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 September 29, 2012

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** (Address of principal executive offices)	**95054** (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 October 26, 2012: 32,941,262

SYNAPTICS INCORPORATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS

PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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

	September 30, 2012	June 30, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 312,889	$ 305,005
Accounts receivable, net of allowances of $567 at September 30, 2012 and June 30, 2012	98,040	104,140
Inventories	31,236	31,667
Prepaid expenses and other current assets	5,945	5,365
Total current assets	448,110	446,177
Property and equipment at cost, net of accumulated depreciation of $35,635 and $33,129 at September 30, 2012 and June 30, 2012, respectively	39,079	24,903
Goodwill	20,695	18,995
Purchased intangibles	13,895	12,800
Non-current investments	14,454	15,321
Other assets .	22,964	23,309
	$ 559,197	$ 541,505
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 50,735	$ 55,220
Accrued compensation	11,671	12,642
Income taxes payable	12,955	11,221
Other accrued liabilities	34,997	26,515
Total current liabilities	110,358	105,598
Notes payable	2,305	2,305
Other liabilities	37,545	36,812
Stockholders' Equity:		
Common stock:		
$0.001 par value; 120,000,000 shares authorized, 48,809,102 and 48,680,348 shares issued, and 32,939,869 and 32,896,256 shares outstanding, at September 30, 2012 and June 30, 2012, respectively	49	49
Additional paid-in capital	479,136	471,569
Treasury stock: 15,869,233 and 15,784,092 common treasury shares at September 30, 2012 and June 30, 2012, respectively, at cost	(416,439)	(413,885)
Accumulated other comprehensive income	3,131	1,998
Retained earnings	343,112	337,059
Total stockholders' equity	408,989	396,790
	$ 559,197	$ 541,505

See notes to condensed consolidated financial statements (unaudited).

Table of Contents

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

	Three Months Ended September 30,	
	2012	2011
Net revenue	$127,041	$133,446
Cost of revenue	66,471	72,186
Gross margin	60,570	61,260
Operating expenses:		
Research and development	32,802	28,226
Selling, general, and administrative	18,908	16,709
Acquired intangibles amortization	240	—
Change in contingent consideration	287	—
Total operating expenses	52,237	44,935
Operating income	8,333	16,325
Interest income	218	200
Interest expense	(4)	(4)
Impairment recovery on investments, net	—	20
Income before provision for income taxes	8,547	16,541
Provision for income taxes	2,494	3,526
Net income	$ 6,053	$ 13,015
Net income per share:		
Basic	$ 0.18	$ 0.40
Diluted .	$ 0.18	$ 0.39
Shares used in computing net income per share:		
Basic	32,941	32,875
Diluted	34,014	33,777

See notes to condensed consolidated financial statements (unaudited).

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

	Three Months Ended September 30,	
	2012	2011
Net income	$6,053	$13,015
Other comprehensive income, net of tax:		
Change in unrealized net gain (loss) on investments	1,133	(1,891)
Comprehensive income	$7,186	$11,124

See notes to condensed consolidated financial statements (unaudited).

Table of Contents

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

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011
Cash flows from operating activities		
Net income	$ 6,053	$ 13,015
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation costs	8,467	8,166
Depreciation and amortization	2,462	2,868
Acquired intangibles amortization	240	—
Change in contingent consideration	287	—
Deferred taxes	(1,369)	(1,416)
Impairment of property and equipment	—	599
Impairment recovery on investments, net	—	(20)
Changes in operating assets and liabilities:		
Accounts receivable, net	6,100	(1,531)
Inventories	1,840	55
Prepaid expenses and other current assets	(580)	(1,453)
Other assets	908	686
Accounts payable	(4,485)	1,539
Accrued compensation	(971)	(1,921)
Income taxes payable	2,184	4,746
Other accrued liabilities	8,478	5,724
Net cash provided by operating activities	29,614	31,057
Cash flows from investing activities		
Proceeds from sales and maturities of non-current investments	2,000	200
Acquisition of business, net of cash acquired	(5,000)	—
Purchases of property and equipment	(16,082)	(3,643)
Net cash used in investing activities	(19,082)	(3,443)
Cash flows from financing activities		
Purchases of treasury stock	(2,554)	(33,524)
Proceeds from issuance of shares	718	740
Payroll taxes for deferred stock units	(812)	(626)
Net cash used in financing activities	(2,648)	(33,410)
Net increase (decrease) in cash and cash equivalents	7,884	(5,796)
Cash and cash equivalents at beginning of period	305,005	247,153
Cash and cash equivalents at end of period	$312,889	$241,357
Supplemental disclosures of cash flow information		
Cash paid for income taxes	$ 1,683	$ 192

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 September 29, 2012 and September 24, 2011. 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.

