.24(f)

FORM FOR FISCAL 2018 PSU AWARDS

SYNAPTICS INCORPORATED
2010 INCENTIVE COMPENSATION PLAN
PERFORMANCE STOCK UNIT GRANT NOTICE

Synaptics Incorporated (the "***Company***") hereby awards to Participant the number of shares subject to the Performance Stock Units ("***PSUs***") set forth below (the "***Award***") under Sections 6(h) and 7 of the Company's 2010 Incentive Compensation Plan, as amended and restated from time to time (the "***Plan***"). The Award is subject to all of the terms and conditions as set forth in this Performance Stock Unit Grant Notice (the "***Notice of Grant***"), the Plan and the Performance Stock Unit Award Agreement (the "***Award Agreement***"), all of which are attached hereto and incorporated in their entirety. Capitalized terms not explicitly defined in this Notice of Grant but defined in the Plan or the Award Agreement will have the same definitions as in the Plan or the Award Agreement. In the event of any conflict between the terms of the Award and the Plan, the terms of the Plan will control.

Participant:	
Date of Grant:	
Target Number of PSUs:	
Maximum Number of PSUs:	200% of the Target Number of PSUs
Performance Period:	________________________________

Vesting Schedule: The Award will be subject to performance- and service-based vesting conditions.

Performance-Based Vesting Condition: The number of PSUs that satisfy the Performance-Based Vesting Condition will be based on the Company's achievement of certain levels of Non-GAAP Earnings Per Share during the Performance Period, as described on Exhibit A, and may range between 0% and 200% of the target number of PSUs set forth in this Notice of Grant and Exhibit A.

Service-Based Vesting Condition: One-third of the PSUs that satisfy the Performance-Based Vesting Condition will vest on each of_______________, _______________ and _______________, subject to the Participant's Continuous Service on each vesting date.

Issuance Schedule: Subject to any change on a capitalization adjustment pursuant to Section 10(c) of the Plan, one share of the Company's common stock or the cash equivalent ("***Common Stock***") will be issued for each PSU that satisfies both the performance- and service-based vesting schedules, with issuance occurring at the time set forth in the Award Agreement, but in all cases within the "short term deferral" period determined under Treasury Regulations Section 1.409A-1(b)(4).

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Notice of Grant, the Award Agreement, the Plan and the prospectus for the Plan. As of the Date of Grant, this Notice of Grant, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersede all prior oral and written agreements on the terms of the Award, with the exception, if applicable, of (i) the written employment agreement or offer letter agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, or, if applicable instead, the severance benefit plan then in effect and applicable to Participant and (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law. By accepting this Award, Participant consents to receive Plan documents by ele**ctronic** delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

Synaptics Incorporated	**Participant:**
By:	
Title:	Date:
Date:	

Also Provided: Award Agreement, Plan, Prospectus

Synaptics Incorporated
2010 Incentive Compensation Plan
Performance Stock Unit Award Agreement

Synaptics Incorporated (the "***Company***") has granted Participant (as defined in the Notice of Grant) a Performance Stock Unit Award (the "***Award***" or the "***PSUs***") pursuant to the provisions of the Company's 2010 Incentive Compensation Plan (the "***Plan***"). The Award will entitle the Participant to shares of Stock from the Company, if the Participant meets the vesting and performance requirements described in the attached Notice of Grant ("***Notice of Grant***") and this Performance Stock Unit Award Agreement (the "***Agreement***").

The details of the Award are as follows:

1. Grant Pursuant to Plan. This Award is granted pursuant to the Plan, which is incorporated herein for all purposes. The Participant hereby acknowledges receipt of a copy of the Plan and agrees to be bound by all of the terms and conditions of this Agreement and of the Plan. All capitalized terms in this Agreement shall have the meaning assigned to them in this Agreement, or, if such term is not defined in this Agreement, such term shall have the meaning assigned to it under the Plan.

2. Performance Stock Unit Award. The Company granted to the Participant the target number of PSUs as of Date of Grant, each as set forth in the Notice of Grant (the "***Grant Date***"). Such number of PSUs may be adjusted from time to time pursuant to Section 10(c) of the Plan.

3. Vesting and Forfeiture of Performance Stock Units.

(a) Vesting. The Participant shall become vested in the PSUs in accordance with the vesting schedule in the Notice of Grant.

(b) Forfeiture. The Participant shall forfeit any unvested PSUs, if any, in the event that the Participant's Continuous Service is terminated for any reason, except as otherwise determined by the Plan Administrator in its sole discretion, which determination need not be uniform as to all Participants.

4. Settlement of Performance Stock Unit Award.

(a) The Company, at its discretion, shall deliver to the Participant one share of Stock for each vested PSU subject of this Agreement or the cash equivalent. The PSUs shall vest pursuant to the performance- and time-based vesting conditions set forth in the Notice of Grant.

