

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 March 30, 2013

Commission file number 000-49602

SYNAPTICS INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0118518
(I.R.S. Employer
Identification No.)

3120 Scott Blvd.
Santa Clara, California 95054
(Address of principal executive offices) (Zip code)

(408) 454-5100
(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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Number of shares of Common Stock outstanding at April 26, 2013: 32,484,761

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SYNAPTICS INCORPORATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2013

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PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	March 31, 2013	June 30, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 315,513	\$ 305,005
Accounts receivable, net of allowances of \$567 at March 31, 2013 and June 30, 2012	106,700	104,140
Inventories	43,911	31,667
Prepaid expenses and other current assets	4,873	5,365
Total current assets	470,997	446,177
Property and equipment at cost, net of accumulated depreciation of \$38,926 and \$33,129 at March 31, 2013 and June 30, 2012, respectively	52,686	24,903
Goodwill	20,695	18,995
Purchased intangibles	13,372	12,800
Non-current investments	15,801	15,321
Other assets	27,939	23,309
	<u>\$ 601,490</u>	<u>\$ 541,505</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 64,795	\$ 55,220
Accrued compensation	16,321	12,642
Income taxes payable	11,512	11,221
Other accrued liabilities	34,365	26,515
Total current liabilities	126,993	105,598
Notes payable	2,305	2,305
Other liabilities	17,518	36,812
Stockholders' Equity:		
Common stock:		
\$0.001 par value; 120,000,000 shares authorized, 49,446,155 and 48,680,348 shares issued, and 32,421,623 and 32,896,256 shares outstanding, at March 31, 2013 and June 30, 2012, respectively	49	49
Additional paid-in capital	504,440	471,569
Treasury stock: 17,024,532 and 15,784,092 common treasury shares at March 31, 2013 and June 30, 2012, respectively, at cost	(445,165)	(413,885)
Accumulated other comprehensive income	4,678	1,998
Retained earnings	390,672	337,059
Total stockholders' equity	454,674	396,790
	<u>\$ 601,490</u>	<u>\$ 541,505</u>

See notes to condensed consolidated financial statements (unaudited).

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

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2013	2012	2013	2012
Net revenue	\$163,324	\$131,705	\$433,405	\$410,621
Cost of revenue	82,241	69,525	222,722	218,458
Gross margin	81,083	62,180	210,683	192,163
Operating expenses:				
Research and development	36,740	29,415	103,799	87,478
Selling, general, and administrative	20,183	18,031	58,099	52,461
Acquired intangibles amortization	262	—	763	—
Change in contingent consideration	237	—	1,100	—
Total operating expenses	57,422	47,446	163,761	139,939
Operating income	23,661	14,734	46,922	52,224
Interest income	197	231	640	682
Interest expense	(4)	(4)	(13)	(13)
Impairment recovery on investments, net	—	46	—	59
Income before (benefit)/provision for income taxes	23,854	15,007	47,549	52,952
(Benefit)/provision for income taxes	(12,592)	3,561	(6,064)	11,108
Net income	<u>\$ 36,446</u>	<u>\$ 11,446</u>	<u>\$ 53,613</u>	<u>\$ 41,844</u>
Net income per share:				
Basic	<u>\$ 1.13</u>	<u>\$ 0.34</u>	<u>\$ 1.65</u>	<u>\$ 1.27</u>
Diluted	<u>\$ 1.07</u>	<u>\$ 0.33</u>	<u>\$ 1.58</u>	<u>\$ 1.22</u>
Shares used in computing net income per share:				
Basic	<u>32,234</u>	<u>33,389</u>	<u>32,552</u>	<u>32,935</u>
Diluted	<u>34,135</u>	<u>35,179</u>	<u>33,843</u>	<u>34,374</u>

See notes to condensed consolidated financial statements (unaudited).

SYNAPTICS INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net income	\$36,446	\$11,446	\$53,613	\$41,844
Other comprehensive income, net of tax:				
Change in unrealized net gain on investments	842	1,820	2,680	13
Comprehensive income	<u>\$37,288</u>	<u>\$13,266</u>	<u>\$56,293</u>	<u>\$41,857</u>

See notes to condensed consolidated financial statements (unaudited).

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

	Nine Months Ended	
	March 31,	
	2013	2012
Cash flows from operating activities		
Net income	\$ 53,613	\$ 41,844
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation costs	24,706	25,663
Depreciation and amortization	7,968	7,978
Excess tax benefit from share-based compensation	(716)	(2,032)
Change in contingent consideration	1,100	—
Deferred taxes	(2,373)	40
Impairment of property and equipment	300	1,269
Impairment recovery on investments, net	—	(59)
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,560)	(1,685)
Inventories	(10,835)	875
Prepaid expenses and other current assets	501	(103)
Other assets	(2,964)	1,325
Accounts payable	4,848	2,132
Accrued compensation	3,679	(1,741)
Income taxes payable	(15,088)	(731)
Other accrued liabilities	7,436	4,954
Net cash provided by operating activities	<u>69,615</u>	<u>79,729</u>
Cash flows from investing activities		
Proceeds from sales of non-current investments	2,200	7,860
Acquisition of business, net of cash acquired	(5,000)	—
Purchases of property and equipment	(30,005)	(7,825)
Net cash (used in)/provided by investing activities	<u>(32,805)</u>	<u>35</u>
Cash flows from financing activities		
Payment of contingent consideration	(4,600)	—
Purchases of treasury stock	(31,280)	(33,524)
Proceeds from issuance of shares	11,614	31,294
Excess tax benefit from share-based compensation	716	2,032
Payroll taxes for deferred stock units	(2,752)	(2,601)
Net cash used in financing activities	<u>(26,302)</u>	<u>(2,799)</u>
Net increase in cash and cash equivalents	10,508	76,965
Cash and cash equivalents at beginning of period	<u>305,005</u>	<u>247,153</u>
Cash and cash equivalents at end of period	<u>\$315,513</u>	<u>\$324,118</u>
Supplemental disclosures of cash flow information		
Cash paid for income taxes	<u>\$ 16,552</u>	<u>\$ 11,787</u>

See notes to condensed consolidated financial statements (unaudited).

SYNAPTICS INCORPORATED AND SUBSIDIARIES
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. However, certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such SEC rules and regulations. In our opinion, the financial statements include all adjustments, which are of a normal and recurring nature, 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 30, 2012.

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 2013 is a 52-week period ending on June 29, 2013. Our fiscal 2012 was the 53-week period ended on June 30, 2012. The quarterly fiscal periods presented in this report were 13-week periods for the three months ended March 30, 2013 and March 31, 2012 and a 39-week period and 40-week period for the nine months ended March 30, 2013 and March 31, 2012, respectively. For ease of presentation, the accompanying consolidated financial statements have been shown as ending on calendar quarter end dates for all annual, interim, and quarterly financial statement captions, 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, share-based compensation costs, provision for income taxes, deferred income tax asset valuation allowances, uncertain tax positions, tax contingencies, goodwill, intangible assets, investments, contingent consideration, and 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.

Recently Issued Accounting Pronouncements

There are no new accounting pronouncements that are expected to have a material impact on our condensed consolidated financial statements.

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, which is generally upon shipment. We accrue for estimated sales returns and other allowances, based on historical experience, at the time we recognize revenue.

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3. Net Income Per Share

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
Numerator:				
Net income	<u>\$36,446</u>	<u>\$11,446</u>	<u>\$53,613</u>	<u>\$41,844</u>
Denominator:				
Shares, basic	32,234	33,389	32,552	32,935
Effect of dilutive share-based awards	<u>1,901</u>	<u>1,790</u>	<u>1,291</u>	<u>1,439</u>
Shares, diluted	<u>34,135</u>	<u>35,179</u>	<u>33,843</u>	<u>34,374</u>
Net income per share:				
Basic	<u>\$ 1.13</u>	<u>\$ 0.34</u>	<u>\$ 1.65</u>	<u>\$ 1.27</u>
Diluted	<u>\$ 1.07</u>	<u>\$ 0.33</u>	<u>\$ 1.58</u>	<u>\$ 1.22</u>

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. 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, and convertible notes.

Dilutive net income per share amounts do not include the weighted average effect of 1,055,896 and 1,219,495 share-based awards that were outstanding during the three months ended March 31, 2013 and 2012, respectively, and 3,025,632 and 3,833,213 share-based awards that were outstanding during the nine months ended March 31, 2013 and 2012, 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 and liabilities measured at fair value on a recurring basis, by level within the fair value hierarchy consisted of the following (in thousands):

	March 31, 2013		June 30, 2012	
	Level 1	Level 3	Level 1	Level 3
Assets				
Money market	\$310,546	\$ —	\$301,451	\$ —
Auction rate securities	—	<u>15,801</u>	—	<u>15,321</u>
Total available-for-sale securities	<u>\$310,546</u>	<u>\$15,801</u>	<u>\$301,451</u>	<u>\$15,321</u>
Liabilities				
Contingent consideration liability recorded for business combination	<u>\$ —</u>	<u>\$ 8,000</u>	<u>\$ —</u>	<u>\$11,900</u>

In our condensed consolidated balance sheets as of March 31, 2013 and June 30, 2012, money market balances are included in cash and cash equivalents, auction rate securities, or ARS investments, are included in non-current investments, and contingent consideration liability recorded for business combination is included in other liabilities.

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Changes in fair value of our Level 3 financial assets as of March 31, 2013 were as follows (in thousands):

Balance as of June 30, 2012	\$15,321
Net unrealized gain	2,680
Redemptions	(2,200)
Balance as of March 31, 2013	<u>\$15,801</u>

Changes in fair value of contingent consideration measured using significant unobservable inputs (Level 3) as of March 31, 2013 were as follows (in thousands):

Balance as of June 30, 2012	\$11,900
Payment of contingent consideration	(5,000)
Change in contingent consideration	1,100
Balance as of March 31, 2013	<u>\$ 8,000</u>

In connection with the acquisition of Pacinian in June 2012, we entered into a contingent consideration arrangement, and subsequently paid \$5.0 million of additional consideration to the former Pacinian stockholders upon customer acceptance of a ThinTouch product. As of March 31, 2013, we owe up to \$10.0 million of additional consideration to the former Pacinian stockholders based on sales of products utilizing ThinTouch technology through June 2016. In our condensed consolidated statements of cash flows for the nine months ended March 31, 2013, \$4.6 million of the payment of contingent consideration was classified as cash flows from financing activities and \$400,000 was classified as cash flows from operating activities.

There were no transfers in or out of our Level 1 or 3 assets or liabilities during the nine months ended March 31, 2013.

The fair values of our cash equivalents, accounts receivable, and accounts payable approximate their carrying values because of the short-term nature of those instruments. The fair value of our notes payable approximates their carrying value.

5. Auction Rate Securities

Our ARS investments have failed to settle in auctions and are not liquid. In the event we need to access these funds prior to their maturity, we will not be able to do so without a loss of principal, unless redeemed by the issuers or a future auction on these investments is successful. During the three and nine months ended March 31, 2013, \$50,000 and \$2.2 million, respectively, of our ARS investments were redeemed at par.

As there are currently no active markets for our various failed ARS investments, we have estimated the fair value as of March 31, 2013 using a trinomial discounted cash flow analysis. The analysis considered, among others, the following factors:

- the collateral underlying the security investments;
- the creditworthiness of the counterparty;
- the timing of expected future cash flows;
- the probability of a successful auction in a future period;
- the underlying structure of each investment;
- the present value of future principal and interest payments discounted at rates considered to reflect current market conditions;
- a consideration of the probabilities of default, passing a future auction, or redemption at par for each period; and
- estimates of the recovery rates in the event of default for each investment.

When possible, our failed ARS investments were compared to other observable market data or securities with similar characteristics. Our estimate of the fair value of our ARS investments could change materially from period to period based on future market conditions.

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Contractual maturities for our ARS investments are generally greater than five years, with fair value of \$11.5 million maturing from calendar years 2015 to 2017 and \$4.3 million maturing from calendar years 2041 to 2045. Of our ARS investments, \$6.7 million par value are investment grade, and the remaining \$18.5 million par value are below investment grade.