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.

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 September 30, 2012	Three Months Ended September 30, 2011
Numerator:		
Net income	$ 6,053	$13,015
Denominator:		
Shares, basic	32,941	32,875
Effect of dilutive share-based awards	1,073	902
Shares, diluted	34,014	33,777
Net income per share:		
Basic	$ 0.18	$ 0.40
Diluted	$ 0.18	$ 0.39

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, and convertible notes.

Dilutive net income per share amounts do not include the weighted average effect of 3,990,394 and 5,644,956 share-based awards that were outstanding during the three months ended September 30, 2012 and 2011, 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):

	September 30, 2012		June 30, 2012	
	Level 1	Level 3	Level 1	Level 3
Assets				
Money market	$308,753	$ —	$301,451	$ —
Auction rate securities	—	14,454	—	15,321
Total available-for-sale securities	$308,753	$14,454	$301,451	$15,321
Liabilities				
Contingent consideration liability recorded for business combination	$ —	$12,187	$ —	$11,900

Money market balances are included in cash and cash equivalents as of September 30, 2012 and June 30, 2012. Auction rate securities, or ARS investments, are included in non-current investments in our condensed consolidated balance sheets as of September 30, 2012 and June 30, 2012.

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

Balance as of June 30, 2012	$15,321
Net unrealized gain	1,133
Redemptions	(2,000)
Balance as of September 30, 2012	$14,454

Changes in fair value of the contingent consideration measured using significant unobservable inputs (Level 3) as of September 30, 2012 were as follows (in thousands):

Balance as of June 30, 2012	$11,900
Change in contingent consideration	287
Balance as of September 30, 2012	$12,187

There were no transfers in or out of our Level 1 or 3 assets or liabilities during the three months ended September 30, 2012.

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 months ended September 30, 2012, $2.0 million 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 September 30, 2012 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.

Contractual maturities for our ARS investments are generally greater than five years, with fair value of $10.0 million maturing from calendar years 2015 to 2017 and $4.5 million maturing from calendar years 2041 to 2045. Of our ARS investments, $6.9 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 September 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	$ 4,850	$ (179)	$ 4,671	$ (178)	$ 4,493
Credit linked notes	13,500	(8,765)	4,735	3,344	8,079
Preferred stock	5,000	(5,000)	—	—	—
Municipals	2,000	(83)	1,917	(35)	1,882
Total ARS	$ 25,350	$ (14,027)	$11,323	$ 3,131	$14,454

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):

	September 30, 2012	June 30, 2012
Raw materials	$ 24,710	$26,957
Finished goods	6,526	4,710
	$ 31,236	$31,667

Table of Contents

7. Other Accrued Liabilities

As of September 30, 2012 and June 30, 2012, other accrued liabilities consisted of the following (in thousands):

	September 30, 2012	June 30, 2012
Customer obligations	$ 17,371	$ 13,076
Inventory obligations	5,636	5,680
Other	11,990	7,759
	$ 34,997	$ 26,515

8. Product Warranties, Indemnifications, Contingencies, and Commitments

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.

Building Purchase

In June 2012, we entered into a purchase and sale agreement to acquire a new headquarters office complex in San Jose, California, consisting of three office buildings of approximately 151,247 square feet of space and approximately 7.84 acres of land for $12.1 million, exclusive of adjustments and closing costs. In July 2012, we entered into an amendment to the purchase and sale agreement, which modified the purchase price to approximately $11.9 million, and we subsequently closed the purchase transaction. During fiscal 2013, we anticipate consolidating our Santa Clara workforce into the new location upon completion of renovations and improvements. See note 15 for a discussion of the sale of our existing facility.