(b) Once shares of Stock or cash are delivered with respect to vested PSUs, such vested PSUs shall terminate and the Company shall have no further obligation to deliver shares of Stock or cash for such vested PSUs.

5. No Rights as Shareholder until Delivery. The Participant shall not have any rights, benefits, or entitlements with respect to any Stock subject to this Agreement unless and until the Stock has been delivered to the Participant. On or after delivery of the Stock, the Participant shall have, with respect to the Stock delivered, all of the rights of an equity interest holder of the Company, including the right to vote the Stock and the right to receive all dividends, if any, as may be declared on the Stock from time to time.

6. Adjustments in Case of a Change in Control.

(a) In the event that during the Participant's Continuous Service, a Change in Control occurs prior to the last day of a Performance Period, the target number of PSUs shall be deemed to have satisfied the performance-based vesting condition set forth in the Grant Notice, and the Performance Period shall be deemed completed, as of immediately prior to the closing of the Change in Control. The target number of PSUs shall remain outstanding and will vest thereafter pursuant to the service-based vesting schedule set forth on the Grant Notice.

(b) The successor or acquiring entity in a Change in Control (or an affiliate thereof) may, with the consent of the Committee, assume the earned PSUs or substitute an equivalent equity or cash award or right (including an award or right that is based on the per share consideration payable to stockholders of the Company in such Change in Control). If the successor or acquiring entity or an affiliate thereof does not cause such an assumption or substitution, then the earned PSUs shall become fully vested, and all applicable restrictions, deferrals of settlement or forfeiture provisions shall lapse, effective as of and contingent on the consummation of the Change in Control. Immediately prior to and contingent on the consummation of the Change in Control, the Company shall deliver shares of Stock in respect of the vested PSUs (including PSUs that accelerate as provided in the immediately preceding sentence) as of the date of the consummation of such Change in Control. In addition, the transaction agreement for such Change in Control may provide for the settlement of a vested PSU through a payment equal to the per share consideration payable to stockholders of the Company in such Change in Control.

7. Tax Provisions.

(a) Tax Consequences. The Participant has reviewed with the Participant’s own tax advisors the federal, state, local, and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for any tax liability that may arise as a result of the transactions contemplated by this Agreement.

(b) Withholding Obligations. At the time the Award is granted, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, including the shares of Stock deliverable pursuant to this Award, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local, and foreign tax withholding obligations of the Company or a Related Entity, if any, which arise in connection with the Award.

(c) The Company, in compliance with any applicable legal conditions or restrictions, shall withhold from fully vested shares of Stock otherwise deliverable to the Participant upon the vesting of the Award a number of whole shares of Stock having a Fair Market Value, as determined by the Company as of the date the Participant recognizes income with respect to those shares of Stock, not in excess of the amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid adverse financial accounting treatment). Any adverse consequences to the Participant arising in connection with such Stock withholding procedure shall be the Participant's sole responsibility.

(d) Unless the tax withholding obligations of the Company or any Related Entity are satisfied, the Company shall have no obligation to issue a certificate for such shares of Stock.

(e) Section 409A. This Award is intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other guidance promulgated or issued thereunder ("***Section 409A***"). However, if the Company determines that the Award constitutes deferred compensation as determined under Section 409A, and if the Participant is a "specified employee" for purposes of Section 409A, then no distributions otherwise required to be made under this Agreement on account of the Participant's "separation from service", within the meaning under Section 409A, shall be made before the date that is six (6) months and one (1) day after the date of the Participant's "Separation from Service" or, if earlier, the date of the Participant's death. The Company agrees to cooperate with the Participant to amend this Agreement to the extent either the Company or the Participant deems necessary to avoid imposition of any additional tax or income recognition prior to actual payment to the Participant under Code Section 409A and any temporary or final Treasury Regulations and Internal Revenue Service guidance thereunder, but only to the extent such amendment would not have an adverse effect on the Company and would not provide the Participant with any additional rights, in each case as determined by the Company in its sole discretion.

8. Consideration. With respect to the value of the shares of Stock to be delivered pursuant to the Award, such shares of Stock are granted in consideration for the services the Participant shall provide to the Company during the vesting period.

9. Transferability. The PSUs granted under this Agreement are not transferable otherwise than by will or under the applicable laws of descent and distribution. In addition, the PSUs shall not be assigned, negotiated, pledged, or hypothecated in any way (whether by operation of law or otherwise), and the PSUs shall not be subject to execution, attachment, or similar process.

10. General Provisions.

(a) Employment At Will. Nothing in this Agreement or in the Plan shall confer upon the Participant any right to continue in the service of the Company or its Related Entities for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Related Entity employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate the Participant's service at any time for any reason, with or without cause.