The various types of ARS investments we held as of March 31, 2013, including the original cost basis, other-than-temporary impairment included in retained earnings, new cost basis, unrealized gain/(loss), and fair value, consisted of the following (in thousands):

	Original Cost Basis	Other-than- temporary Impairment in Retained Earnings	New Cost Basis	Unrealized Gain/(Loss)	Fair Value
Student loans	\$ 4,650	\$ (179)	\$ 4,471	\$ (158)	\$ 4,313
Credit linked notes	13,500	(8,765)	4,735	4,850	9,585
Preferred stock	5,000	(5,000)	—	—	—
Municipals	2,000	(83)	1,917	(14)	1,903
Total ARS	\$ 25,150	\$ (14,027)	\$11,123	\$ 4,678	\$15,801

The various types of ARS investments we held as of June 30, 2012, including the original cost basis, other-than-temporary impairment included in retained earnings, new cost basis, unrealized gain/(loss), and fair value, consisted of the following (in thousands):

	Original Cost Basis	Other-than- temporary Impairment in Retained Earnings	New Cost Basis	Unrealized Gain/(Loss)	Fair Value
Student loans	\$ 6,850	\$ (179)	\$ 6,671	\$ (231)	\$ 6,440
Credit linked notes	13,500	(8,765)	4,735	2,276	7,011
Preferred stock	5,000	(5,000)	—	—	—
Municipals	2,000	(83)	1,917	(47)	1,870
Total ARS	\$ 27,350	\$ (14,027)	\$13,323	\$ 1,998	\$15,321

The ARS investments in each of the above tables with unrealized losses have been in a continuous unrealized loss position for more than 12 months.

We have accounted for all of our ARS investments as non-current as we are not able to reasonably determine when the ARS markets will recover or be restructured. 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 intend to sell the investments, and it is not more likely than not that we will be required to sell the investments before the recovery of the amortized cost basis. We will continue to monitor our ARS investments and evaluate our accounting for these investments quarterly.

6. Inventories

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

	March 31, 2013	June 30, 2012
Raw materials	\$38,760	\$26,957
Finished goods	5,151	4,710
	\$43,911	\$31,667

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7. Other Accrued Liabilities

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

	March 31, 2013	June 30, 2012
Customer obligations	\$17,621	\$13,076
Inventory obligations	5,069	5,680
Other	11,675	7,759
	<u>\$34,365</u>	<u>\$26,515</u>

8. Product Warranties, Indemnifications, and Contingencies

Product Warranties

We generally warrant our products for a period of 12 months from the date of sale and estimate probable product warranty costs at the time we recognize revenue. Factors that affect our warranty liability include historical and anticipated rates of warranty claims, materials usage, rework, and delivery costs. However, we assess the adequacy of our warranty obligations each reporting period and adjust the accrued warranty liability on the basis of our estimates.

Indemnifications

In connection with certain third-party agreements we have executed in the past, we are obligated to indemnify the third party in connection with any technology infringement by us. We have also entered into indemnification agreements with our officers and directors. Maximum potential future payments 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 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 or 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.

9. Share-Based Compensation

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
Cost of revenue	\$ 249	\$ 313	\$ 690	\$ 903
Research and development	3,993	3,769	11,783	11,209
Selling, general, and administrative	3,991	4,915	12,233	13,551
Total	<u>\$8,233</u>	<u>\$8,997</u>	<u>\$24,706</u>	<u>\$25,663</u>
Income tax benefit on share-based compensation	<u>\$2,279</u>	<u>\$2,539</u>	<u>\$ 6,676</u>	<u>\$ 7,419</u>

Historically, we have issued new shares in connection with our share-based compensation plans; however, treasury shares were also available for issuance as of March 31, 2013, including shares repurchased under our common stock repurchase program.

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Stock Options

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

	Stock Option Awards <u>Outstanding</u>	Weighted Average Exercise Price	Aggregate Intrinsic Value <u>(in thousands)</u>
Balance at June 30, 2012	7,339,024	\$25.34	
Granted	418,512	29.55	
Exercised	(397,106)	21.82	
Forfeited	(397,025)	29.50	
Balance at March 31, 2013	<u>6,963,405</u>	25.56	<u>\$ 105,371</u>
Exercisable at March 31, 2013	<u>5,267,249</u>	24.70	<u>\$ 84,205</u>

The aggregate intrinsic value was determined using the closing price of our common stock on March 28, 2013 of \$40.69, 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 <u>Outstanding</u>	Aggregate Intrinsic Value <u>(in thousands)</u>
Balance at June 30, 2012	1,009,336	
Granted	479,384	
Delivered	(320,631)	
Forfeited	(82,886)	
Balance at March 31, 2013	<u>1,085,203</u>	<u>\$ 44,157</u>

The aggregate intrinsic value was determined using the closing price of our common stock on March 28, 2013 of \$40.69.

Of the shares delivered, 95,399 shares valued at \$2.8 million were withheld to meet statutory minimum tax withholding requirements.

Market Stock Units

Our Amended and Restated 2010 Incentive Compensation Plan provides for the grant of MSU awards, which are a type of DSU award, 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 began granting MSUs in November 2012.

In November 2012, we granted MSUs to our executive officers, which were 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 on the achievement of a specified level of total stockholder return, or TSR, relative to the TSR of the Philadelphia Semiconductor Index, or SOX Index. 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 SOX Index TSR performance using the following formula:

$$(100\% + ((\text{Synaptics TSR} - \text{SOX Index TSR}) \times 2))$$

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Delivery of shares earned, if any, will take place on the dates provided in the 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 minimum tax withholding by delivering a net quantity of shares. Until delivery of shares, the grantee has no rights as a stockholder.

During the nine months ended March 31, 2013, we granted 74,000 MSUs and there were no shares under our MSU awards delivered or forfeited. We valued the MSUs using the Monte Carlo simulation model and amortize the compensation expense over the three-year performance and service period. The weighted average grant date fair value for the MSUs granted was \$25.82. The unrecognized share-based compensation cost for MSUs granted was approximately \$1.7 million as of March 31, 2013, which will be recognized over a weighted average period of approximately 1.5 years. As of March 31, 2013, the aggregate intrinsic value of the MSUs was \$3.0 million (assuming a 100% payout factor), which was determined using the closing price of our common stock on March 28, 2013 of \$40.69.

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 nine-month period ended March 31, 2013 were as follows (in thousands, except for shares purchased and weighted average price):

Shares purchased	143,469
Weighted average purchase price	\$ 20.56
Cash received	\$ 2,950
Aggregate intrinsic value	\$ 521

10. Income Taxes

We account for income taxes under the asset and liability method. We consider the operating earnings of our foreign subsidiaries to be indefinitely invested outside the United States. Accordingly, no provision has been made for the federal, state, or foreign taxes that may result from future remittances of undistributed earnings of our foreign subsidiaries.

The (benefit)/provision for income taxes of (\$12.6) million and \$3.6 million for the three months ended March 31, 2013 and 2012, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the three months ended March 31, 2013 was (52.8%) and diverged from the combined federal and state statutory rate primarily because of a net decrease in the liability for uncertain tax positions, which included the remeasurement of a prior year tax position, the retroactive reinstatement of the federal research credit, and foreign income taxed at lower tax rates, partially offset by foreign withholding taxes, and the tax impact of stock-based compensation associated with qualified stock options. The effective tax rate for the three months ended March 31, 2012 was 23.7% and diverged from the combined federal and state statutory rate primarily because of foreign income taxed at lower tax rates, and the federal and the state research credits, partially offset by foreign withholding taxes, the tax impact of stock-based compensation associated with qualified stock options, and an increase to the liability for uncertain tax position.

The (benefit)/provision for income taxes of (\$6.1) million and \$11.1 million for the nine months ended March 31, 2013 and 2012, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the nine months ended March 31, 2013 was (12.8%) and diverged from the combined federal and state statutory rate primarily because of a net decrease in the liability for uncertain tax positions, which included the remeasurement of a prior year tax position, the retroactive reinstatement of the federal research credit, and foreign income taxed at lower tax rates, partially offset by foreign withholding taxes and the tax impact of stock-based compensation associated with qualified stock options. The effective tax rate for the nine months ended March 31, 2012 was 21.0% and diverged from the combined federal and state statutory rate primarily because of foreign income taxed at lower tax rates and the federal and state research credits, partially offset by foreign withholding taxes and the tax impact of stock-based compensation associated with qualified stock options.

Unrecognized Tax Benefits

The total liability for gross unrecognized tax benefits decreased \$14.8 million during the nine months ended March 31, 2013 to \$8.3 million from \$23.1 million at June 30, 2012 and is included in other liabilities on our condensed consolidated balance sheets. The remaining liability for gross unrecognized tax benefits, if recognized, would reduce the effective tax rate on income from continuing operations. During the three months ended March 31, 2013, \$15.8 million of tax benefit was recognized in connection with the remeasurement of unrecognized tax benefits of a prior year tax position. The balance of interest and penalties accrued related to uncertain tax positions as of March 31, 2013 was \$917,000 and decreased by \$1.5 million from June 30, 2012. We classify interest and penalties as components of income tax expense.

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In May 2011, we were notified by the Internal Revenue Service (Service) that our fiscal 2003 through 2006 and fiscal 2008 through 2010 would be subject to examination. The early periods were being audited in connection with a mandatory review of tax refunds in excess of \$2.0 million when we carried back our fiscal 2008 net operating loss. In March 2013, we received the Revenue Agent's Report resolving our examination with the Service and paid an assessment that had no material impact to our condensed consolidated financial statements. Our case is pending review by the Joint Committee of Taxation, which we anticipate will extend into our fiscal 2014. Any prospective adjustments to our unrecognized tax benefits will be recorded as an increase or decrease to income tax expense and cause a corresponding change to our effective tax rate. Accordingly, our effective tax rate could fluctuate materially from period to period.

On January 2, 2013 President Barack Obama signed into law The American Taxpayer Relief Act of 2013 (The Act). The Act extends the federal research credit for two years retroactively from January 1, 2012 through December 31, 2013. As such, we recognized approximately a \$3.5 million tax benefit in the three months ended March 31, 2013, the period that includes the enactment date.

Our major tax jurisdictions are the United States and Hong Kong SAR, and fiscal 2003 onward remain subject to examination by one or more of these jurisdictions.

11. Segment, Customers, and Geographic Information

We operate in one segment: the development, marketing, and sale of interactive user interface solutions for electronic devices and products. We generate our revenue from two broad product categories: the mobile product market and the personal computing, or PC, market. The mobile product market accounted for 64% and 51% of net revenue for the three months ended March 31, 2013 and 2012, respectively, and 58% and 51% of net revenue for the nine months ended March 31, 2013 and 2012, respectively.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
China	\$ 96,897	\$ 77,080	\$277,192	\$260,853
Taiwan	21,611	16,761	58,192	47,659
Korea	18,900	8,747	31,762	29,384
Japan	17,135	17,880	44,822	47,586
Other	8,781	11,237	21,437	25,139
	<u>\$163,324</u>	<u>\$131,705</u>	<u>\$433,405</u>	<u>\$410,621</u>

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2013	2012	2013	2012
Customer A	12%	*	*	*
Customer B	*	12%	*	13%

* Less than 10%

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We sell our products primarily to contract manufacturers that provide manufacturing services to original equipment manufacturers, or OEMs. We extend credit based on an 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 at the dates presented were as follows:

	March 31, 2013	June 30, 2012
Customer A	12%	14%
Customer B	11%	12%

12. Comprehensive Income

Our comprehensive income generally consists of net income 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. We recognize foreign currency remeasurement adjustments in our condensed consolidated statements of income as the U.S. dollar is the functional currency of our foreign entities.

13. Purchased Intangibles

The following table summarizes the life, the gross carrying value of our purchased intangible assets, and the related accumulated amortization as of March 31, 2013 and June 30, 2012 (in thousands):

	Life	March 31, 2013	June 30, 2012
In-process research and development	To be determined	\$ 8,900	\$ 8,900
Customer relationships	5 years	3,800	3,800
Licensed technology and other	5 years	1,335	—
Patents	5 years	100	100
		14,135	12,800
Accumulated amortization		(763)	—
Purchased intangibles, net		<u>\$13,372</u>	<u>\$12,800</u>

Amortization of the purchased intangibles commenced in fiscal 2013. The total amortization expense for the purchased intangible assets was \$262,000 and \$763,000 for the three and nine months ended March 31, 2013, respectively. This amortization expense was included in our condensed consolidated statements of income as acquired intangibles amortization.