Table of Contents

9. Share-Based Compensation

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

	Three Months Ended September 30,	
	2012	2011
Cost of revenue	$ 243	$ 315
Research and development	3,911	3,541
Selling, general, and administrative	4,313	4,310
Total	$8,467	$8,166
Income tax benefit on share-based compensation	$2,218	$2,015

Historically, we have issued new shares in connection with our share-based compensation plans; however, treasury shares were also available for issuance as of September 30, 2012, including shares repurchased under our common stock repurchase program.

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 Outstanding	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Balance at June 30, 2012	7,339,024	$25.34	
Granted	82,275	29.02	
Exercised	(58,942)	12.18	
Forfeited	(271,652)	29.32	
Balance at September 30, 2012	7,090,705	25.34	$ 12,990
Exercisable at September 30, 2012	5,133,723	$24.42	$ 12,566

The aggregate intrinsic value was determined using the closing price of our common stock on September 28, 2012 of $24.02, and excludes the impact of stock options that were not in-the-money.

Deferred Stock Units

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

	DSU Awards Outstanding	Aggregate Intrinsic Value (in thousands)
Balance at June 30, 2012	1,009,336	
Granted	120,919	
Delivered	(100,473)	
Forfeited	(25,307)	
Balance at September 30, 2012	1,004,475	$24,127

The aggregate intrinsic value was determined using the closing price of our common stock on September 28, 2012 of $24.02.

Of the shares delivered, 30,661 shares valued at $812,000 were withheld to meet statutory minimum tax withholding requirements.

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 U.S. federal, foreign, or state taxes that may result from future remittances of undistributed earnings of our foreign subsidiaries.

The provision for income taxes of $2.5 million and $3.5 million for the three months ended September 30, 2012 and 2011, respectively, represented estimated U.S. federal, foreign, and state income taxes. The effective tax rate for the three months ended September 30, 2012 was 29.2% and diverged from the combined federal and state statutory rate primarily because of foreign income taxed at lower tax rates, partially offset by foreign withholding taxes, net unrecognized tax benefits associated with qualified stock options, and an increase to the liability for uncertain tax positions. The effective tax rate for the three months ended September 30, 2011 was 21.3% 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 credit, partially offset by foreign withholding taxes and net unrecognized tax benefits associated with qualified stock options.

Tax benefit associated with share-based compensation was $2.2 million and $2.0 million for the three months ended September 30, 2012 and 2011, respectively. Excluding the impact of share-based compensation and the related tax benefit, the effective tax rate for the three months ended September 30, 2012 and 2011 would have been 27.7% and 22.4%, respectively.

Unrecognized Tax Benefits

The total liability for gross unrecognized tax benefits increased $648,000 during the three months ended September 30, 2012 to $23.7 million from $23.1 million at June 30, 2012 and is included in other liabilities in our condensed consolidated balance sheets. The liability for gross unrecognized tax benefits, if recognized, would reduce the effective tax rate on income from continuing operations. The increase was primarily related to a current fiscal year tax position. The balance of interest and penalties accrued related to unrecognized tax benefits as of September 30, 2012 was $2.6 million and increased by $155,000 from June 30, 2012. Our policy is to classify interest and penalties, if any, as components of income tax expense.

In May 2011, we were notified by the Internal Revenue Service that our fiscal 2003 through 2006 and fiscal 2008 through 2010 would be subject to an audit. The early periods are 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 October 2012, we received the final examination report with a total proposed tax deficiency of $2.0 million over the examination periods, excluding interest and penalties. We filed a protest in October 2012 and contested the proposed adjustments through the appeals process. While we believe our unrecognized tax benefits associated with the years and issues under appeal are adequate, we can make no assurances that an appeals settlement, if any, will not exceed our accrued unrecognized tax benefits.

We anticipate the appeals process will extend into our fiscal 2014 year and could result in a change to our unrecognized tax benefits. 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.

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 personal computing, or PC, market and mobile product market. The PC market accounted for 49% and 52% of net revenue for the three months ended September 30, 2012 and 2011, respectively.