(b) Notices. Any notice required to be given under this Agreement shall be in writing and shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, registered or certified, postage prepaid and properly addressed to the party entitled to such notice at the address indicated below such party's signature line on this Agreement or at such other address as such party may designate by ten (10) days' advance written notice under this section to all other parties to this Agreement.

(c) No Limit on Other Compensation Arrangements. Nothing contained in this Agreement shall preclude the Company from adopting or continuing in effect other or additional compensation arrangements, and those arrangements may be either generally applicable or applicable only in specific cases.

(d) Severability. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or would disqualify this Agreement or the Award under any applicable law, that provision shall be construed or deemed amended to conform to applicable law (or if that provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and the Award, that provision shall be stricken as to that jurisdiction and the remainder of this Agreement and the Award shall remain in full force and effect).

(e) No Trust or Fund Created. Neither this Agreement nor the grant of the Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and the Participant or any other person. The PSUs subject to this Agreement represent only the Company's unfunded and unsecured promise to issue Stock to the Participant in the future. To the extent that the Participant or any other person acquires a right to receive payments from the Company pursuant to this Agreement, that right shall be no greater than the right of any unsecured general creditor of the Company.

(f) Cancellation of Award. If any PSUs subject to this Agreement are forfeited, then from and after such time, the person from whom such PSUs are forfeited shall no longer have any rights to such PSUs or the corresponding shares of Stock. Such PSUs shall be deemed forfeited in accordance with the applicable provisions hereof.

(g) Participant Undertaking. The Participant hereby agrees to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either the Participant or the shares of Stock deliverable pursuant to the provisions of this Agreement.

(h) Amendment, Modification, and Entire Agreement. No provision of this Agreement may be modified, waived, or discharged unless that waiver, modification, or discharge is agreed to in writing and signed by the Participant and the Plan administrator. This Agreement constitutes the entire contract between the parties hereto with regard to the subject matter hereof. This Agreement is made pursuant to the provisions of the Plan and shall in all respects be construed in conformity with the terms of the Plan. In the event of a conflict between the Plan and this Agreement, the terms of the Plan shall govern. The Participant further acknowledges that as of the Grant Date, this Agreement and the Plan set forth the entire understanding between the Participant and the Company regarding the acquisition of Stock pursuant to this Award and supersede all prior oral and written agreements on that subject with the exception of awards from the Company previously granted and delivered to the Participant. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

(i) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the state of Delaware without regard to the conflict-of-laws rules thereof or of any other jurisdiction.

(j) Interpretation. The Participant accepts this Award subject to all the terms and provisions of this Agreement and the terms and conditions of the Plan. The undersigned Participant hereby accepts as binding, conclusive, and final all decisions or interpretations of the Plan Administrator upon any questions arising under this Agreement.

(k) Successors and Assigns. The provisions of this Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and upon the Participant, the Participant's assigns and the legal representatives, heirs, and legatees of Participant's estate, whether or not any such person shall have become a party to this Agreement and have agreed in writing to join herein and be bound by the terms hereof. The Company may assign its rights and obligations under this Agreement, including, but not limited to, the forfeiture provision of Section 3(b) to any person or entity selected by the Board.

(l) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(m) Headings. Headings are given to the Sections and Subsections of this Agreement solely as a convenience to facilitate reference. The headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision thereof.

11. Representations. The Participant acknowledges and agrees that the Participant has reviewed the Agreement in its entirety, has had an opportunity to obtain the advice of counsel prior to executing and accepting the Award, and fully understands all provisions of the Award.

12. Compliance with Section 409A.

(a) General. It is the intention of both the Company and the Participant that the benefits and rights to which the Participant could be entitled pursuant to this Agreement be exempt from Section 409A, and to the extent not so exempt, to comply with Section 409A, and the provisions of this Agreement shall be construed in a manner consistent with that intention.

(b) No Representations as to Section 409A Compliance. Notwithstanding the foregoing, the Company does not make any representation to the Participant that the PSUs awarded pursuant to this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto is deemed to violate any of the requirements of Section 409A.

(c) No Acceleration of Payments. Neither the Company nor the Participant, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(d) Treatment of Each Installment as a Separate Payment. For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Participant is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

SYNAPTICS INCORPORATED
CHANGE OF CONTROL SEVERANCE POLICY FOR PRINCIPAL EXECUTIVE OFFICERS

Effective October 30, 2017

1. **Purpose**. The purpose of this Synaptics Incorporated Change of Control Severance Policy for Principal Executive Officers (the “CoC Severance Policy”) is to provide a fair framework in the event of the termination of employment of one or more key executive officers (an “Executive”) of Synaptics Incorporated or any subsidiary of Synaptics Incorporated (collectively, the “Company”).