The following table presents expected annual aggregate amortization expense as of March 31, 2013 (in thousands):

Remainder of 2013	\$ 262
2014	1,047
2015	1,047
2016	1,047
2017	1,047
2018	22
To be determined	8,900
Future amortization	<u>\$13,372</u>

14. Building and Land Sale and Corporate Headquarters Move

In October 2012, we entered into a purchase and sale agreement to sell our existing corporate headquarters, including an office building containing approximately 76,522 square feet of space located on approximately 2.59 acres of land. In January 2013, we entered into an amendment to the purchase and sale agreement to reduce the purchase price to approximately \$12.6 million, exclusive of adjustments and closing costs. The closing of the property sale transaction occurred in April 2013 and the resulting gain of approximately \$1.5 million will be included in our June quarter financial results. At the closing, we entered into a lease agreement with the buyer through May 31, 2013, unless we exercise our right to extend or terminate the lease prior to such date. The lease is at fair market value. As of March 31, 2013, we continue to utilize this building and therefore classify it as held for use.

We anticipate moving into our new company headquarters in June 2013. In connection with our move we will incur a one-time charge of up to \$600,000 on the abandonment of a leased building adjacent to the building we sold. The charge is expected to be included either in our June or September quarter financial results.

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

Forward-Looking Statements and Factors That May Affect Results

You should read the following discussion and analysis in conjunction with our unaudited condensed consolidated financial statements and notes in Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

In addition to the historical information contained in this report, this report may contain forward-looking statements, including those related to our operating model and strategies; our market penetration and market share in the mobile product and PC markets; competitive factors in the mobile product and PC markets; revenue from the mobile product and PC markets; industry estimates of growth rates of these markets; average selling prices; product design mix; manufacturing costs; gross margins; new product solution introductions; customer relationships; research and development expenses; selling, general, and administrative expenses; liquidity and anticipated cash requirements; our ability to provide local sales, operational, and engineering support to customers; our assessment of the combination of the added value we bring to our OEM customers' products in meeting their custom design requirements and the impact of our ongoing cost-improvement programs; our expectations regarding the timing of the conclusion of an ongoing appeal of a tax audit; and our expectations regarding tax benefits for the federal research credit. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially.

We caution that these statements are qualified by various factors that may affect future results, including the following: economic conditions; changes in the market for our products and the success of our customers' products; our success in moving products from the design phase into the manufacturing phase; changes in the competitive environment; infringement claims; warranty obligations related to product failures; the failure of key technologies to deliver commercially acceptable performance; our dependence on certain key markets; penetration into new markets; the absence of both long-term purchase and supply commitments; and our lengthy development and product acceptance cycles. This report should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended June 30, 2012, including particularly Item 1A—Risk Factors therein.

Overview

We are a leading worldwide developer and supplier of custom-designed human interface solutions that enable people to interact more easily and intuitively with a wide variety of mobile computing, communications, entertainment, and other electronic devices. We believe our results to date reflect the combination of our customer focus, the strength of our intellectual property, and our engineering know-how, which allow us to develop or engineer products that meet the demanding design specifications of OEMs.

Many of our customers have manufacturing operations in China, and many of our OEM customers have established design centers in that region. With our expanded global presence, including offices in China, Finland, Hong Kong, 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, 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 six-month rolling forecasts and issue purchase orders based on our anticipated requirements for the next 90 days. However, we do not have any long-term supply contracts with any of our contract manufacturers. We use three third-party semiconductor foundries to supply wafers and two 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, 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, yield losses, and any inventory provisions or write-downs to cost of revenue.

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Our gross margin generally reflects the combination of the added value we bring to our OEM customers' products in 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 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. These expenses have generally increased, reflecting our continuing 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. These expenses have generally increased, primarily reflecting incremental staffing and related support costs associated with our business acquisitions, increased business levels, growth in our existing markets, and penetration into new markets.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates during the nine months ended March 31, 2013 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 30, 2012.

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Results of Operations

Certain of our condensed consolidated statements of income data for the periods indicated, together with comparative absolute and percentage changes in these amounts, were as follows (in thousands, except percentages):

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2013	2012	\$ Change	% Change	2013	2012	\$ Change	% Change
Mobile product applications	\$104,673	\$ 66,600	\$ 38,073	57.2%	\$250,878	\$209,618	\$ 41,260	19.7%
PC product applications	58,651	65,105	(6,454)	(9.9%)	182,527	201,003	(18,476)	(9.2%)
Net revenue	163,324	131,705	31,619	24.0%	433,405	410,621	22,784	5.5%
Gross margin	81,083	62,180	18,903	30.4%	210,683	192,163	18,520	9.6%
Operating expenses:								
Research and development	36,740	29,415	7,325	24.9%	103,799	87,478	16,321	18.7%
Selling, general, and administrative	20,183	18,031	2,152	11.9%	58,099	52,461	5,638	10.7%
Acquired intangibles amortization	262	—	262	n/m ⁽¹⁾	763	—	763	n/m ⁽¹⁾
Change in contingent consideration	237	—	237	n/m ⁽¹⁾	1,100	—	1,100	n/m ⁽¹⁾
Operating income	23,661	14,734	8,927	60.6%	46,922	52,224	(5,302)	(10.2%)
Interest income	197	231	(34)	(14.7%)	640	682	(42)	(6.2%)
Interest expense	(4)	(4)	—	0.0%	(13)	(13)	—	—
Impairment recovery on investments, net	—	46	(46)	(100.0%)	—	59	(59)	(100.0%)
Income before (benefit)/provision for income taxes	23,854	15,007	8,847	59.0%	47,549	52,952	(5,403)	(10.2%)
(Benefit)/provision for income taxes	(12,592)	3,561	(16,153)	(453.6%)	(6,064)	11,108	(17,172)	(154.6%)
Net income	<u>\$ 36,446</u>	<u>\$ 11,446</u>	<u>\$ 25,000</u>	218.4%	<u>\$ 53,613</u>	<u>\$ 41,844</u>	<u>\$ 11,769</u>	28.1%

(1) not meaningful

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

	Three Months Ended March 31,		Point Increase/ (Decrease)	Nine Months Ended March 31,		Point Increase/ (Decrease)
	2013	2012		2013	2012	
Mobile product applications	64.1%	50.6%	13.5%	57.9%	51.0%	6.9%
PC product applications	35.9%	49.4%	(13.5%)	42.1%	49.0%	(6.9%)
Net revenue	100.0%	100.0%		100.0%	100.0%	
Gross margin	49.6%	47.2%	2.4%	48.6%	46.8%	1.8%
Operating expenses:						
Research and development	22.5%	22.3%	0.2%	23.9%	21.3%	2.6%
Selling, general, and administrative	12.4%	13.7%	(1.3%)	13.4%	12.8%	0.6%
Amortization of acquired intangibles	0.2%	—	n/m ⁽¹⁾	0.2%	—	n/m ⁽¹⁾
Change in contingent consideration	0.1%	—	n/m ⁽¹⁾	0.3%	—	n/m ⁽¹⁾
Operating income	14.5%	11.2%	3.3%	10.8%	12.7%	(1.9%)
Income before (benefit)/provision for income taxes	14.6%	11.4%	3.2%	11.0%	12.9%	(1.9%)
(Benefit)/provision for income taxes	(7.7%)	2.7%	(10.4%)	(1.4%)	2.7%	(4.1%)
Net income	<u>22.3%</u>	<u>8.7%</u>	13.6%	<u>12.4%</u>	<u>10.2%</u>	2.2%

(1) not meaningful

Net Revenue.

Net revenue was \$163.3 million for the quarter ended March 31, 2013 compared with \$131.7 million for the quarter ended March 31, 2012, an increase of \$31.6 million, or 24.0%. Of our third quarter fiscal 2013 net revenue, \$104.7 million, or 64.1%, was from mobile product applications and \$58.6 million, or 35.9%, was from PC product applications. The increase in net revenue for the quarter ended March 31, 2013 was attributable to an increase in net revenue from mobile product applications, partially offset by a decrease in PC product applications. Net revenue from mobile product applications increased primarily as a result of higher unit sales in the quarter, reflecting both the growing market and our market share. Net revenue from PC product applications decreased primarily as a result of lower unit sales in the quarter, reflecting the continued weakness in the PC market.

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Net revenue was \$433.4 million for the nine months ended March 31, 2013 compared with \$410.6 million for the nine months ended March 31, 2012, an increase of \$22.8 million, or 5.5%. Of our first nine months of fiscal 2013 net revenue, \$250.9 million, or 57.9%, was from mobile product applications and \$182.5 million, or 42.1%, was from PC product applications. The increase in net revenue for the nine months ended March 31, 2013 was attributable to an increase in mobile product applications, partially offset by a decrease in net revenue from PC product applications. Net revenue from mobile product applications increased primarily as a result of higher unit sales in the first nine months of the fiscal year, reflecting the growing market. Net revenue from PC product applications decreased primarily as a result of lower unit sales in the first nine months of the fiscal year, reflecting the continued weakness in the PC market.

Based on industry estimates of unit shipments, the notebook market is anticipated to increase less than 1%, and the mobile smartphone market is anticipated to increase approximately 28% in calendar year 2013 compared with calendar year 2012.

Gross Margin.

Gross margin as a percentage of net revenue was 49.6%, or \$81.1 million, for the quarter ended March 31, 2013 compared with 47.2%, or \$62.2 million, for the quarter ended March 31, 2012. The 240 basis point improvement in gross margin was primarily attributable to favorable mix of higher margin mobile product application revenue driven largely by the continued shift in our overall revenue mix to mobile product revenue consisting predominately of higher margin chip solutions.

Gross margin as a percentage of net revenue was 48.6%, or \$210.7 million, for the nine months ended March 31, 2013 compared with 46.8%, or \$192.2 million, for the nine months ended March 31, 2012. The 180 basis point improvement in gross margin was primarily attributable to favorable mix of higher margin mobile product application revenue driven largely by the continued shift in our overall revenue mix to mobile product revenue consisting predominately of higher margin chip solutions.

We continuously introduce new product solutions, many of which have life cycles of less than a year. Further, as we sell our capacitive sensing technology 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 impacted materially 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 \$7.3 million to \$36.7 million for the quarter ended March 31, 2013 compared with the quarter ended March 31, 2012. The increase in research and development expenses primarily reflected a \$4.9 million increase in employee-related costs, which included our annual merit increase, an increase in our incentive compensation accrual, additional headcount associated with our recent acquisitions and planned headcount expansion, and a \$1.7 million increase in infrastructure-related costs.

Research and development expenses increased \$16.3 million to \$103.8 million for the nine months ended March 31, 2013 compared with the nine months ended March 31, 2012. The increase in research and development expenses primarily reflected a \$10.6 million increase in employee-related costs, which included our annual merit increase, an increase in our incentive compensation accrual, additional headcount associated with our recent acquisitions and planned headcount expansion, a \$3.0 million increase in infrastructure-related costs, and a \$1.9 million increase in temporary employee expenses.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased \$2.2 million to \$20.2 million for the quarter ended March 31, 2013 compared with the quarter ended March 31, 2012. The increase in selling, general, and administrative expenses primarily reflected a \$1.7 million increase in employee-related costs, which included our annual merit increase, an increase in our incentive compensation accrual and additional headcount associated with our recent acquisitions, and a \$271,000 increase in travel related costs.

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Selling, general, and administrative expenses increased \$5.6 million to \$58.1 million for the nine months ended March 31, 2013 compared with the nine months ended March 31, 2012. The increase in selling, general, and administrative expenses primarily reflected a \$3.0 million increase in employee-related costs, which included our annual merit increase, an increase in our incentive compensation accrual, additional headcount associated with our recent acquisitions, a \$1.2 million increase in support costs, an \$827,000 increase in professional fees, and a \$381,000 increase in travel related costs.

Provision for Income Taxes.

We account for income taxes under the asset and liability method. We consider the operating earnings of our foreign subsidiaries to be indefinitely invested outside the United States. Accordingly, no provision has been made for the federal, state, or foreign taxes that may result from future repatriation of undistributed earnings of our foreign subsidiaries.

The (benefit)/provision for income taxes of (\$12.6) million and \$3.6 million for the three months ended March 31, 2013 and 2012, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the three months ended March 31, 2013 was (52.8%) and diverged from the combined federal and state statutory rate primarily because of a net decrease in the liability for uncertain tax positions, which included the remeasurement of a prior year tax position, the retroactive reinstatement of the federal research credit, and foreign income taxed at lower tax rates, partially offset by foreign withholding taxes, and the tax impact of stock-based compensation associated with qualified stock options. The effective tax rate for the three months ended March 31, 2012 was 23.7% and diverged from the combined federal and state statutory rate primarily because of foreign income taxed at lower tax rates, and the federal and the state research credits, partially offset by foreign withholding taxes, the tax impact of stock-based compensation associated with qualified stock options, and an increase to the liability for uncertain tax position.

