

---

---

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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

**January 19, 2006**

**Date of Report (Date of earliest event reported)**

---

**SYNAPTICS INCORPORATED**

(Exact Name of Registrant as Specified in Charter)

**DELAWARE**

(State or Other  
Jurisdiction of Incorporation)

**000-49602**

(Commission File Number)

**77-0118518**

(IRS Employer  
Identification No.)

**3120 SCOTT BLVD.**  
**SUITE 130**  
**SANTA CLARA, CALIFORNIA**  
**95054**

(Address of Principal Executive Offices) (Zip Code)

**(408) 454-5100**

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**TABLE OF CONTENTS**

[Item 2.02. Results of Operations and Financial Condition](#)

[Item 9.01. Financial Statements and Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[Exhibit 99.1](#)

---

[Table of Contents](#)

**Item 2.02. Results of Operations and Financial Condition.**

The registrant is furnishing this Report on Form 8-K in connection with the disclosure of information, in the form of the textual information from a press release released on January 19, 2006.

The information in this Report on Form 8-K (including the exhibit) is furnished pursuant to Item 2.02 and shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

The registrant does not have, and expressly disclaims, any obligation to release publicly any updates or any changes in the registrant's expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this Report is available on the registrant's website located at [www.synaptics.com](http://www.synaptics.com), although the registrant reserves the right to discontinue that availability at any time.

**Item 9.01. Financial Statements and Exhibits.**

- (a) *Financial Statements of Business Acquired.*  
Not applicable.
- (b) *Pro Forma Financial Information.*  
Not applicable.
- (c) *Shell Company Transactions.*  
Not applicable.
- (d) *Exhibits.*

Exhibit  
Number

99.1 Press release from Synaptics Incorporated, dated January 19, 2006, entitled "Synaptics Reports Second Quarter Results"

---

**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 hereunto duly authorized.

SYNAPTICS INCORPORATED

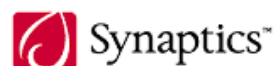
Date: January 19, 2006

By: /s/ Russell J. Knittel  
Russell J. Knittel  
Senior Vice President, Chief Financial Officer,  
Chief Administrative Officer, and Secretary

---

**EXHIBIT INDEX**

Exhibit Number	Description
99.1	Press release from Synaptics Incorporated, dated January 19, 2006, entitled "Synaptics Reports Second Quarter Results"

**For more information contact:**

Russ Knittel  
Synaptics Incorporated  
408-454-5140  
[russk@synaptics.com](mailto:russk@synaptics.com)

Jennifer Jarman  
The Blueshirt Group  
415-217-7722  
[jennifer@blueshirtgroup.com](mailto:jennifer@blueshirtgroup.com)

**Synaptics Reports Second Quarter Results**

**Santa Clara, CA – January 19, 2006** – Synaptics (Nasdaq: SYNA), a leader in interface solutions for mobile computing, communications, and entertainment devices, today reported financial results for the second fiscal quarter ended December 31, 2005. The Company's GAAP results reflect the adoption of SFAS 123(R) regarding option expensing.

Net revenue for the second quarter of fiscal 2006 was \$48.6 million, a decrease of approximately 14% compared with \$56.5 million of net revenue for the second quarter of fiscal 2005.

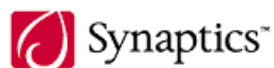
Net income for the second quarter of fiscal 2006 was \$4.8 million, or \$0.18 per diluted share, a decrease of approximately 51% compared with \$9.7 million, or \$0.33 per diluted share, for the second quarter of fiscal 2005.

Non-GAAP net income for the second quarter of fiscal 2006, which excludes non-cash share-based compensation net of tax, was \$7.5 million, or \$0.27 per diluted share, a decrease of approximately 24% compared with non-GAAP net income of \$9.8 million, or \$0.34 per diluted share, for the second quarter of fiscal 2005.

"We are pleased to announce another solid quarter of execution with results within our expected guidance range," stated Francis Lee, President and Chief Executive Officer of Synaptics. "Design activity is strong across our target markets and general market trends continue to move in a direction favorable to Synaptics as we look to capitalize on the continuing shift towards mobility and multimedia applications in the PC sector, coupled with the growing adoption among consumers of digital lifestyle products, including portable audio and video devices."

Russ Knittel, Synaptics' Chief Financial Officer, added, "Based on current indicators and our backlog entering the third fiscal quarter, we anticipate revenue to be in the \$42 million to \$45 million range. This guidance is based on expected seasonal declines following the holiday period. While our visibility beyond the March quarter is limited, we currently anticipate that revenue in the June quarter could be up sequentially from March quarter levels."

---



### **Earnings Call Information**

The Synaptics second quarter teleconference and webcast is scheduled to begin at 2:00 p.m., Pacific Time, on Thursday, January 19, 2006, during which the Company will provide forward-looking information. To participate on the live call, analysts and investors should dial 800-218-0204 at least ten minutes prior to the call. Synaptics will also offer a live and archived webcast of the conference call, accessible from the "Investor Relations" section of the Company's Web site at <http://www.synaptics.com/>.