2. **Covered Principal Executive Officers**. This CoC Severance Policy shall be applicable to each Executive to the extent such Executive has been designated and notified in writing by the Company upon nomination by the Chief Executive Officer (the “CEO”) and approval of the Board of Directors (the “Board”) or the Compensation Committee of the Board of Directors (the “Committee”).

3. **Definitions**.

(a) **Change of Control**. For the purpose of this CoC Severance Policy, a “Change of Control” shall mean any of the following:

(i) **Change of Control**. A change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, or if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, which serve similar purposes;

(ii) **Tender Offer**. A tender offer or exchange offer is made whereby the effect of such offer is to take over and control the Company, and such offer is consummated for the equity securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding voting securities;

(iii) **Merger or Consolidation**. The stockholders of the Company shall approve a merger, consolidation, recapitalization, or reorganization of the Company, a reverse stock split of outstanding voting securities, or consummation of any such transaction if stockholder approval is not obtained, other than any such transaction that would result in at least 50% of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction being beneficially owned by the holders of outstanding voting securities of the Company immediately prior to the transaction, with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction;

(iv) **Liquidation or Sale of Assets**. The stockholders of the Company shall approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or a substantial portion of the Company's assets to another person, which is not a wholly owned subsidiary of the Company (i.e., 50% or more of the total assets of the Company); or

(v) **Stockholdings**. Any "person" (as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under that act), directly or indirectly of more than 50% of the total voting power represented by the Company's then outstanding voting securities.

(b) **Change of Control Period.** The "Change of Control Period" shall mean the period commencing on the date that is three (3) months prior to the Effective Date and ending on the eighteen (18) month anniversary of the Effective Date.

(c) **Effective Date**. The "Effective Date" shall be the closing date of the transaction on which a Change of Control occurs.

(d) **Good Cause**. "Good Cause," as it applies to the determination of the Company to terminate the employment of an Executive, shall mean any one or more of the following: (i) Executive's willful, material, and irreparable breach of Executive's duties to the Company; (ii) Executive's gross negligence in the performance or intentional nonperformance (continuing for 30 days after receipt of written notice of need to cure) of any of Executive's material duties and responsibilities; (iii) Executive's willful dishonesty, fraud, or misconduct with respect to the business or affairs of the Company, which materially and adversely affects the operations or reputation of the Company; (iv) Executive's indictment for, conviction of, or guilty plea to a felony crime involving dishonesty or moral turpitude whether or not relating to the Company; or (v) a confirmed positive illegal drug test result.

(e) **Good Reason**. "Good Reason," as it applies to the determination by an Executive to terminate the Executive's employment shall mean the occurrence of any of the following events without Executive's prior written approval: (i) Executive is demoted by means of a material reduction in authority, responsibilities, or duties or Executive is required to render Executive's primary employment services from a Company location that is more than 50 miles from the Company location from which Executive provides employment services to the Company at the time Executive becomes an Executive other than as has been previously contemplated by the Company and Executive; (ii) Executive's annual base salary for a fiscal year is reduced to a level that is less than 90% of the base salary paid to Executive during the prior fiscal year; or (iii) Executive's Targeted Bonus is reduced to a level that is less than ninety percent (90%) of the Targeted Bonus for Executive during the prior fiscal year.

(f) **Insurance Coverage**. "Insurance Coverage" shall mean, for Executive and/or Executive's family who are qualified to participate, as the case may be, all benefits under welfare benefit plans, practices, policies, and programs provided by the Company and its subsidiaries (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death, and travel accident insurance plans and programs), at least as favorable as the most favorable of such plans, practices, policies, and programs in effect at any time during the one hundred eighty (180) day period immediately preceding the Effective Date or, if more favorable to Executive and/or Executive's family, as in effect at any time thereafter with respect to other key executives.

(g) **Targeted Bonus**. "Targeted Bonus" shall mean, for each fiscal year of the Company, either (i) a bonus program in which Executive shall be entitled to participate, which provides Executive with a reasonable opportunity, based on the past compensation practices of the

Company and Executive's then base salary, to maintain or increase Executive's total compensation compared to the previous fiscal year or (ii) a targeted bonus based on such factors as the Board may determine.

4. **Termination; Rights on Termination.**

(a) **Termination**. Executive's employment under this CoC Severance Policy may be terminated in any one of the followings ways:

(i) **Death of Executive**. The employment of Executive shall terminate during the Change of Control Period immediately upon Executive's death. In the event Executive's employment is terminated as a result of Executive's death, Executive shall have no right under this CoC Severance Policy to any severance compensation.