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

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011
China	$ 84,910	$ 89,938
Taiwan	15,892	13,581
Japan	13,781	13,679
Korea	6,372	8,323
Other	6,086	7,925
	$127,041	$133,446

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

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011
Customer A	*	13%

* Less than 10%

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:

	September 30, 2012	June 30, 2012
Customer A	14%	14%
Customer B	12%	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. Acquisitions

Pacinian

On June 13, 2012, we acquired 100% of the outstanding common shares and voting interest of Pacinian. This acquisition has been accounted for as a business combination. The results of Pacinian's operations have been included in our consolidated financial statements since the acquisition date. Pacinian was a development stage company, which developed an innovative thin keyboard design using its ThinTouch technology to achieve a full keyboard solution that is 40% thinner than traditional keyboard solutions. By combining our TouchPad technology with the ThinTouch technology, we plan to deliver a complete keyboard solution targeted for the next generation of thin and light notebook PC form factors, such as ultrabooks.

The acquisition date fair value of the consideration transferred totaled $26.9 million, which consisted of the following (in thousands):

Cash	$ 15,016
Contingent consideration	11,900
	$ 26,916

The contingent consideration arrangement requires us to pay $5.0 million of additional consideration to Pacinian's former stockholders, due upon customer acceptance of a ThinTouch product, and up to $10.0 million of additional consideration to Pacinian's former stockholders, at a certain rate for each unit shipped utilizing ThinTouch technology through June 2016. The estimated fair value of the contingent consideration arrangement as of the acquisition date was $11.9 million. We estimated the fair value of the contingent consideration for both customer acceptance and for unit shipments using a probability weighted discounted cash flow model. These fair value measurements were based on significant inputs not observable in the market and thus represent a Level 3 measurement. The key assumptions in applying the probability weighted discounted cash flow model for the $5.0 million additional consideration due upon customer acceptance was a 5.1% discount rate under five equally weighted cash flow scenarios. The key assumptions in applying the probability-weighted discounted cash flow model for the $10.0 million additional consideration based on unit shipments was a 12.4% discount rate under five equally weighted cash flow scenarios. The contingent consideration is being remeasured to fair value each reporting period. As of September 30, 2012, the estimated fair value of the contingent consideration was $12.2 million, which was included in other liabilities in our condensed consolidated balance sheets, and the change in fair value was included in our condensed consolidated statements of income as change in contingent consideration.

We operate in one segment; therefore, the goodwill applies to a company-wide reporting unit. None of the goodwill and intangible assets are expected to be deductible for income tax purposes.

We recognized approximately $200,000 of acquisition-related costs that were expensed in fiscal 2012. These costs were included in our consolidated statements of income as selling, general, and administrative expenses.

Video Display Operation of Integrated Device Technology

On August 1, 2012, we acquired inventory, fixed assets, and intangible assets of the Video Display Operation, or VDO, of Integrated Device Technology, Inc., or IDT, including a worldwide non-exclusive, irrevocable, non-transferable, royalty-free paid up license, for $5.0 million. This acquisition was effected to enhance our technology portfolio with a primary focus on the emerging large touchscreen market for notebooks, ultrabooks, and tablets. This acquisition has been accounted for as a business combination. The results of VDO's operations have been included in our consolidated financial statements since the acquisition date.

The following table summarizes the estimated fair values of the assets acquired as of the acquisition date (in thousands):

Inventory	$ 1,409
Test equipment	556
Intangible assets	1,335
Goodwill	1,700
Net assets acquired	$ 5,000

We operate in one segment; therefore, the goodwill applies to a company-wide reporting unit. All of the goodwill and intangible assets are expected to be deductible for income tax purposes.

We recognized approximately $100,000 of acquisition-related costs that were expensed in fiscal 2013. These costs were included in our consolidated statements of income as selling, general, and administrative expenses.

The amounts of revenue and earnings of VDO included in our consolidated statements of income from the acquisition date to the period ended September 30, 2012, were immaterial. Pro forma consolidated statements of income as if VDO had been included for the three months ended September 30, 2012 and the entire year ended June 30, 2012, are not materially different than those reported.

Prior to the acquisition, we did not have a preexisting relationship with IDT.