The (benefit)/provision for income taxes of (\$6.1) million and \$11.1 million for the nine months ended March 31, 2013 and 2012, respectively, represented estimated federal, foreign, and state income taxes. The effective tax rate for the nine months ended March 31, 2013 was (12.8%) and diverged from the combined federal and state statutory rate primarily because of a net decrease in the liability for uncertain tax positions, which included the remeasurement of a prior year tax position, the retroactive reinstatement of the federal research credit, and foreign income taxed at lower tax rates, partially offset by foreign withholding taxes and the tax impact of stock-based compensation associated with qualified stock options. The effective tax rate for the nine months ended March 31, 2012 was 21.0% and diverged from the combined federal and state statutory rate primarily because of foreign income taxed at lower tax rates and the federal and state research credits, partially offset by foreign withholding taxes and the tax impact of stock-based compensation associated with qualified stock options.

In May 2011, we were notified by the Internal Revenue Service (Service) that our fiscal 2003 through 2006 and fiscal 2008 through 2010 would be subject to an audit. The early periods were being audited in connection with a mandatory review of tax refunds in excess of \$2.0 million when we carried back our fiscal 2008 net operating loss. In March 2013, we received the Revenue Agent's report resolving our examination with the Service and paid an assessment that had no material impact to our condensed consolidated financial statements which triggered the reevaluation of the measurement of prior year uncertain tax positions and resulted in the recognition of \$15.8 million of previously unrecognized tax benefits in the March quarter. Our case is pending review by the Joint Committee of Taxation, which we anticipate will extend into our fiscal 2014. Any prospective adjustments to our unrecognized tax benefits will be recorded as an increase or decrease to income tax expense and cause a corresponding change to our effective tax rate. Accordingly, our effective tax rate could fluctuate materially from period to period.

On January 2, 2013 President Barack Obama signed into law The American Taxpayer Relief Act of 2013 (The Act). The Act extends the federal research credit for two years retroactively from January 1, 2012 through December 31, 2013. As such, we recognized approximately a \$3.5 million tax benefit in the three months ended March 31, 2013, the financial period that includes the enactment date.

Liquidity and Capital Resources

Our cash and cash equivalents were \$315.5 million as of March 31, 2013 compared with \$305.0 million as of June 30, 2012, an increase of \$10.5 million. The increase primarily reflects the combination of \$69.6 million provided from operating cash flows, \$11.6 million of proceeds from the issuance of shares and \$2.2 million of proceeds from the sales and maturities of non-current investments, offset by \$30.0 million used for the purchase of property and equipment, \$5.0 million used for the acquisition of a business, \$4.6 million used for the payment of contingent consideration, and \$31.3 million used to repurchase 1,240,440 shares of our common stock. 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 March 31, 2013, \$278.0 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 would be required to accrue and pay U.S. federal, foreign, and state taxes to repatriate these funds.

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Cash Flows from Operating Activities. Operating activities during the nine months ended March 31, 2013 generated net cash of \$69.6 million compared with \$79.7 million of net cash generated during the nine months ended March 31, 2012. For the nine months ended March 31, 2013, net cash provided by operating activities was primarily attributable to net income of \$53.6 million plus adjustments for non-cash charges of \$31.0 million, and a \$15.0 million net change in operating assets and liabilities. The net change in operating assets and liabilities was primarily attributable to a \$15.1 million decrease in income taxes payable, a \$10.8 million increase in inventories, partially offset by a \$7.4 million increase in other accrued liabilities, a \$4.8 million increase in accounts payable, and a \$3.7 million increase in accrued compensation. From June 30, 2012 to March 31, 2013, our days sales outstanding decreased from 68 to 59 days and our inventory turns declined from 9 to 7.

Cash Flows from Investing Activities. Our investing activities primarily relate to purchases of property and equipment and business purchases. Investing activities during the nine months ended March 31, 2013 used net cash of \$32.8 million compared with \$35,000 net cash provided by investing activities during the nine months ended March 31, 2012. During the nine months ended March 31, 2013, net cash used in investing activities consisted of \$30.0 million used for the purchase of property and equipment (which included \$11.9 million for the purchase of buildings and land) and \$5.0 million used for the acquisition of a business, partially offset by proceeds of \$2.2 million from the sale and redemption of non-current investments.

Cash Flows from Financing Activities. Net cash used in financing activities for the nine months ended March 31, 2013 was \$26.3 million compared with \$2.8 million for the nine months ended March 31, 2012. Net cash used in financing activities for the nine months ended March 31, 2013 included \$31.3 million used to repurchase 1,240,440 shares of our common stock as well as \$4.6 million used for the portion of the payment of contingent consideration identified as a financing activity, partially offset by proceeds from issuance of shares of our common stock of \$11.6 million.

Common Stock Repurchase Program. Our Board of Directors has cumulatively authorized \$520.0 million for our stock repurchase program, expiring in October 2013. 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, including alternative investment opportunities. Common stock purchased under this program is held as treasury stock. From April 2005 through March 31, 2013, we purchased 17,024,532 shares of our common stock in the open market for an aggregate cost of \$445.2 million. Treasury shares purchased prior to August 28, 2008 were not subject to the stock split on that date. As of March 31, 2013, we had \$74.8 million remaining under our common stock repurchase program.

Bank Credit Facility. We maintain a \$50.0 million working capital line of credit with Wells Fargo Bank. The Wells Fargo Bank revolving line of credit, which expires on September 1, 2013, provides for an interest rate equal to the prime lending rate or 250 basis points above LIBOR, depending on whether we choose a variable or fixed rate, respectively. We had not borrowed any amounts under the line of credit as of March 31, 2013.

\$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 generally will be freely tradable 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.

Liquidity and Capital Resources. We believe our existing cash and cash equivalents and anticipated cash flows from operating activities will be sufficient to meet our working capital and other cash requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our revenue, the timing and extent of spending to support product development efforts, costs related to protecting our intellectual property, the expansion of sales and marketing activities, the timing of introductions of new products and enhancements to existing products, the costs to ensure access to adequate manufacturing capacity, the costs of maintaining sufficient space or renovating recently acquired building space for our expanding 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.

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Our non-current investments consist of ARS investments, which have failed to settle in auctions. These investments are not liquid, and in the event we need to access these funds, we will not be able to do so without a loss of principal, unless redeemed by the issuers or a future auction on these investments is successful.

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 lack of liquidity on these investments will affect our ability to operate our business as usual. Further, we do not anticipate the need to repatriate any undistributed earnings of our foreign subsidiaries to meet our working capital and other cash requirements.

Contractual Obligations and Commercial Commitments

Our material contractual obligations and commercial commitments as of March 31, 2013 were as follows (in millions):

	Payments due by period							
	Remaining in Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Thereafter	Total
Convertible senior subordinated notes (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ 3
Leases	1	3	1	1	1	1	1	9
Purchase obligations and other commitments (2)	14	1	—	—	—	—	—	15
Total	\$ 15	\$ 4	\$ 1	\$ 1	\$ 1	\$ 1	\$ 4	\$ 27

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

(2) Purchase obligations and other commitments include payments due under a building construction agreement, a long-term services agreement and inventory purchase obligations with contract manufacturers.

In connection with the acquisition of Pacinian in June 2012, we entered into a contingent consideration arrangement. As of March 31, 2013, we owe up to \$10.0 million of additional consideration to the former Pacinian stockholders based on sales of products utilizing ThinTouch technology through June 2016. The estimated fair value of the contingent consideration liability as of March 31, 2013 was \$8.0 million. This obligation is excluded from the table above due to the difficulty in making reasonably reliable estimates of the timing of the cash payments.

The amounts in the table above exclude unrecognized tax benefits of \$8.3 million. As of March 31, 2013, 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our market risk has not changed materially from the interest rate and foreign currency exchange risks disclosed in Item 7A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have reviewed and evaluated the effectiveness of our disclosure controls and procedures, which included inquiries made to certain other of our employees. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer have each concluded that our disclosure controls and procedures are designed and are effective to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure and are effective and sufficient to ensure that we record, process, summarize, and report information required to be disclosed by us in our periodic reports filed under the Securities Exchange Act of 1934, as amended, within the time periods specified by the SEC's rules and forms.

During the fiscal quarter covered by this report, there have not been any changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

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

Issuer Purchases of Equity Securities

Our cumulative authorization for our common stock repurchase program is \$520.0 million. The remaining amount authorized for the repurchase of our common stock through October 2013 is \$74.8 million. There were no repurchases under our common stock repurchase program during the three-month period ended March 31, 2013.

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ITEM 6. EXHIBITS

10.33(b)	Second Amendment to Agreement of Purchase and Sale and Escrow Instructions dated as of January 4, 2013 between Orchard Partners, LLC and the registrant
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

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: May 3, 2013

By: /s/ Richard A. Bergman

Name: Richard A. Bergman

Title: President and Chief Executive Officer

Date: May 3, 2013

By: /s/ Kathleen A. Bayless

Name: Kathleen A. Bayless

Title: Senior Vice President, Chief Financial Officer, Secretary, and Treasurer

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit</u>
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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

**SECOND AMENDMENT TO AGREEMENT OF PURCHASE AND SALE
AND ESCROW INSTRUCTIONS**

THIS SECOND AMENDMENT TO AGREEMENT OF PURCHASE AND SALE AND ESCROW INSTRUCTIONS (“*Second Amendment*”) is made and entered into as of this 4th day of January, 2013 (the “*Effective Date*”), by and between **SYNAPTICS INCORPORATED**, a Delaware corporation (“*Seller*”), and **ORCHARD PARTNERS, LLC**, a California limited liability company (“*Buyer*”).

RECITALS

A. Seller and Buyer are parties to that certain Agreement of Purchase and Sale and Escrow Instructions dated as of October 19, 2012 (the “*Original Agreement*”), as amended by that certain First Amendment to Agreement of Purchase and Sale and Escrow Instructions dated as of November 19, 2012 (the “*First Amendment*,” together with the Original Agreement, the “*Purchase Agreement*”), pursuant to which Seller agreed to sell and convey to Buyer, and Buyer agreed to purchase from Seller, the Property (as defined in the Purchase Agreement).

B. As of November 30, 2012, Buyer elected not to deliver the Approval Notice to Seller in accordance with Section 2.2(b) of the Purchase Agreement, but the Title Company has retained the Deposit, in the amount of Two Hundred Thousand Dollars (\$200,000), in escrow.

C. Seller and Buyer now desire to amend the Purchase Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Recitals. The Recitals set forth above are true and correct and are hereby incorporated into the body of this Second Amendment as though fully set forth herein.

2. Defined Terms. Capitalized terms used herein, unless otherwise defined in this Second Amendment, shall have the meanings ascribed to them in the Purchase Agreement.

3. Purchase Agreement. Notwithstanding the effect of Buyer’s election not to deliver the Approval Notice to Seller in accordance with Section 2.2(b) of the Purchase Agreement, Buyer and Seller hereby renew, restore and reaffirm the terms and conditions of the Purchase Agreement, subject to and including the further terms, conditions and modifications thereto set forth in this Second Amendment.

4. Purchase Price. The Purchase Price, as defined in Section 1.2(a) of the Purchase Agreement, shall be decreased so that the new Purchase Price is the amount of Twelve Million Six Hundred Twenty-Six Thousand One Hundred Thirty Dollars (\$12,626,130).

5. Feasibility Period. The Feasibility Period set forth in Section 2.2(b) of the Original Agreement is extended such that the Feasibility Period shall mean the period ending at 5:00 p.m. (Pacific Time) on January 31, 2013.

6. Closing Date. The Closing Date set forth in Section 10.2 of the Purchase Agreement is extended such that the Closing Date shall occur on February 28, 2013, or such earlier date as Buyer and Seller may mutually agree upon in writing, subject to the parties’ rights to extend the Closing Date as provided in Section 7 below.

7. Option to Extend Closing Date. Buyer shall, at its sole election and upon written notice to Seller and Title Company given no later than the date that is five (5) days prior to the Closing Date, have the right to extend the Closing Date for up to an additional thirty (30) days (the “**Extended Closing Date**”) for any reason whatsoever. In the event the Easement Condition (as defined in Section 9 below) is not satisfied on or before the Extended Closing Date, Buyer and Seller may, upon mutual agreement, extend the Extended Closing Date for up to an additional thirty (30) days to satisfy the Easement Condition in accordance with the terms contained in Section 9 below.

8. Title Contingency Period. The Title Contingency Period set forth in Section 2.2(a) of the Original Agreement has expired, and Buyer has approved of all matters described in Section 2.1(a) of the Original Agreement, subject to the Title Company’s agreement to insure the Easements (as hereinafter defined) in accordance with Section 9 below and any revisions to the Survey required by the Title Company resulting from the Easements.