(ii) **Disability of Executive**. If, during the Change of Control Period, as a result of incapacity due to physical or mental illness or injury, Executive shall have been absent from Executive's full-time duties hereunder for six (6) consecutive months, then thirty (30) days after giving written notice to Executive (which notice may occur before or after the end of such six (6) month period, but which shall not be effective earlier than the last day of such six (6) month period), the Company may terminate Executive's employment provided Executive is unable to resume Executive's full-time duties at the conclusion of such notice period. Also, Executive may terminate Executive's employment if Executive's health should become impaired to an extent that makes the continued performance of Executive's duties hereunder hazardous to Executive's physical or mental health or Executive's life, provided that Executive shall have furnished the Company with a written statement from a qualified doctor to such effect and provided, further, that, at the Company's request made within ten (10) days of the date of such written statement, Executive shall submit to an examination by a doctor selected by the Company who is reasonably acceptable to Executive or Executive's doctor and such doctor shall have concurred in the conclusion of Executive's doctor. In the event Executive's employment is terminated as a result of Executive's disability, Executive shall have no right under this CoC Severance Policy to any severance compensation.

(iii) **Termination by the Company for Good Cause**. The Company may terminate Executive's employment during the Change of Control Period upon ten (10) days prior written notice to Executive for Good Cause. In the event of a termination by the Company for Good Cause, Executive shall have no right under this CoC Severance Policy to any severance compensation.

(iv) **Termination by the Company Without Good Cause or by Executive with Good Reason**. The Company may terminate Executive's employment without Good Cause during the Change of Control Period upon the approval of a majority of the members of the Board, excluding Executive if Executive is a member of the Board. Executive may terminate Executive's employment with Good Reason during the Change of Control Period upon ten (10) days prior written notice to the Company. For purposes of this paragraph 4(a)(iv), any good faith determination of "Good Reason" made by Executive shall be conclusive. Should the Company terminate Executive's employment without Good Cause during the Change of Control Period or should Executive terminate Executive's employment with Good Reason during the Change of Control Period, the Company shall, for a period of eighteen (18) months after termination, pay to Executive on each regular payroll date as in effect on termination a pro-rata amount equal to the sum of (A) two hundred percent (200%) of Executive's Base Salary in the case of the CEO and one hundred fifty percent (150%) in the case of any other Executive and (B) two hundred percent (200%) of Executive's Targeted Bonus in the case of the CEO and one hundred fifty percent (150%) in the case of any other Executive, in each case for the fiscal year during which termination occurs. Further, if during the Change of Control Period the Company terminates Executive's employment without Good Cause or Executive terminates Executive's employment with Good Reason, (1) the Company shall, for a period of eighteen (18) months after termination, continue the Insurance Coverage if and to the extent required by COBRA by way of making the family medical insurance premium payments contemplated by COBRA; (2) the Company shall, for a period of eighteen (18) months after termination, maintain life insurance coverage comparable to that provided immediately prior to termination, if any, with the beneficiary designated by Executive; and (3) Executive shall be entitled to receive all other accrued but unpaid benefits relating to vacations, Insurance Coverage, and other executive perquisites through Executive's last day of employment.

(v) **Resignation by Executive Without Good Reason**. Executive may without cause and without Good Reason terminate Executive's own employment during the Change of Control Period, effective thirty (30) days after written notice is provided to the Company or such earlier time as any such resignation may be accepted by the Company. If Executive resigns or otherwise terminates Executive's employment without Good Reason, Executive shall receive no severance compensation under this CoC Severance Policy.

(vi) **Effect on Stock Options and Deferred Stock Units**. In the event Executive is terminated during the Change of Control Period by the Company without Good Cause or by Executive with Good Reason, all unvested stock options and deferred stock units (which shall not include "market stock units" that vest based on the achievement of a specified level of total stockholder return compared with a predetermined stock index over a performance period) held by Executive shall vest as of the day immediately preceding any such termination of Executive's employment, provided that any options or deferred stock units granted prior to the date hereof that included specific provisions regarding accelerated vesting shall be unchanged. In addition, any vested stock options (including those vested as a result of this paragraph 4(a)(vi)) held by Executive shall be exercisable for ninety (90) days after the termination of Executive's employment, but not beyond their original term.