14. Purchased Intangibles

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

	Life	September 30, 2012	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		(240)	—
Purchased intangibles, net		$ 13,895	$12,800

Amortization of the intangibles commenced in fiscal 2013. The total amortization expense for the intangible assets was $240,000 for the three months ended September 30, 2012. 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 September 30, 2012 (in thousands):

Remainder of 2013	$ 785
2014	1,047
2015	1,047
2016	1,047
2017	1,047
2018	22
To be determined	8,900
Future amortization	$13,895

15. Subsequent Event

On October 24, 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, for approximately $14.2 million, exclusive of adjustments and closing costs. The sale of the property is subject to various conditions and termination rights, including a due diligence inspection period for the buyer. Assuming that the buyer completes a satisfactory due diligence inspection of the property and certain other conditions are satisfied, we anticipate that the closing of the property sale transaction will take place in late December 2012 or early calendar year 2013. At the closing, we intend to enter into a lease agreement with the buyer, pursuant to which we will become a tenant at the property through May 31, 2013, unless we exercise our right to terminate the lease prior to such date.

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 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 PC and mobile product markets; competitive factors in the PC and mobile product markets; revenue from the PC and mobile product 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; and our expectations regarding the timing of the conclusion of an ongoing appeal of a tax audit. 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.

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, eliminating 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 fabricators 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 two third-party wafer manufacturers to supply wafers and one third-party packaging manufacturer 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.

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 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 three months ended September 30, 2012 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.

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 September 30,			
	2012	2011	$ Change	% Change
PC applications	$ 62,425	$ 68,831	$(6,406)	(9.3%)
Mobile product applications	64,616	64,615	1	0.0%
Net revenue	127,041	133,446	(6,405)	(4.8%)
Gross margin	60,570	61,260	(690)	(1.1%)
Operating expenses:				
Research and development	32,802	28,226	4,576	16.2%
Selling, general, and administrative	18,908	16,709	2,199	13.2%
Amortization of acquired intangibles	240	—	240	n/m(1)
Change in contingent consideration	287	—	287	n/m(1)
Operating income	8,333	16,325	(7,992)	(49.0%)
Interest income	218	200	18	9.0%
Interest expense	(4)	(4)	—	0.0%
Impairment recovery on investments, net	—	20	(20)	(100.0%)
Income before provision for income taxes	8,547	16,541	(7,994)	(48.3%)
Provision for income taxes	2,494	3,526	(1,032)	(29.3%)
Net income	$ 6,053	$ 13,015	$(6,962)	(53.5%)

(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 September 30,		Percentage Point Increase/ (Decrease)
	2012	2011	
PC applications	49.1%	51.6%	(2.5%)
Mobile product applications	50.9%	48.4%	2.5%
Net revenue	100.0%	100.0%	
Gross margin	47.7%	45.9%	1.8%
Operating expenses:			
Research and development	25.8%	21.2%	4.6%
Selling, general, and administrative	14.9%	12.5%	2.4%
Amortization of acquired intangibles	0.2%	—	n/m(1)
Change in contingent consideration	0.2%	—	n/m(1)
Operating income	6.6%	12.2%	(5.6%)
Income before provision for income taxes	6.7%	12.4%	(5.7%)
Provision for income taxes	2.0%	2.6%	(0.6%)
Net income	4.8%	9.8%	(5.0%)

(1) not meaningful

Net Revenue.

Net revenue was $127.0 million for the quarter ended September 30, 2012 compared with $133.4 million for the quarter ended September 30, 2011, a decrease of $6.4 million, or 4.8%. Of our first quarter fiscal 2013 net revenue, $62.4 million, or 49.1%, was from PC applications and $64.6 million, or 50.9%, was from mobile product applications. The decrease in net revenue for the quarter ended September 30, 2012 was attributable to a decrease in net revenue from PC applications. Net revenue from PC applications decreased primarily as a result of lower unit sales in the quarter.

Based on industry estimates of unit shipments, the notebook market is anticipated to increase approximately 10% and the mobile smartphone market is anticipated to increase approximately 26% in calendar year 2013 compared with calendar year 2012.

Gross Margin.