9. Easement Condition. Section 2.1 of the Original Agreement is hereby amended to include the following as a new subsection (k):

“(k) Buyer and Seller (at the sole cost and expense of Seller [but subject to Seller’s subsequent written approval of all such costs and expenses in Seller’s sole and absolute discretion], and with the reasonable cooperation of and using best efforts of each party), shall have obtained and delivered to the Title Company, on or before the Closing Date (i) an easement agreement (in a form reasonably acceptable to Buyer) (the “**Driveway Easement Agreement**”) from the owner of the Adjacent Property (as depicted on Exhibit A attached hereto) providing for a non-exclusive easement in the location depicted on Exhibit A and granting the owner of the Property, its agents, tenants, licensees, employees, customers, guests and invitees, vehicular and pedestrian ingress, egress and access, on, over and across the Driveway Easement Area (depicted on Exhibit A) (the “**Driveway Easement**”); and (ii) an easement agreement (in a form reasonably acceptable to Buyer) (the “**Mechanical Building Easement Agreement**”) from the owner of the Adjacent Property providing for a non-exclusive easement in the location depicted on Exhibit A and granting the owner of the Property, its agents, tenants, licensees, and employees, pedestrian ingress, egress and access, on, over and across the Mechanical Building Easement Area (depicted on Exhibit A) for the purpose of servicing, removing, replacing, and maintaining equipment stored in the Mechanical Building (depicted on Exhibit A) (the “**Mechanical Building Easement**”). The Driveway Easement and the Mechanical Building Easement (collectively, the “**Easements**”) shall (A) be binding upon and effective against any subsequent owner or other occupant of the Adjacent Property, (B) be insured as an appurtenant easement under the Title Policy as part of the insured estate and subject to no exceptions (including liens for deeds of trust, mortgages or similar instruments), other than those approved in writing by Buyer on or before the Closing Date, and (C) have priority over the lien of any deed of trust, mortgage or similar instrument that encumbers the Adjacent Property on the Closing Date. All of the foregoing in this Section 2.1(k) shall be referred to herein as the “**Easement Condition.**”

10. Third-Party Reports. The penultimate sentence in Article 5 of the Original Agreement is hereby deleted in its entirety and restated as follows:

“Notwithstanding any provision to the contrary in this Agreement, in the event this Agreement terminates (i) as a result of Buyer’s failure to deliver the Approval Notice in accordance with Section 2.2(b) on or before expiration of the Feasibility Period, or (ii) as a result of Buyer’s breach or default, Buyer shall promptly deliver to Seller all Third Party Reports, at no cost to Seller and without representation or warranty of any kind whatsoever, express or implied, as to accuracy or completeness.”

11. Lease. The Lease attached as Exhibit H to the Original Agreement is hereby deleted in its entirety and replaced with Exhibit B attached hereto.

12. Out of Contract Period. Buyer and Seller acknowledge and agree that Buyer elected not to deliver the Approval Notice to Seller in accordance with Section 2.2(b) of the Purchase Agreement, and that the Purchase Agreement was not in effect during the period commencing at 5:01 p.m. (Pacific Time) on November 30, 2012 and ending on the Effective Date (the "Out of Contract Period"). Buyer and Seller acknowledge and agree that the covenants set forth in the Purchase Agreement were not and are not applicable to Buyer and Seller during the Out of Contract Period. Seller hereby represents and warrants to Buyer that (i) Seller did not enter into any new Contracts or leases, tenancies or third party occupancy agreements relating to or affecting the Property, or any extension, renewal, replacement or modification thereof, during the Out of Contract Period, and (ii) to Seller's actual knowledge, none of the covenants made by Seller in the Purchase Agreement would have been breached had the Purchase Agreement been in effect during the Out of Contract Period. Seller hereby represents and warrants to Buyer that Seller has not entered into any other contracts for the sale of all or any portion of the Property during the Out of Contract Period. Buyer acknowledges and agrees that Buyer has not obtained actual knowledge that any of the representations or warranties made by Seller in the Purchase Agreement are untrue, inaccurate or incorrect. Seller acknowledges and agrees that Seller has not obtained actual knowledge that any of the representations or warranties made by Seller in the Purchase Agreement are untrue, inaccurate or incorrect.

13. Counterparts. This Second Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The parties contemplate that they may be executing counterparts of this Second Amendment transmitted by facsimile or electronic mail in PDF format and agree and intend that a signature by either facsimile machine or electronic mail in PDF format shall bind the party so signing with the same effect as though the signature were an original signature.

14. No Further Modifications. Except as set forth herein, the terms of the Purchase Agreement shall remain unmodified and in full force and effect. In the event of any conflict or inconsistency between the terms of this Second Amendment and the Purchase Agreement, the terms of this Second Amendment shall control.

15. Governing Law. This Second Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

[Remainder of Page Intentionally Left Blank; Signature Page(s) Immediately Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date and year first written above.

SELLER: **SYNAPTICS INCORPORATED,**
a Delaware corporation

By: /s/ Kathleen Bayless
Name: Kathleen Bayless
Title: CFO

BUYER: **ORCHARD PARTNERS, LLC,**
a California limited liability company

By: /s/ Michael J. Biggar
Name: Michael J. Biggar
Title: Manager

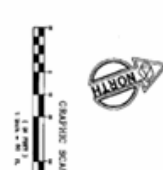
EXHIBIT A

Depiction of Access Easement Area

(See attached.)

LEGEND

1	PROPERTY LINE	10	EXISTING DRIVEWAY
2	EXISTING DRIVEWAY	11	EXISTING DRIVEWAY
3	EXISTING DRIVEWAY	12	EXISTING DRIVEWAY
4	EXISTING DRIVEWAY	13	EXISTING DRIVEWAY
5	EXISTING DRIVEWAY	14	EXISTING DRIVEWAY
6	EXISTING DRIVEWAY	15	EXISTING DRIVEWAY
7	EXISTING DRIVEWAY	16	EXISTING DRIVEWAY
8	EXISTING DRIVEWAY	17	EXISTING DRIVEWAY
9	EXISTING DRIVEWAY	18	EXISTING DRIVEWAY
10	EXISTING DRIVEWAY	19	EXISTING DRIVEWAY
11	EXISTING DRIVEWAY	20	EXISTING DRIVEWAY
12	EXISTING DRIVEWAY	21	EXISTING DRIVEWAY
13	EXISTING DRIVEWAY	22	EXISTING DRIVEWAY
14	EXISTING DRIVEWAY	23	EXISTING DRIVEWAY
15	EXISTING DRIVEWAY	24	EXISTING DRIVEWAY
16	EXISTING DRIVEWAY	25	EXISTING DRIVEWAY
17	EXISTING DRIVEWAY	26	EXISTING DRIVEWAY
18	EXISTING DRIVEWAY	27	EXISTING DRIVEWAY
19	EXISTING DRIVEWAY	28	EXISTING DRIVEWAY
20	EXISTING DRIVEWAY	29	EXISTING DRIVEWAY
21	EXISTING DRIVEWAY	30	EXISTING DRIVEWAY
22	EXISTING DRIVEWAY	31	EXISTING DRIVEWAY
23	EXISTING DRIVEWAY	32	EXISTING DRIVEWAY
24	EXISTING DRIVEWAY	33	EXISTING DRIVEWAY
25	EXISTING DRIVEWAY	34	EXISTING DRIVEWAY
26	EXISTING DRIVEWAY	35	EXISTING DRIVEWAY
27	EXISTING DRIVEWAY	36	EXISTING DRIVEWAY
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29	EXISTING DRIVEWAY	38	EXISTING DRIVEWAY
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55	EXISTING DRIVEWAY	64	EXISTING DRIVEWAY
56	EXISTING DRIVEWAY	65	EXISTING DRIVEWAY
57	EXISTING DRIVEWAY	66	EXISTING DRIVEWAY
58	EXISTING DRIVEWAY	67	EXISTING DRIVEWAY
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60	EXISTING DRIVEWAY	69	EXISTING DRIVEWAY
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62	EXISTING DRIVEWAY	71	EXISTING DRIVEWAY
63	EXISTING DRIVEWAY	72	EXISTING DRIVEWAY
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65	EXISTING DRIVEWAY	74	EXISTING DRIVEWAY
66	EXISTING DRIVEWAY	75	EXISTING DRIVEWAY
67	EXISTING DRIVEWAY	76	EXISTING DRIVEWAY
68	EXISTING DRIVEWAY	77	EXISTING DRIVEWAY
69	EXISTING DRIVEWAY	78	EXISTING DRIVEWAY
70	EXISTING DRIVEWAY	79	EXISTING DRIVEWAY
71	EXISTING DRIVEWAY	80	EXISTING DRIVEWAY
72	EXISTING DRIVEWAY	81	EXISTING DRIVEWAY
73	EXISTING DRIVEWAY	82	EXISTING DRIVEWAY
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78	EXISTING DRIVEWAY	87	EXISTING DRIVEWAY
79	EXISTING DRIVEWAY	88	EXISTING DRIVEWAY
80	EXISTING DRIVEWAY	89	EXISTING DRIVEWAY
81	EXISTING DRIVEWAY	90	EXISTING DRIVEWAY
82	EXISTING DRIVEWAY	91	EXISTING DRIVEWAY
83	EXISTING DRIVEWAY	92	EXISTING DRIVEWAY
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85	EXISTING DRIVEWAY	94	EXISTING DRIVEWAY
86	EXISTING DRIVEWAY	95	EXISTING DRIVEWAY
87	EXISTING DRIVEWAY	96	EXISTING DRIVEWAY
88	EXISTING DRIVEWAY	97	EXISTING DRIVEWAY
89	EXISTING DRIVEWAY	98	EXISTING DRIVEWAY
90	EXISTING DRIVEWAY	99	EXISTING DRIVEWAY
91	EXISTING DRIVEWAY	100	EXISTING DRIVEWAY



"Mechanical Building"

"Mechanical Building Easement Area and Mechanical Building Easement" location

"Adjacent Property"

"Driveway Easement Area and Driveway Easement" location

ALTA/ACSM LAND TITLE SURVEY
 ORCHARD PARTNERS LLC
 3120 SCOTT BOULEVARD
 SANTA CLARA, CALIFORNIA

SLOOTEN CONSULTING INC.
 SURVEYING & ENGINEERING
 4140 NORTHGATE BL., SUITE 115
 SACRAMENTO, CA 95834

DATE	BOOK	REVISION
SCALE	FORM	
DESIGNED		
DRAWN		
CHECKED		
APPROVED		
FILE	8003-0001	DATE

SHEET 2
 OF 2 SHEETS
 JOB No.
 9283-01

EXHIBIT B

Lease

(See attached.)

OFFICE LEASE

LANDLORD:

a _____

TENANT:

**SYNAPTICS INCORPORATED,
a Delaware corporation**

SUMMARY OF BASIC LEASE INFORMATION AND DEFINITIONS

THIS SUMMARY OF BASIC LEASE INFORMATION AND DEFINITIONS (“**Summary**”) is hereby incorporated into and made a part of the attached Office Lease (“**Lease**”). All references in the Lease to the Lease shall include this Summary. All references in the Lease to any term defined in this Summary shall have the meaning set forth in this Summary for such term. If there is any inconsistency between the Summary and the Lease, the provisions of the Lease shall control.

1.1 Landlord’s Address:

615 National Avenue, Suite 200
Mountain View, CA 94043
Attn: _____
Facsimile: (650) 938-4318
Email: _____

with a copy to:

Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, CA 94304
Attn: Philip J. Levine, Esq.
Facsimile: (650) 251-3808
Email: PLevine@mof.com

Tenant’s Address:

Synaptics Incorporated
3120 Scott Blvd.
Santa Clara, CA 95054
Attn: Jim Harrington, Senior Vice President
Facsimile: (408) 454-5200
Email: Jharrington@synaptics.com

with a copy to:

Synaptics Incorporated
3120 Scott Blvd.
Santa Clara, CA 95054
Attn: Greg DeWolf, General Counsel
Facsimile: (408) 454-5200
Email: GDewolfe@synaptics.com

and a copy to:

Greenberg Traurig, LLP
2375 East Camelback Road, Suite 700
Phoenix, AZ 85018
Attn: Kevin J. Morris
Facsimile: (602) 445-8687
Email: morriskj@gtlaw.com

1.2 **Premises.** The “**Premises**” consist of approximately 2.59 acres of real property located at 3120 Scott Boulevard, City of Santa Clara, State of California, containing approximately 76,522 rentable square feet, as depicted on Exhibit A.