5. **Certain Reduction of Payment by the Company.**

(a) **Potential Section 280G Reductions**. Notwithstanding anything in this CoC Severance Policy to the contrary, in the event that it shall be determined that any payment, distribution, or other action by the Company to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this CoC Severance Policy or otherwise (a "Payment")) would result in an "excess parachute payment" within the meaning of Section 280G(b)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), and the value determined in accordance with Section 280G(d)(4) of the Code of the Payments, net of all taxes imposed on Executive (the "Net After-Tax Amount"), that Executive would receive would be increased if the Payments were reduced, then the Payments shall be reduced by an amount (the "Reduction Amount") so that the Net After-Tax Amount after such reduction is greatest. For purposes of determining the Net After-Tax Amount, Executive shall be deemed to (i) pay federal income taxes at the highest marginal rates of federal income taxation for the calendar year in which the Payment is to be made, and (ii) pay applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(b) **Determinations**. Subject to the provisions of this paragraph 5(b), all determinations required to be made under this paragraph 5, including the Net After-Tax Amount, the Reduction Amount, and the Payment that is to be reduced pursuant to paragraph 5(a), and the assumptions to be utilized in arriving at such determinations, shall be made by the Company's independent registered public accounting firm (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and Executive within fifteen (15) business days of the receipt of notice from Executive that there has been a Payment, or such earlier time as is requested by the Company. The Accounting Firm's decision as to which Payments are to be reduced shall be made (i) only from Payments that the Accounting Firm determines reasonably may be characterized as "parachute payments" under Section 280G of the Code; (ii) first, only from Payments that are required to be made in cash; (iii) only with respect to any amounts that are not payable pursuant to a "nonqualified deferred compensation plan" subject to Section 409A of the Code, until those payments have been reduced to zero; and (iv) in reverse chronological order, to the extent that any Payments subject to reduction are made over time (e.g., in installments). In no event, however, shall any Payments be reduced if and to the extent such reduction would cause a violation of Section 409A of the Code or other applicable law. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and Executive.

6. **Release of Claims**. The Company's obligations under Section 4 are contingent upon Executive's executing (and not revoking during any applicable revocation period) a valid, enforceable, full and unconditional release of all claims Executive may have against the Company (whether known or unknown) as of the date of termination in such form as provided by the Company no later than sixty (60) days after the date of termination. If the foregoing release is executed and delivered and no longer subject to revocation within 60 days after the date of termination, then the following shall apply:

(a) To the extent any payments due to Executive under Section 4 are not "deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, then such payments shall commence upon the first scheduled payment date immediately after the date the release is executed and no longer subject to revocation (the "Release Effective Date"). The first such cash payment shall include payment of all amounts that otherwise would have been due prior to the Release Effective Date under the terms of this CoC Severance Policy had such payments commenced after the date of Employment Termination, and any payments to be made thereafter shall continue as provided herein. The delayed payments shall in any event expire at the time such payments would have expired had such payments commenced after the date of termination.

(b) To the extent any payments due to Executive under Section 4 above are "deferred compensation" for purposes of Section 409A, then such payments shall commence upon the sixtieth (60^{th}) day following the date of termination. The first such cash payment shall include payment of all amounts that otherwise would have been due prior thereto under the terms of this CoC Severance Policy had such payments commenced after the date of termination, and any payments to be made thereafter shall continue as provided herein. The delayed payments shall in any event expire at the time such payments would have expired had such payments commenced immediately following the date of termination.

7. **Section 409A**. Notwithstanding any provisions in this CoC Severance Policy to the contrary, if at the time of the termination the Executive is a "specified employee" as defined in Section 409A and the deferral of the commencement of any payments or benefits otherwise payable as a result of such termination is necessary to avoid the additional tax under Section 409A, the Company will defer the payment or commencement of the payment of any such payments or benefits (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six months following the termination. Any monthly payment amounts deferred will be accumulated and paid to Executive (without interest) six months after the date of termination in a lump sum, and the balance of payments due to Executive will be paid as otherwise provided in this CoC Severance Policy. Each

monthly payment described in this CoC Severance Policy is designated as a “separate payment” for purposes of Section 409A and, subject to the six month delay, if applicable, and Section 5 the first monthly payment shall commence on the payroll date as in effect on termination following the termination. For purposes of this CoC Severance Policy, a termination of employment means a separation from service as defined in Section 409A. No reimbursement payable to Executive pursuant to any provisions of this CoC Severance Policy or pursuant to any plan or arrangement of the Company shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, and no such reimbursement during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, except, in each case, to the extent that the right to reimbursement does not provide for a “deferral of compensation” within the meaning of Section 409A. This CoC Severance Policy will be interpreted, administered and operated in accordance with Section 409A, although nothing herein will be construed as an entitlement to or guarantee of any particular tax treatment to Executive.

8. **Term**. This CoC Severance Policy will be effective as of October 30, 2017. At first meeting of the Board or Committee in every third fiscal year following the date of effectiveness of this CoC Severance Policy, the Board or the Committee, as the case may be, will review the CoC Severance Policy and resolve to continue with, modify, or terminate the CoC Severance Policy. If the Board or the Committee fails to take action regarding the CoC Severance Policy, the CoC Severance Policy will remain in effect in accordance with its then-current terms until such time as the Board or Committee takes action.

Exhibit 10.27

SYNAPTICS INCORPORATED
SEVERANCE POLICY FOR PRINCIPAL EXECUTIVE OFFICERS

Effective October 30, 2017

1. **Purpose**. The purpose of this Synaptics Incorporated Severance Policy (the "Severance Policy") is to provide a fair framework in the event of the termination of employment of one or more key executive officers (each an "Executive") of Synaptics Incorporated or any subsidiary of Synaptics Incorporated (collectively, the "Company").