### **About Synaptics Incorporated**

Synaptics is a leading developer of interface solutions for the mobile computing, communications and entertainment industries. The company creates interface solutions for a variety of devices including notebook PCs, PC peripherals, digital music players, and mobile phones. The TouchPad (TM), Synaptics' flagship product, is integrated into more than 50 percent of today's notebook computers. Consumer electronics and computing manufacturers use Synaptics' solutions to enrich the interaction between humans and intelligent devices through improved usability, functionality and industrial design. The company is headquartered in Santa Clara, California. [www.synaptics.com](http://www.synaptics.com)

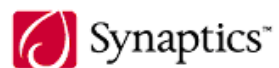
### **Use of Non-GAAP Financial Information**

Synaptics discloses non-GAAP financial measures of net income and net income per share and believes that this non-GAAP information provides historical comparability of its core operating results over multiple reporting periods. These non-GAAP financial measures should not be considered an alternative to net income and net income per share presented in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). Further, these non-GAAP financial measures are unlikely to be comparable to non-GAAP information provided by other companies. In accordance with SEC regulations, reconciliation of the Synaptics U.S. GAAP information to the non-GAAP information is provided in the tables attached. We will also make available on the investor relations page of our web site at [www.synaptics.com](http://www.synaptics.com) this press release, which includes a reconciliation of the U.S. GAAP to non-GAAP financial measures and a replay of the webcast.

### **Forward-Looking Statements**

This press release contains "forward-looking" statements about Synaptics, as that term is defined under the federal securities laws. Synaptics intends such forward-looking statements to be subject to the safe harbor created by those laws. Such forward-looking statements include, but are not limited to, statements regarding Synaptics' anticipated revenue for the third and fourth quarters of fiscal 2006, its beliefs regarding the markets it serves, its assessment of market demands and trends in target markets, its view of its operating fundamentals, its assessment of consumer demands for various applications, its assessment of market conditions, and its competitive position in the notebook computer and portable audio and video device markets. Synaptics cautions that these statements are qualified by important factors that could cause actual results to differ materially from those reflected by the forward-looking statements contained herein. Such factors include, but are not limited to, (a) demand for Synaptics' products in the PC and portable digital entertainment markets, (b) market demand for OEMs' products using Synaptics' solutions, (c) the failure of Synaptics' products and OEMs' products to deliver commercially acceptable performance, (d) changing market demand trends in the

---



markets it serves, and consumer demand, and (e) other risks as identified from time to time in Synaptics' SEC reports, including Quarterly Reports on Form 10-Q and current reports on Form 8-K as well as the Annual Report on Form 10-K for the fiscal year ended June 30, 2005. All forward-looking statements are based on information available to Synaptics on the date hereof, and Synaptics assumes no obligation to update such statements.

(Tables to Follow)

---



SYNAPTICS INCORPORATED  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except share data)  
(Unaudited)

	December 31, 2005	June 30, 2005
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 29,991	\$ 72,232
Short term investments	<u>200,247</u>	<u>156,689</u>
Total cash, cash equivalents, and short-term investments	230,238	228,921
Receivables, net of allowances of \$166 and \$165, respectively	31,865	33,790
Inventories	6,907	7,731
Prepaid expenses and other current assets	<u>3,416</u>	<u>3,046</u>
<b>Total current assets</b>	<b>272,426</b>	<b>273,488</b>
Property and equipment, net	15,888	14,615
Goodwill	1,927	1,927
Other assets	<u>25,054</u>	<u>21,175</u>
<b>Total assets</b>	<b><u>\$ 315,295</u></b>	<b><u>\$311,205</u></b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 12,652	\$ 12,390
Accrued compensation	3,647	5,638
Income taxes payable	17,547	14,867
Other accrued liabilities	<u>6,950</u>	<u>5,353</u>
<b>Total current liabilities</b>	<b>40,796</b>	<b>38,248</b>
Note payable to a related party	1,500	1,500
Convertible senior subordinated notes	125,000	125,000
Other liabilities	1,876	1,797
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Preferred stock;		
\$.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock;		
\$.001 par value; 60,000,000 shares authorized; 26,687,672 and 26,419,447 shares issued, respectively	27	26
Additional paid in capital	116,510	106,686
Less: 2,306,100 and 1,139,000 treasury shares, respectively, at cost	(39,999)	(21,180)
Deferred stock compensation	—	(303)
Retained earnings	69,875	59,560
Accumulated other comprehensive loss	<u>(290)</u>	<u>(129)</u>
<b>Total stockholders' equity</b>	<b>146,123</b>	<b>144,660</b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 315,295</u></b>	<b><u>\$311,205</u></b>