Gross margin as a percentage of net revenue was 47.7%, or $60.6 million, for the quarter ended September 30, 2012 compared with 45.9%, or $61.3 million, for the quarter ended September 30, 2011. The 180 basis point improvement in gross margin was primarily attributable to favorable mix of higher margin mobile product application revenue driven in part by the continued shift in mobile product revenue from lower margin full sensor module solutions to higher margin chip or tail 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 and independent of the vertical markets that our products serve. As a virtual manufacturer, our gross margin percentage is generally not impacted materially by our shipment volume. We charge 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 $4.6 million to $32.8 million for the quarter ended September 30, 2012 compared with the quarter ended September 30, 2011. The increase in research and development expenses primarily reflected a $2.9 million increase in employee-related costs, which included our annual merit increase and additional headcount associated with our recent acquisitions, a $555,000 increase in infrastructure related costs, and a $528,000 increase in temporary employee expenses.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased $2.2 million to $18.9 million for the quarter ended September 30, 2012 compared with the quarter ended September 30, 2011. The increase in selling, general, and administrative expenses primarily reflected a $1.0 million increase in employee-related costs, which included our annual merit increase and additional headcount associated with our recent acquisitions, a $504,000 increase in support costs, as well as severance costs related to a separation agreement with a former executive vice president.

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 U.S. federal, foreign, or state taxes that may result from future remittances of undistributed earnings of our foreign subsidiaries.

The provision for income taxes of $2.5 million and $3.5 million for the three months ended September 30, 2012 and 2011, respectively, represented estimated U.S. federal, foreign, and state income taxes. The effective tax rate for the three months ended September 30, 2012 was 29.2% and diverged from the combined federal and state statutory rate primarily because of foreign income taxed at lower tax rates, partially offset by foreign withholding taxes, net unrecognized tax benefits associated with qualified stock options, and an increase to the liability for uncertain tax positions. The effective tax rate for the three months ended September 30, 2011 was 21.3% 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 credit, partially offset by foreign withholding taxes and net unrecognized tax benefits associated with qualified stock options.

Tax benefit associated with share-based compensation was $2.2 million and $2.0 million for the three months ended September 30, 2012 and 2011, respectively. Excluding the impact of share-based compensation and the related tax benefit, the effective tax rate for the three months ended September 30, 2012 and 2011 would have been 27.7% and 22.4%, respectively.

In May 2011, we were notified by the Internal Revenue Service that our fiscal 2003 through 2006 and fiscal 2008 through 2010 would be subject to an audit. The early periods are 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 October 2012, we received the final examination report with a total proposed tax deficiency of $2.0 million over the examination periods, excluding interest and penalties. We filed a protest in October 2012 and contested the proposed adjustments through the appeals process. While we believe our unrecognized tax benefits associated with the years and issues under appeal are adequate, we can make no assurances that an appeals settlement, if any, will not exceed our accrued unrecognized tax benefits.

We anticipate the appeals process will extend into our fiscal 2014 and could result in a change to our unrecognized tax benefits. 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.

Liquidity and Capital Resources

Our cash and cash equivalents were $312.9 million as of September 30, 2012 compared with $305.0 million as of June 30, 2012, an increase of $7.9 million. The increase reflects the combination of $29.6 million provided from operating cash flows and $2.0 million of proceeds from the sales and maturities of non-current investments, partially offset by $16.1 million used for the purchase of property and equipment, $5.0 million used for the acquisition of a business, and $2.6 million used to repurchase 85,141 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 September 30, 2012, $273.9 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.

Cash Flows from Operating Activities. Operating activities during the three months ended September 30, 2012 generated net cash of $29.6 million compared with $31.1 million of net cash generated during the three months ended September 30, 2011. The net change in operating assets and liabilities was primarily attributable to net income of $6.0 million plus adjustments for non-cash charges of $10.1 million, and a $13.5 million net change in operating assets and liabilities. The net change in operating assets and liabilities was primarily attributable to a $6.1 million decrease in accounts receivable, an $8.5 million increase in other accrued liabilities, partially offset by a $4.5 million decrease in accounts payable. Our days sales outstanding increased from 68 to 69 days from June 30, 2012 to September 30, 2012, and our annual inventory turns remained unchanged at 9.

Cash Flows from Investing Activities. Our investing activities primarily relate to purchases of property and equipment. Investing activities during the three months ended September 30, 2012 used net cash of $19.1 million compared with $3.4 million during the three months ended September 30, 2011. During the three months ended September 30, 2012, net cash used in investing activities consisted of $16.1 million used for the purchase of property and equipment (which included $11.9 million for the purchase of buildings and land), $5.0 million used for the acquisition of a business, partially offset by proceeds of $2.0 million from the sale and redemption of non-current investments.