2. **Covered Principal Executive Officers**. This Severance Policy shall be applicable to each Executive to the extent such Executive has been designated and notified in writing by the Company upon nomination by the Chief Executive Officer (the "CEO") and approval of the Board of Directors or the Compensation Committee of the Board of Directors (a "Covered Executive").

3. **Definitions**.

(a) **Change of Control**. For the purpose of this Severance Policy, a "Change of Control" shall mean any of the following:

(i) **Change of Control**. A change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, or if Item 6(e) is no longer in effect, any regulations issued by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, which serve similar purposes;

(ii) **Tender Offer**. A tender offer or exchange offer is made whereby the effect of such offer is to take over and control the Company, and such offer is consummated for the equity securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding voting securities;

(iv) **Merger or Consolidation**. The stockholders of the Company shall approve a merger, consolidation, recapitalization, or reorganization of the Company, a reverse stock split of outstanding voting securities, or consummation of any such transaction if stockholder approval is not obtained, other than any such transaction that would result in at least 50% of the total voting power represented by the voting securities of the surviving entity outstanding immediately after such transaction being beneficially owned by the holders of outstanding voting securities of the Company immediately prior to the transaction, with the voting power of each such continuing holder relative to other such continuing holders not substantially altered in the transaction;

(v) **Liquidation or Sale of Assets**. The stockholders of the Company shall approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or a substantial portion of the Company's assets to another person, which is not a wholly owned subsidiary of the Company (i.e., 50% or more of the total assets of the Company); or

(vi) **Stockholdings**. Any "person" (as that term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under that act), directly or indirectly of more than 50% of the total voting power represented by the Company's then outstanding voting securities.

(b) **Effective Date**. The "Effective Date" shall be the closing date of the transaction on which a Change of Control occurs.

(c) **Good Cause**. "Good Cause," as it applies to the determination of the Company to terminate the employment of a Covered Executive, shall mean any one or more of the following: (i) Executive's willful, material, and irreparable breach of Executive's duties to the Company; (ii) Executive's gross negligence in the performance or intentional nonperformance (continuing for 30 days after receipt of written notice of need to cure) of any of Executive's material duties and responsibilities; (iii) Executive's willful dishonesty, fraud, or misconduct with respect to the business or affairs of the Company, which materially and adversely affects the operations or reputation of the Company; (iv) Executive's indictment for, conviction of, or guilty plea to a felony crime involving dishonesty or moral turpitude whether or not relating to the Company; or (v) a confirmed positive illegal drug test result.

(d) **Good Reason**. "Good Reason," as it applies to the determination by a Covered Executive to terminate the Executive's employment shall mean the occurrence of any of the following events without Executive's prior written approval: (i) Executive is demoted by means of a material reduction in authority, responsibilities, or duties or Executive is required to render Executive's primary employment services from a Company location that is more than 50 miles from the Company location from which Executive provides employment services to the Company at the time Executive becomes a Covered Executive other than as has been previously contemplated by the Company and Executive; (ii) Executive's annual base salary for a fiscal year is reduced to a level that is less than 90% of the base salary paid to Executive during the prior fiscal year; or (iii) Executive's Targeted Bonus is reduced to a level that is less than 90% of the Targeted Bonus for Executive during the prior fiscal year.

(e) **Employment Termination**. "Employment Termination" shall mean a Covered Executive no longer being an employee of the Company as a result of a termination with Good Reason or without Good Cause.

4. **Result of Termination by the Company without Good Cause or by Executive with Good Reason**. The following provisions shall apply should the Company terminate a Covered Executive's employment without Good Cause or should a Covered Executive terminate Executive's employment with Good Reason:

(a) **Salary and Bonus**. The Company shall, for a period of one year following the Employment Termination in the case of the CEO and six months following the Employment Termination in the case of any other Covered Executive, pay to Executive on each regular payroll date as in effect on termination a pro rata amount equal to the sum of (i) 100% of Executive's base salary in the case of the CEO and 50% of Executive's base salary in the case of any other Covered Executive, and (ii) 100% of Executive's Targeted Bonus in the case of the CEO, the greater of 50% of Executive's Targeted Bonus or a pro rata amount of Executive's Targeted Bonus in the case of the Company's Chief Financial Officer, and a pro rata amount of Executive's Targeted Bonus in the case of any other Covered Executive, in each case for the fiscal year during which termination occurs.

(b) **Welfare Benefit Plans**. The Company will continue, for one year following the Employment Termination in the case of the CEO and for six months following Employment Termination in the case of each other Covered Executive, coverage for Executive and Executive's dependent family members under the Company's medical plan for the applicable continuation period described in this sentence by paying the COBRA premium for such coverage, but such coverage shall not extend beyond the period during which Executive and his dependents are eligible for COBRA.