1.3 **Term.** The term of the Lease shall commence on the Closing Date as defined in that certain “Agreement for Purchase and Sale and Escrow Instructions” (“**Purchase Agreement**”) executed by the Tenant and the Landlord (or the Landlord’s predecessor in interest) (the “**Commencement Date**”) and terminate on May 31, 2013 (the “**Expiration Date**”) unless extended by the Extension Option (as defined in Section 2.1) or sooner terminated by the Early Termination Option (as defined in Section 2.2) or as otherwise provided herein (the “**Term**”).

1.4 **Monthly Basic Rent.** During the Term of this Lease, Tenant shall pay Landlord an amount equal to One Hundred Thirty-Three Thousand Nine Hundred Thirteen and 50/100 Dollars (\$133,913.50) per month (the “**Monthly Basic Rent**”). The Monthly Basic Rent shall be paid by Tenant to Landlord in advance of the first day of each month during the Term of this Lease, without offset, deduction or demand. On the Commencement Date, Tenant shall pay to Landlord Monthly Basic Rent for the first full month of the Term, and, if the Commencement Date falls on a date other than the first day of the month, the prorated Monthly Basic Rent for such initial partial month.

1.5 **Triple Net Lease.** This Lease is intended to be a “Net-Net-Net” lease. Tenant shall pay all expenses associated with maintaining and operating the Premises during the Term, including, without limitation, taxes, utilities, maintenance costs, repair costs and insurance premiums (collectively, the “**Triple Net Expenses**”) and Additional Rent as set forth in Section 3.2. Under no circumstances or conditions, whether now or hereafter arising, or whether within or beyond the present contemplation of the parties, shall Landlord or its successors or assigns be expected or required to make any payment of any kind whatsoever, or be under any other obligation or liability hereunder, except as otherwise specifically set forth in this Lease. To the extent that Landlord pays any such costs or expenses that are otherwise required to be paid by Tenant pursuant to this Lease, Tenant shall reimburse Landlord within twenty (20) days of Landlord’s written demand therefor.

1.6 **Additional Rent.** In addition to the Monthly Basic Rent and the Triple Net Expenses, Tenant shall pay the Real Property Taxes and Assessments, Operating Expenses, Management Fee, and all other amounts required under this Lease (the “**Additional Rent**”).

1.7 Security Deposit. One Hundred Thirty-Three Thousand Nine Hundred Thirteen and 50/100 Dollars (\$133,913.50) (the “**Security Deposit**”). The Security Deposit shall be returned to the Tenant at the end of the Term, less any amount reasonably necessary to repair any damage done to the Premises by Tenant, its agents or employees during the Term of this Lease, and less any Rent or other charges owed by Tenant to Landlord under this Lease.

1.8 Permitted Use. Tenant’s current business use including all existing uses, to the extent permitted by applicable laws (“**Permitted Use**”).

1.9 Parking. Tenant to have the exclusive use of parking at the Premises at no charge throughout the Lease Term. Tenant shall not park nor permit to be parked any inoperative vehicle or equipment on any portion of the Premises.

1.10 Broker. None. (“**Broker**”).

OFFICE LEASE

This Lease, which includes the Summary attached hereto and incorporated herein by this reference, is made as of the [] day of [], 2012 (“**Effective Date**”), by and between [], a [] (“**Landlord**”), and **Synaptics Incorporated**, a Delaware corporation (“**Tenant**”).

1. Premises.

1.1 Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises described in Section 1.2 of the attached Summary. Such Lease is upon, and subject to, the terms, covenants and conditions herein set forth.

2. Term.

2.1 Term; Notice of Lease Dates. The Term of this Lease shall be for the period designated in Section 1.3 of the Summary commencing on the Commencement Date and ending on the Expiration Date, unless extended or sooner terminated as provided herein. Provided Tenant is not in default under this Lease, Tenant shall have the option to extend the Term of this Lease for one (1) additional period of thirty (30) days commencing on the date following the Expiration Date (the “**First Extended Term**”), upon the same terms and conditions contained in this Lease and by giving Landlord written notice of its intention to exercise its extension option thirty (30) days prior to the Expiration Date (the “**First Extension Option**”). Provided Tenant is not in default under the Lease, Tenant shall have the option to extend the Term of the Lease for one (1) additional period of thirty (30) days commencing on the date following the expiration date of the First Extended Term, upon the same terms and conditions contained in this Lease and by giving Landlord written notice of its intention to exercise its extension option thirty (30) days prior to the expiration date of the First Extended Term (the “**Second Extension Option**,” together with the First Extension Option, collectively the “**Extension Option**”). Tenant shall have no additional rights to extend the Term of this Lease, other than as set forth in this Section 2.1.

2.2 Early Termination Option. Tenant shall have the option (the “**Early Termination Option**”) to terminate this Lease by giving thirty (30) days prior written notice to Landlord at any time after February 1, 2013 (the “**Early Termination Notice**”), time being of the essence. If Tenant exercises the Early Termination Option, the Lease shall terminate thirty (30) days following Landlord’s receipt of Tenant’s Early Termination Notice; provided, however, the Lease shall in no event terminate before March 3, 2013.

3. Rent.

3.1 Monthly Basic Rent. During the Term of the Lease, Tenant shall pay Landlord, as Monthly Basic Rent for the Premises, the Monthly Basic Rent in the amounts designated in Section 1.4 of the Summary. The Monthly Basic Rent shall be paid by Tenant in monthly installments in advance on the first day of each and every calendar month during the Term, without demand, notice, deduction or offset, except as will be paid upon Tenant's execution and delivery of this Lease to Landlord. Monthly Basic Rent for any partial month shall be prorated in the proportion that the number of days this Lease is in effect during such month bears to the actual number of days in such month.

3.2 Additional Rent. In addition to Tenant's payment of the Triple Net Expenses related to the Premises, as designated in Section 1.5 of the Summary, Tenant shall pay as Additional Rent to Landlord the following: Real Property Taxes and Assessments (as hereinafter defined), all operating expenses of any kind or nature which are necessary, ordinary or customarily incurred in connection with the operation, maintenance or repair of the Premises, including but not limited to Landlord's cost of insurance, utilities and maintenance service for the Premises, as determined by Landlord (collectively, the "**Operating Expenses**"), and the costs of the property management fee paid by Landlord to the property manager in an amount not to exceed three percent (3%) of Rent (including Monthly Basic Rent and Additional Rent, but excluding the cost of the property management fee itself) (the "**Management Fee**"). Notwithstanding the foregoing, the Management Fee shall include only 1.5% of real property taxes and assessments, rather than the full 3%, as provided above. During the Term of this Lease, Tenant shall pay (i) the Management Fee and Operating Expenses, as reasonably estimated by Landlord, in monthly installments, in the amount of Landlord's estimate, in advance on the first day of each and every calendar month, without demand, notice, deduction or offset, and together with the Monthly Basic Rent; and (ii) the Real Property Taxes and Assessments within ten (10) days after delivery of an invoice by Landlord. Landlord shall endeavor to furnish to Tenant within a reasonable period after the end of the Term, a statement (a "**Reconciliation Statement**") indicating in reasonable detail the actual cost of the Operating Expenses, the Management Fee and any additional Real Property Taxes and Assessments attributable to the Term, and the parties shall, within thirty (30) days thereafter, make any payment or allowance necessary to adjust Tenant's estimated payments to the actual cost thereof, as indicated by such Reconciliation Statement.

3.3 Rent. Monthly Basic Rent, the Triple Net Expenses, and Additional Rent and any other amounts which Tenant is or becomes obligated to pay Landlord under this Lease are herein referred to collectively as "**Rent**," and all remedies applicable to the nonpayment of Rent shall be applicable thereto. Landlord may apply payments received from Tenant to any obligations of Tenant then accrued, without regard to such obligations as may be designated by Tenant.

4. Landlord's Rights; Real Property Taxes and Assessments; Maintenance, Insurance and Utilities Costs.

4.1 Definitions. During the Term of this Lease, except as otherwise provided herein, Tenant shall have the exclusive right to use the Premises including, without limitation, any fixtures, systems, décor and facilities used in connection therewith, and landscaping and parking contained, maintained or used in connection with the Premises.

4.2 Landlord's Reserved Rights. Tenant shall permit the Landlord and its authorized representatives to enter the Premises, upon at least one (1) business day's prior written (including by electronic mail) notice to Tenant (except in the event of an emergency, in which case no notice shall be required), during Tenant's normal business hours, to inspect and show the Premises. Furthermore, Landlord shall have the right, but not the obligation, to make repairs, improvements, alterations or additions in the Premises as Landlord may deem necessary or appropriate at Landlord's expense and in a manner so as not to unreasonably interfere with Tenant's use. In addition, Landlord reserves the right from time to time (upon at least one (1) business day's prior written notice to Tenant) to do any of the following on the Premises, as long as such acts do not unreasonably interfere with Tenant's use of or access to the Premises: to conduct testing, measuring, surveying, soils tests and other inspections, or to access as needed for its planning or governmental approvals related to the remediation of hazardous materials or the future use of the Premises, or to perform such other acts with respect to the Premises, as Landlord may, in the exercise of good faith business judgment, deemed to be appropriate or necessary. Landlord shall be responsible for any damage or destruction to the Premises caused by Landlord or its agents, employees, invitees, property manager and contractors who enter the Premises for any purpose during the Term of this Lease.

4.3 Maintenance and Utilities Costs. Tenant shall, at Tenant's sole cost and expense, keep and maintain the Premises, including the building and the heating, ventilation and air conditioning (the "HVAC") system located on the Premises, in good working order and in good, clean, sanitary, neat and operative condition and repair, reasonable wear and tear and casualties excepted. Tenant shall also pay or reimburse Landlord for (or, at Landlord's option, perform) the repair or replacement of any waste or excessive or unreasonable wear and tear to the Premises caused or permitted by Tenant's actions or omissions during the Term of this Lease. Any repairs performed by Tenant pursuant to this Section 4.3 must be in accordance with all applicable laws. Landlord shall not be required or expected to perform or pay for any maintenance or repairs to the Premises, or furnish or pay for any utilities or services to the Premises, and Tenant shall have the use of all services and utilities to the Premises at no cost to Landlord. To the extent changes or alterations to the Premises are required by any governmental authority in compliance with law and not caused by or related to Tenant's specific use, alterations or work at the Premises, Tenant shall not be responsible to make such changes or alterations or to pay for such work; provided, however, that in such event, if Tenant is unwilling to pay the cost of such changes or alterations, then Landlord shall have the right, in its sole and absolute discretion, to either make such changes or alterations, or to terminate this Lease with forty-five (45) days prior written notice to Tenant.

4.4 Definition of Real Property Taxes and Assessments. "Real Property Taxes and Assessments" means: all real property taxes and general, special or district assessments or other governmental impositions, of whatever kind, nature or origin, imposed on or by reason of the ownership or use of the Premises; governmental charges, fees or assessments for transit or traffic mitigation (including area-wide traffic improvement assessments and transportation system management fees), housing, police, fire or other governmental service or purported benefits to the Premises; taxes levied against the rents in use of or in addition to taxes levied against the Premises; personal property taxes assessed on the personal property of Landlord or

Tenant used in the operation of the Premises; service payments in lieu of taxes and taxes and assessments of every kind and nature whatsoever levied or assessed in addition to, in lieu of or in substitution for existing or additional real or personal property taxes on the Premises or the personal property described above; any increases or decreases in the foregoing caused by changes in assessed valuation, tax rate or other factors or circumstances; and the reasonable cost of contesting by appropriate proceedings the amount or validity of any taxes, assessments or charges described above (provided that Tenant receives its share (based on the period of its tenancy) of any refund plus its share of any interest awarded by the taxing authority).

Notwithstanding the foregoing provisions of this Section 4.4 above to the contrary, Real Property Taxes and Assessments shall not include Landlord's federal or state income, franchise, inheritance or estate taxes, and shall be paid as Additional Rent in accordance with Section 3.2.

4.5 Insurance Costs. Tenant shall pay the costs of its own insurance and shall pay the costs of any insurance maintained by Landlord with respect to the Premises and the improvements located thereon as Additional Rent in accordance with Section 3.2.

4.6 Utilities Costs. Tenant shall pay its own utility costs for use of the Premises and the utility costs incurred for the Premises.