SYNAPTICS INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2005	2004	2005	2004
Net revenue	\$ 48,555	\$ 56,543	\$ 100,280	\$ 94,634
Cost of revenue (1)	26,384	30,155	54,437	51,054
Gross margin	22,171	26,388	45,843	43,580
Operating expenses				
Research and development (1)	8,345	6,248	16,634	12,291
Selling, general, and administrative (1)	6,913	4,388	13,641	8,154
Amortization of deferred stock compensation	—	85	—	187
Total operating expenses	15,258	10,721	30,275	20,632
Operating income	6,913	15,667	15,568	22,948
Interest income	1,901	397	3,452	665
Interest expense	(485)	(151)	(969)	(177)
Income before income taxes	8,329	15,913	18,051	23,436
Provision for income taxes (2)	3,526	6,189	7,736	9,281
Net income	<u>\$ 4,803</u>	<u>\$ 9,724</u>	<u>\$ 10,315</u>	<u>\$ 14,155</u>
Net income per share:				
Basic	<u>\$ 0.20</u>	<u>\$ 0.38</u>	<u>\$ 0.42</u>	<u>\$ 0.56</u>
Diluted	<u>\$ 0.18</u>	<u>\$ 0.33</u>	<u>\$ 0.38</u>	<u>\$ 0.50</u>
Shares used in computing net income per share:				
Basic	<u>24,299</u>	<u>25,816</u>	<u>24,534</u>	<u>25,457</u>
Diluted	<u>28,781</u>	<u>29,372</u>	<u>28,911</u>	<u>28,641</u>
(1) Includes share-based compensation charges of:				
Cost of revenue	\$ 188	\$ —	\$ 380	\$ —
Research and development	1,243	—	2,535	—
Selling, general, and administrative	1,959	—	3,785	—
	<u>\$ 3,390</u>	<u>\$ —</u>	<u>\$ 6,700</u>	<u>\$ —</u>
(2) Includes tax benefit for share-based compensation charges of:	<u>\$ 724</u>	<u>\$ —</u>	<u>\$ 1,414</u>	<u>\$ —</u>
Non-GAAP net income per share				
Basic	<u>\$ 0.31</u>	<u>\$ 0.38</u>	<u>\$ 0.64</u>	<u>\$ 0.56</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.34</u>	<u>\$ 0.55</u>	<u>\$ 0.50</u>

SYNAPTICS INCORPORATED  
Computation of Basic and Diluted Net Income Per Share  
(in thousands except per share data)  
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2005	2004	2005	2004
<b>Numerator:</b>				
Basic net income	\$ 4,803	\$ 9,724	\$ 10,315	\$ 14,155
Interest expense and amortization of debt issuance costs on convertible notes (net of tax)	266	69	532	69
Diluted net income	<u>\$ 5,069</u>	<u>\$ 9,793</u>	<u>\$ 10,847</u>	<u>\$ 14,224</u>
<b>Denominator:</b>				
Shares, basic	24,299	25,816	24,534	25,457
Effect of dilutive stock options	2,008	3,067	1,903	2,939
Effect of convertible notes	2,474	489	2,474	245
Shares, diluted	<u>28,781</u>	<u>29,372</u>	<u>28,911</u>	<u>28,641</u>
<b>Net income per share:</b>				
Basic	<u>\$ 0.20</u>	<u>\$ 0.38</u>	<u>\$ 0.42</u>	<u>\$ 0.56</u>
Diluted	<u>\$ 0.18</u>	<u>\$ 0.33</u>	<u>\$ 0.38</u>	<u>\$ 0.50</u>

**Computation of non-GAAP basic and diluted net income per share (unaudited):**

<b>Numerator:</b>				
Reported net income	\$ 4,803	\$ 9,724	\$ 10,315	\$ 14,155
<b>Non-GAAP adjustments:</b>				
Amortization of deferred stock compensation (net of tax)	—	52	—	112
Share-based compensation (net of tax)	2,666	—	5,286	—
Non-GAAP basic net income	<u>7,469</u>	<u>9,776</u>	<u>15,601</u>	<u>14,267</u>
Interest expense and amortization of debt issuance costs on convertible notes (net of tax)	266	69	532	69
Non-GAAP diluted net income	<u>\$ 7,735</u>	<u>\$ 9,845</u>	<u>\$ 16,133</u>	<u>\$ 14,336</u>
<b>Denominator:</b>				
Shares, basic	24,299	25,816	24,534	25,457
Effect of dilutive stock options	2,228	3,067	2,198	2,939
Effect of convertible notes	2,474	489	2,474	245
Shares, diluted	<u>29,001</u>	<u>29,372</u>	<u>29,206</u>	<u>28,641</u>
<b>Non-GAAP net income per share:</b>				
Basic	<u>\$ 0.31</u>	<u>\$ 0.38</u>	<u>\$ 0.64</u>	<u>\$ 0.56</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.34</u>	<u>\$ 0.55</u>	<u>\$ 0.50</u>