(c) **Stock Options and RSUs**. All unvested options and RSUs held by Executive as of Employment Termination shall cease to vest on the date of Employment Termination. Vested options and RSUs will be exercisable for 90 days after the date of Employment Termination, but not beyond their original term.

(d) **Accrued Benefits**. Executive shall be entitled to receive all other accrued but unpaid benefits relating to vacations and other executive perquisites through the date of Employment Termination, except that Executive shall not continue to accrue vacation benefits or other executive perquisites after the date of Employment Termination.

5. **Release of Claims**. The Company's obligations under Section 4 are contingent upon a Covered Executive's executing (and not revoking during any applicable revocation period) a valid, enforceable, full and unconditional release of all claims Executive may have against the Company (whether known or unknown) as of the date of Employment Termination in such form as provided by the Company no later than 60 days after the date of Employment Termination. If the foregoing release is executed and delivered and no longer subject to revocation within 60 days after the date of Employment Termination, then the following shall apply:

(a) To the extent any payments due to Executive under Section 4 are not "deferred compensation" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, then such payments shall commence upon the first scheduled payment date immediately after the date the release is executed and no longer subject to revocation (the "Release Effective Date"). The first such cash payment shall include payment of all amounts that otherwise would have been due prior to the Release Effective Date under the terms of this Severance Policy had such payments commenced after the date of Employment Termination, and any payments to be made thereafter shall continue as provided herein. The delayed payments shall in any event expire at the time such payments would have expired had such payments commenced after the date of Employment Termination.

(b) To the extent any payments due to Executive under Section 4 above are "deferred compensation" for purposes of Section 409A, then such payments shall commence upon the 60th day following the date of Employment Termination. The first such cash payment shall include payment of all amounts that otherwise would have been due prior thereto under the terms of this Severance Policy had such payments commenced after the date of Employment Termination, and any payments to be made thereafter shall continue as provided herein. The delayed payments shall in any event expire at the time such payments would have expired had such payments commenced immediately following the date of Employment Termination.

6. **Section 409A**. Notwithstanding any provisions in this Severance Policy to the contrary, if at the time of the Employment Termination the Covered Executive is a "specified employee" as defined in Section 409A and the deferral of the commencement of any payments or benefits otherwise payable as a result of such Employment Termination is necessary to avoid the additional tax under Section 409A, the Company will defer the payment or commencement of the payment of any such payments or benefits (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six months following the Employment Termination. Any monthly payment amounts deferred will be accumulated and paid to Executive (without interest) six months after the date of Employment Termination in a lump sum, and the balance of payments due to Executive will be paid as otherwise provided in this Severance Policy. Each monthly payment described in this Severance Policy is designated as a "separate payment" for purposes of Section 409A and, subject to the six month delay, if applicable, and Section 5 the first monthly payment shall commence on the payroll date as in effect on termination following the termination. For purposes of this Severance Policy, a termination of employment means a separation from service as defined in Section 409A. No reimbursement payable to Executive pursuant to any provisions of this Severance Policy or pursuant to any plan or arrangement of the Company shall be paid later than the last day of the calendar year following the calendar year in which the related expense was incurred, and no such reimbursement during any calendar year shall affect the amounts eligible for reimbursement in any other calendar year, except, in each case, to the extent that the right to reimbursement does not provide for a "deferral of compensation" within the meaning of Section 409A. This Severance Policy will be interpreted, administered and operated in accordance with Section 409A, although nothing herein will be construed as an entitlement to or guarantee of any particular tax treatment to Executive.

8. **Term**. This Severance Policy shall terminate on the Effective Date of a Change of Control.

Exhibit 31.1

Certification of Chief Executive Officer

I, Richard A. Bergman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synaptics Incorporated;

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(s) 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(s) 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.

Date: February 8, 2018

/s/ Richard A. Bergman
Richard A. Bergman
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer

I, Wajid Ali, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Synaptics Incorporated;

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(s) 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(s) 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.

Date: February 8, 2018

/s/ Wajid Ali
Wajid Ali
Chief Financial Officer

Exhibit 32.1

Section 1350 Certification of Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q of Synaptics Incorporated (the “Company”) for the quarterly period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard A. Bergman, Chief Executive Officer of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard A. Bergman
Richard A. Bergman
Chief Executive Officer
February 8, 2018

Exhibit 32.2

Section 1350 Certification of Chief Financial Officer

In connection with the Quarterly Report on Form 10-Q of Synaptics Incorporated (the "Company") for the quarterly period ended December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wajid Ali, Chief Financial Officer of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Wajid Ali

Wajid Ali
Chief Financial Officer
February 8, 2018