5. Use.

5.1 General. Tenant shall use the Premises solely for the Permitted Use specified in Section 1.8 of the Summary, and shall not use or permit the Premises to be used for any other use or purpose whatsoever. Tenant shall, at its sole cost and expense, observe and comply with all requirements of any board of fire underwriters or similar body relating to the Premises, and all laws, statutes, codes, rules and regulations now or hereafter in force relating to or affecting the condition, use, occupancy, alteration or improvement of the Premises during the Term of this Lease, including, without limitation, the provisions of Title III of the Americans with Disabilities Act of 1990, as amended ("**ADA**"), as it pertains to Tenant's use, occupancy, improvement and alteration of the Premises, whether structural or nonstructural, including unforeseen and/or extraordinary alterations and/or improvements to the Premises, regardless of the period of time remaining in the Term. Tenant reserves the right to apply for waiver of any ADA requirements and is only subject to requirements mandated by the appropriate governmental agency. Tenant shall not cause, maintain or permit any nuisance in, on or about the Premises, nor commit or suffer to be committed any waste in, on or about the Premises.

5.2 Parking.

During the Term of the Lease, and provided Tenant is not in default hereunder (after taking into consideration all applicable notice and cure periods), Tenant shall have the right to use, at no extra cost, all of the parking spaces located on the Premises.

5.3 Signs.

Existing signs may remain during the Term of this Lease and Landlord's approval is only needed for any change in signage by Tenant (which changes must also comply with all applicable laws); provided, however, Tenant shall be responsible for (i) the repair and maintenance of all existing signage, and any additional signage approved by Landlord, during the Term of this Lease, and (ii) the removal of all existing signage, and any additional signage approved by Landlord, upon expiration of the Term or earlier termination of this Lease.

5.4 Hazardous Materials.

Tenant shall (i) obtain and maintain in full force and effect all Environmental Permits that may be required from time to time under any Environmental Laws applicable to Tenant or the Premises, and (ii) be and remain in compliance in all material respects with all terms and conditions of all such Environmental Permits and with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in all Environmental Laws applicable to Tenant or the Premises. As used in this Lease, the term "**Environmental Law**" means any past, present or future federal, state, local or foreign statutory or common law, or any regulation, ordinance, code, plan, order, permit, grant, franchise, concession, restriction or agreement issued, entered, promulgated or approved there under, relating to (a) the environment, human health or safety, including, without limitation, emissions, discharges, releases or threatened releases of Hazardous Materials (as defined below) into the environment (including, without limitation, air, surface water, groundwater or land), or (b) the manufacture, generation, refining, processing, distribution, use, sale, treatment, receipt, storage, disposal, transport, arranging for transport, or handling of Hazardous Materials. "**Environmental Permits**" means, collectively, any and all permits, consents, licenses, approvals and registrations of any nature at any time required pursuant to, or in order to comply with, any Environmental Law. Except for ordinary and general office supplies, such as copier toner, liquid paper, glue, ink and common household and office cleaning materials (some or all of which may constitute "Hazardous Materials" as defined in this Lease) used in compliance with Environmental Laws, Tenant agrees during the Term of this Lease not to cause or permit any Hazardous Materials to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises in violation of any Environmental Laws or without the prior written consent of Landlord, which consent Landlord may not unreasonably withhold. Upon the expiration or earlier termination of this Lease, Tenant agrees to promptly remove from the Premises, at its sole cost and expense, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials which are installed, brought upon, stored, used, generated or released upon, in, under or about the Premises or any portion thereof by Tenant or its agents, employees, invitees, or contractors during the Term of this Lease (except to the extent such Hazardous Materials migrate on or under the Premises from any adjacent property and such migration is not caused by Tenant or its employees, agents or contractors), and to secure any closures of any Environmental Permits that require a closure by the issuer of the Environmental Permit. Tenant agrees to indemnify, protect, defend and hold harmless Landlord and its members, employees, agents, successors and assigns from and against any and all claims, actual damages, judgments, suits, causes of action, losses,

liabilities, penalties, fines, expenses and costs (including, without limitation, clean-up, removal, remediation and restoration costs, sums paid in settlement of claims, reasonable attorneys' fees, consultant fees and expert fees and court costs), which arise or result from the presence of Hazardous Materials brought upon, stored, used, generated or released upon, in, under or about the Premises or any portion thereof by Tenant or its agents, employees, invitees, or contractors during the Term of this Lease (except to the extent such Hazardous Materials migrate on or under the Premises from any adjacent property and such migration is not caused by Tenant or its employees, agents or contractors). Tenant agrees to promptly notify Landlord of any release of Hazardous Materials in or on the Premises which Tenant becomes aware of during the Term of this Lease, whether caused by Tenant or any other persons or entities. As used in this Lease, the term "**Hazardous Materials**" shall mean and include any hazardous or toxic materials, substances or wastes as now or hereafter designated under any law, statute, ordinance, rule, regulation, order or ruling of any agency of the State, the United States Government or any local governmental authority, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde foam insulation, polychlorinated biphenyls, and freon and other chlorofluorocarbons. Landlord shall be responsible for any Hazardous Materials brought upon, stored, used, generated or released upon, in, under or about the Premises or any portion thereof by Landlord and its agents, employees, invitees, property manager and contractors. The provisions of this Section 5.4 shall survive the expiration or earlier termination of this Lease.

6. Payments and Notices.

6.1 All Rent and other sums payable by Tenant to Landlord hereunder shall be paid to Landlord at the first address designated in Section 1.1 of the Summary, or to such other persons or at such other places as Landlord may hereafter designate in writing. Any notice required or permitted to be given hereunder must be in writing and may be given by personal delivery (including delivery by nationally recognized overnight courier or express mailing service), or by registered or certified mail, postage prepaid, return receipt requested, addressed as designated in Section 1.1 of the Summary. Either party may, by written notice to the other, specify a different address for notice purposes. Notice given in the foregoing manner shall be deemed given (i) when actually received or refused by the party to whom sent if delivered by a carrier or personally served or (ii) if mailed, on the day of actual delivery or refusal as shown by the certified mail return receipt or the expiration of three (3) business days after the day of mailing, whichever first occurs.

6.2 When this Lease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by California Code of Civil Procedure Section 1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice pursuant to Section 6.1 above shall replace and satisfy the statutory service-of-notice procedures, including those required by California Code of Civil Procedure Section 1162 or any similar or successor statute.

7. Brokers.

Landlord and Tenant each warrant to the other that it has had no dealing with any real estate broker or agent in connection with this Lease and that Landlord and Tenant know of no other real estate broker who is entitled to or can claim a commission in connection with this Lease. Landlord and Tenant each agree to indemnify, defend and hold the other harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), with respect to any alleged leasing commission or equivalent compensation alleged to be owing on account of each indemnifying party's dealings with any real estate broker or agent. This Section 7 shall survive expiration or early termination of the Lease.

8. Surrender; Holding Over.

8.1 Surrender of Premises. Upon the expiration of the Term or sooner termination of this Lease, Tenant shall surrender all keys for the Premises to Landlord and exclusive possession of the Premises to Landlord, broom clean, in substantially the same good condition as existed on the Commencement Date, normal wear and tear and casualty excepted, with all of Tenant's personal property and trade fixtures and equipment removed therefrom, including, but not limited to, the removal of any cubicles or other office furniture; provided, however, the HVAC system and diesel generator located on the Premises shall remain at the Premises upon surrender and shall be surrendered in good working order. In addition, Tenant shall repair any damage or alterations made to the Premises by Tenant; provided, however, that this obligation may be waived by written notice from Landlord to Tenant prior to the termination of the Lease. If such written notice is given, Tenant may surrender the Premises in its then "as is" condition, subject to Section 5.4 herein.

8.2 Hold Over. Tenant shall have no right to holdover possession of the Premises. Any holding over after the expiration or earlier termination of the Lease, without the express written consent of Landlord, shall constitute a default under this Lease. If Tenant does not surrender and vacate the Premises upon the termination of this Lease, Tenant shall be a tenant at sufferance and the parties having agreed, without limiting Landlord's remedies provided in this Lease, that the daily rental rate shall be one hundred fifty percent (150%) of the Monthly Basic Rent, plus Additional Rent, and shall be due the first of each month, and shall otherwise be on the terms and conditions herein specified. If Tenant holds over without Landlord's prior written consent, Tenant shall indemnify, protect and hold Landlord harmless from and against all Indemnified Claims (defined below) resulting from Tenant's hold over.

8.3 No Effect on Landlord's Rights. The foregoing provisions of this Section 8 are in addition to, and do not effect, Landlord's right of re-entry or any other rights of Landlord hereunder or otherwise provided by law or equity.

9. Taxes on Tenant's Property.

Tenant shall be liable for, and shall pay before delinquency, all taxes and assessments (real and personal) levied against any personal property, improvements or trade fixtures in or about the Premises (including any increase in the assessed value of the Premises based upon the value of any such personal property, improvements or trade fixtures) owned by Tenant. If any such taxes or assessments are levied against Landlord, Landlord may, after written notice to Tenant (and under proper protest if requested by Tenant) pay such taxes and assessments, and Tenant shall reimburse Landlord therefor upon demand by Landlord; provided, however, Tenant, at its sole cost and expense, shall have the right to bring suit in any court of competent jurisdiction to recover the amount of any such taxes and assessments so paid under protest.

10. Condition of Premises; Repairs.

Tenant hereby acknowledges that Tenant is currently occupying the Premises and agrees that the Premises is taken "AS-IS," "with all faults," "without any representations or warranties," and Tenant further acknowledges and agrees that it has investigated and inspected the condition of the Premises and the suitability of same for Tenant's purposes, and Tenant does hereby waive and disclaim any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited because of the condition of the Premises or the suitability of same for Tenant's purposes.

11. Alterations.

Tenant shall not have any right to make any alterations to the Premises without in each event obtaining Landlord's prior written consent, which consent may not be unreasonably withheld. Any such alterations shall be removed from the Premises at Tenant's sole cost and expense upon the expiration or earlier termination of this Lease, subject to Section 8.1 above.

12. Liens.

Tenant shall not permit any mechanic's, materialmen's or other liens to be filed against all or any part of the Premises by reason of or in connection with any repairs, alterations, improvements or other work contracted for or undertaken by Tenant or any other act or omission of Tenant or Tenant's agents, employees, contractors, licensees or invitees. NOTICE IS HEREBY GIVEN THAT LANDLORD SHALL NOT BE LIABLE FOR ANY LABOR, SERVICES OR MATERIALS FURNISHED OR TO BE FURNISHED TO TENANT, OR TO ANYONE HOLDING THE PREMISES THROUGH OR UNDER TENANT, AND THAT NO MECHANICS' OR OTHER LIENS FOR ANY SUCH LABOR, SERVICES OR MATERIALS SHALL ATTACH TO OR AFFECT THE INTEREST OF LANDLORD IN THE PREMISES. Tenant shall indemnify, protect and hold Landlord harmless from and against all Indemnified Claims resulting from any mechanic's, materialmen's or other liens to be filed against all or any part of the Premises by reason of or in connection with any repairs, alterations, improvements or other work contracted for or undertaken by Tenant or any other act or omission of Tenant or Tenant's agents, employees, contractors, licensees or invitees

13. Assignment and Subletting.

This Lease is personal to Tenant and Tenant shall not otherwise assign or sublease this Lease without Landlord's written consent, which may be withheld in Landlord's sole discretion. Notwithstanding the foregoing, Tenant may (without the consent of Landlord) assign this Lease, or sublet any portion of the Premises, to any entity that controls, is controlled by, or is under common control with, Tenant, and to any entity in connection with any merger, acquisition, reorganization of Tenant or its parent company, and to any entity that acquires all or substantially all of the ownership interest in (or assets of) Tenant or its parent company (each, a "**Permitted Transfer**"); provided (i) Tenant remains primarily liable for all obligations of Tenant under this Lease, and (ii) Tenant provides at least ten (10) business days prior written notice of any Permitted Transfer to Landlord.

14. Indemnification and Exculpation.

14.1 Assumption of Risk and Waiver. Unless caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors, Landlord shall not be liable to Tenant, Tenant's employees, agents or invitees for: (i) any damage to property of Tenant, or of others, located in, on or about the Premises, (ii) the loss of or damage to any property of Tenant or of others by theft or otherwise, (iii) any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or leaks from any part of the Premises or from the pipes, appliance of plumbing works or from the roof, street or subsurface or from any other places or by dampness or by any other cause of whatsoever nature, or (iv) any such damage caused by others. Landlord shall in no event be liable to Tenant for any consequential damages or for loss of revenue or income and Tenant waives any and all claims for any such damages.

14.2 Indemnification.

(a) Except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors, Tenant shall be liable for, and shall indemnify, defend, protect and hold Landlord and its employees, contractors, agents and assigns harmless from and against, any and all claims, actual damages, judgments, suits, causes of action, losses, liabilities and expenses, including reasonable attorneys' fees and court costs (collectively, "**Indemnified Claims**"), arising or resulting from (a) any occurrence at the Premises during the Term of this Lease, (b) the use of the Premises and conduct of Tenant's business or any other activity, work or thing done, permitted or suffered by Tenant or its employees, contractors or agents, or (c) any default by Tenant of any obligations on Tenant's part to be performed under the terms of this Lease or the terms of any contract or agreement to which Tenant is a party or by which it is bound, affecting this Lease or the Premises. The foregoing indemnification shall include, but shall not be limited to, any injury to, or death of, any person, or any loss of, or damage to, any property on the Premises, or on adjoining sidewalks, streets or ways, or connected with the use, condition or occupancy thereof. If any action or proceeding is brought against Landlord by reason of any such Indemnified Claims, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably acceptable to Landlord.

(b) Except with respect to Indemnified Claims for which Tenant is providing indemnification under Section 14.2(a) above, Landlord shall be liable for, and shall indemnify, defend, protect and hold Tenant and its employees, contractors, agents and assigns harmless from and against, any and all claims, actual damages, judgments, suits, causes of action, losses, liabilities and expenses, including reasonable attorneys' fees and court costs to the extent arising or resulting from any negligent act or omission or willful misconduct of Landlord or its agents, employees, invitees, property manager and contractors. If any action or proceeding is brought against Tenant by reason of any such indemnified claims, Landlord, upon notice from Tenant, shall defend the same at Landlord's expense by counsel reasonably acceptable to Tenant.

(c) The indemnification obligations under this Section 14.2 shall survive the expiration or earlier termination of this Lease.

15. Damage or Destruction.

15.1 Termination Rights. In the event the Premises are damaged by fire or other casualty in any material respect, then Landlord may, at its sole discretion, terminate this Lease immediately upon notice to Tenant; provided, however, that Landlord shall be entitled to retain all insurance proceeds obtained from the insurance relating to such casualty (and Tenant shall assign all such insurance proceeds to Landlord, if applicable). In the event Landlord elects not to terminate this Lease, Landlord shall repair, reconstruct and restore the Premises damaged by such casualty, in which event this Lease shall continue in full force and effect, without any abatement of rent and Tenant shall remain liable for all rents, covenants and obligations contained in this Lease.

16. Eminent Domain.

16.1 Taking. In case the whole of the Premises, or such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority and Landlord shall be entitled to any award paid in connection with such condemnation or eminent domain.

17. Tenant's Insurance.

17.1 Types of Insurance. On or before the earlier of the Commencement Date and continuing during the entire Term, Tenant shall obtain and keep in full force and effect, the following insurance:

(a) Commercial general liability insurance coverage on an occurrence basis, including personal injury, bodily injury (including wrongful death), broad form property damage, operations hazard, owner's protective coverage, contractual liability (including Tenant's indemnification obligations under this Lease), and liquor liability (if Tenant serves alcohol on the Premises), with an initial combined single limit of liability of not less than Five Million Dollars (\$5,000,000.00). This coverage may be obtained through a separate policy or in combination with another excess liability or umbrella policy.

(b) Worker's compensation and employer's liability insurance, in statutory amounts and limits, covering all persons employed in connection with any work done on or about the Premises for which claims for death or bodily injury could be asserted against Landlord, Tenant or the Premises.

17.2 Requirements. Each policy required to be obtained by Tenant hereunder shall: (a) be issued by insurers authorized to do business in the State of California and rated not less than financial class VIII, and not less than policyholder rating A- in the most recent version of Best's Key Rating Guide; and (b) name Tenant as named insured thereunder and Landlord as additional insureds there under, except with respect to the worker's compensation and employer's liability insurance policy, for which the Landlord shall not be named as an additional insured. Tenant shall provide Landlord with certificates of insurance, confirming the above as of the Commencement Date and shall cause replacement policies or certificates to be delivered to Landlord not less than ten (10) days prior to the expiration of any such policy or policies.

18. Landlord's Insurance.

During the Term of this Lease, Landlord shall carry special form insurance, including fire and extended coverage, sprinkler leakage, flood, earthquake, vandalism, and malicious mischief upon the Premises, along with commercial general liability insurance, in such reasonable amounts and with such reasonable deductibles as would be carried by a prudent owner of a similar site, as determined in Landlord's reasonable discretion. At Landlord's option, such insurance may be carried under any blanket or umbrella policies which Landlord has in force for other projects. Tenant shall pay the costs of any insurance maintained by Landlord with respect to the Premises and the improvements located thereon as Additional Rent in accordance with Section 3.2.

19. Default.

19.1 Tenant's Default. The occurrence of any one or more of the following events shall constitute a default under this Lease by Tenant:

(a) the failure by Tenant to make any payment of Rent or Additional Rent or any other payment required to be made by Tenant hereunder, when such failure continues for five (5) days after written notice thereof from Landlord that such payment was not received when due;

(b) the failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in Section 19.1(a) above and Sections 20(b) and 21 hereafter, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that, if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion, which completion shall occur not later than sixty (60) days from the date of such notice from Landlord;

(c) (i) the making by Tenant of any general assignment for the benefit of creditors, (ii) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against the Tenant, the same is dismissed within sixty (60) days), (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where possession is not restored to Tenant within sixty (60) days, or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within sixty (60) days;

(d) Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or be reduced or materially changed, except as permitted in this Lease; and

(e) Any failure by Tenant to discharge any lien or encumbrance placed on the Premises or any part thereof due to Tenant's work of improvements within thirty (30) days after the date such lien or encumbrance is filed or recorded against the Premises or any part thereof.

Any notice sent by Landlord to Tenant pursuant to this Section 19 shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure, Section 1161.

19.2 Remedies. In the event of any such default by Tenant, Landlord shall have any and all remedies available pursuant to this Lease and at law or in equity, subject to Landlord's duty to mitigate its damages. In addition to any other remedies available to Landlord under this Lease, at law, or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant:

(a) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

(b) the worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(d) any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result there from.

As used in Sections 19.2(a) and 19.2(b) above, the "**worth at the time of award**" is computed by allowing interest at the legal rate. As used in Section 19.2(c) above, the "**worth at the time of award**" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.3 Late Charges. Tenant acknowledges that, in addition to interest costs, the late payments by Tenant to Landlord of any Monthly Basic Rent or other sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impractical to fix. Accordingly, if any monthly installment of Monthly Basic Rent or any other amount payable by Tenant hereunder is not received by Landlord within five (5) days of the due date thereof, Tenant shall pay to Landlord an additional sum of five percent (5%) of the overdue amount as a late charge. The parties agree that such late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of any late payment. Acceptance of a late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or at law or in equity now or hereafter in effect.

20. Subordination.

(a) This Lease shall be subordinate to any mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Premises and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, but subject to Tenant's delivery of an attornment, subordination and non-disturbance pursuant to Section 20(b) below, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default (subject to all applicable notice and cure periods) and so long as Tenant shall pay Rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.

(b) Tenant agrees to execute any documents required to effectuate an attornment, subordination and non-disturbance. Tenant's failure to execute such documents within ten (10) business days after written demand shall constitute a material default by Tenant hereunder without the applicability of any notice and cure periods.

21. Estoppel Certificate.

Within ten (10) business days following Landlord's written request, Tenant shall execute and deliver to Landlord an estoppel certificate certifying: (a) the Commencement Date of this Lease; (b) that this Lease is unmodified and in full force and effect (or, if modified, that this Lease is in full force and effect as modified, and stating the date and nature of such modifications); (c) the date to which the Rent and other sums payable under this Lease have been paid; (d) that there are not, to the best of Tenant's knowledge, any defaults under this Lease by either party, except as specified in such certificate; and (e) such other matters relating to this Lease as are reasonably requested by Landlord. Any such estoppel certificate delivered pursuant to this Section 21 may be relied upon by any mortgagee, beneficiary, purchaser or prospective purchaser of any portion of the Premises, as well as their assignees. Tenant's failure to deliver such estoppel certificate within such time shall constitute a material default hereunder without the applicability of any notice and cure periods.

22. Quiet Use and Enjoyment.

Landlord covenants, in lieu of any implied covenant of quiet possession or quiet enjoyment, that so long as Tenant is in compliance with the covenants and conditions set forth in this Lease, Tenant shall have the right to quiet use and enjoyment of the Premises without hindrance or interference from Landlord or those claiming through Landlord, subject to the covenants and conditions set forth in this Lease.

23. Transfer of Landlord's Interest.

Landlord shall have the absolute right to transfer all or any portion of its respective title and interest in the Premises or this Lease without the consent of or prior notice to Tenant, and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease, provided that Tenant's unapplied Security Deposit is transferred to such transferee, as the new landlord, and the new landlord agrees in writing to assume the obligations of Landlord under this Lease.

24. Limitation on Landlord's Liability.

Notwithstanding anything contained in this Lease to the contrary, the obligations of Landlord under this Lease (including any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual partners, directors, officers, members or shareholders of Landlord and Tenant shall not seek recourse against the individual partners, directors, officers, members or shareholders of Landlord, or any of their personal assets for satisfaction of any liability with respect to this Lease. In addition, in consideration of the benefits accruing hereunder to Tenant and notwithstanding anything contained in this Lease to the contrary, Tenant hereby covenants and agrees for itself and all of its successors and assigns that the liability of Landlord for its obligations under this Lease (including any liability as a result of any actual or alleged failure, breach or default hereunder by Landlord), shall be limited solely to Landlord's interest in the Premises and no other assets of Landlord.

25. Miscellaneous.

25.1 Governing Law. This Lease shall be construed and interpreted in accordance with the laws of the State of California. The parties acknowledge and agree that no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Lease, including the Exhibits and any Addenda attached hereto. All captions in this Lease are for reference only and shall not be used in the interpretation of this Lease. Whenever required by the context of this Lease, the singular shall include the plural, the masculine shall include the feminine, and vice versa.

25.2 Successors and Assigns. Subject to Section 13 above, all of the covenants, conditions and provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, personal representatives and permitted successors and assigns.

25.3 Professional Fees. If either party should bring suit against the other with respect to this Lease, including for unlawful detainer or any other relief against the other hereunder, then all reasonable costs and expenses incurred by the prevailing party therein (including, without limitation, its reasonable appraisers', accountants', attorneys' and other professional fees and court costs), shall be paid by the other party.

25.4 Waiver. The waiver by either party of any breach by the other party of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant and condition herein contained, nor shall any custom or practice which may become established between the parties in the administration of the terms hereof be deemed a waiver of, or in any way affect, the right of any party to insist upon the performance by the other in strict accordance with said terms.

25.5 Time. Time is of the essence with respect to performance of every provision of this Lease in which time or performance is a factor. All references in this Lease to "**days**" shall mean calendar days unless specifically modified herein to be "**business day**," which is any day which falls on Monday through Friday, excluding holidays observed by the United States Postal Service.

25.6 Prior Agreements; Amendments. This Lease (and the Exhibits attached hereto) contain all of the covenants, provisions, agreements, conditions and understandings between the parties concerning the leasing of the Premises and any other matter covered or mentioned in this Lease, and no prior agreement or understanding, oral or written, express or implied, pertaining to the Premises or any such other matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. The parties acknowledge that all prior agreements, representations and negotiations are deemed superseded by the execution of this Lease to the extent they are not expressly incorporated herein.

25.7 Exhibits. All Exhibits attached to this Lease are hereby incorporated in this Lease as though set forth at length herein.

25.8 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

25.9 Counterparts. This Lease may be executed in one or more counterparts, each of which shall constitute an original and all of which shall be one and the same agreement. The parties contemplate that they may be executing counterparts of this Lease transmitted by facsimile machine or electronic mail in PDF format, and agree and intend that a signature by either facsimile machine or electronic mail in PDF format shall bind the party so signing with the same effect as though the signature were an original signature.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

TENANT:

Synaptics Incorporated,
a Delaware corporation

By: _____
Print Name: _____
Print Title: _____

LANDLORD:

_____,
a _____

By: _____
Print Name: _____
Print Title: _____

EXHIBIT A

PREMISES

EXHIBIT A

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: May 3, 2013

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

Certification of Chief Financial Officer

I, Kathleen A. Bayless, 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: May 3, 2013

/s/ Kathleen A. Bayless
Kathleen A. Bayless
Chief Financial Officer

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 March 30, 2013 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
May 3, 2013

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 March 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kathleen A. Bayless, 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/ Kathleen A. Bayless

Kathleen A. Bayless
Chief Financial Officer
May 3, 2013