Cash Flows from Financing Activities. Net cash used in financing activities for the three months ended September 30, 2012 was $2.6 million compared with $33.4 million for the three months ended September 30, 2011. Net cash used in financing activities for the three months ended September 30, 2012 included $2.6 million used to repurchase 85,141 shares of our common stock.

Common Stock Repurchase Program. In October 2011, our Board of Directors approved an additional $100.0 million for our stock repurchase program, expiring in October 2013, bringing the cumulative authorization to $520.0 million. 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 September 30, 2012, we purchased 15,869,233 shares of our common stock in the open market for an aggregate cost of $416.4 million. Treasury shares purchased prior to August 28, 2008 were not subject to the stock split on that date. As of September 30, 2012, we had $103.6 million remaining under our common stock repurchase program.

Bank Credit Facility. We currently 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 September 30, 2012.

$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 tradeable after their issuance under Rule 145 of the Securities Act unless held by an affiliate of the acquired company, in which case such shares will be subject to the volume and manner of sale restrictions of Rule 144.

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.

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 remit 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 were presented as of June 30, 2012 in our Annual Report on Form 10-K for the fiscal year then ended. Except as discussed below, there have been no material changes in those obligations during the first three months of fiscal 2013.

We have unrecognized tax benefits of $23.7 million. We were previously under audit by a tax agency and we received the final examination report in October 2012. In response to the final examination report, we filed a protest in October 2012 and contested the proposed adjustments through the appeals process. While we believe our unrecognized tax benefits associated with the years and issues under appeal are adequate, we can make no assurances that an appeals settlement, if any, will not exceed our accrued unrecognized tax benefits. We anticipate the appeals process will extend into our fiscal 2014.

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.

Table of Contents

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 $103.6 million. Repurchases under our common stock repurchase program during the three-month period ended September 30, 2012 were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1, 2012 - July 28, 2012	—	$ —	—	$106,114,000
July 29, 2012 - August 25, 2012	72,262	29.99	72,262	103,947,000
August 26, 2012 - September 29, 2012	12,879	30.00	12,879	103,561,000
Total	85,141	29.99		

(1) Program announced in April 2005.

Table of Contents

ITEM 6. EXHIBITS

10.31*	Release and Separation Agreement dated September 4, 2012 by and among the registrant and David B. Long
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

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

† Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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: November 2, 2012	By:	/s/ Richard A. Bergman
	Name:	Richard A. Bergman
	Title:	President and Chief Executive Officer
Date: November 2, 2012	By:	/s/ Kathleen A. Bayless
	Name:	Kathleen A. Bayless
	Title:	Senior Vice President, Chief Financial Officer, Secretary, and Treasurer

Table of Contents

INDEX TO EXHIBITS

Exhibit Number	Exhibit
10.31*	Release and Separation Agreement dated September 4, 2012 by and among the registrant and David B. Long
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

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

† Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

RELEASE AND SEPARATION AGREEMENT

This Release and Separation Agreement (the "Agreement") is made and entered into by and between Synaptics Incorporated ("Synaptics") and David B. Long ("Long").

RECITALS

A. Long, the Senior Vice President of Worldwide Sales, has been employed by Synaptics since January 7, 2008.

B. Long's employment at Synaptics will be terminated effective February 12, 2013 (the "Termination Date").

C. Effective September 4, 2012 until the Termination Date, Long will remain an employee of Synaptics and will provide transition services to Synaptics, including in support of his to-be-named successor.

D. Long may use any accrued but unused flexible time off ("FTO") prior to the Termination Date.

E. The parties hereto wish to settle and compromise fully and finally any and all claims Long has or purports to have against Synaptics and others, including, but not limited to, those arising out of Long's employment and the termination of his employment, on the terms and conditions set forth in this Agreement.

COVENANTS

In consideration of the mutual promises in this Agreement, it is agreed as follows:

1. Termination. Long and Synaptics agree that, except as set forth herein, Long will provide transition services to Synaptics through February 11, 2013 (the "Transition Period"). On the Termination Date, Long's employment at Synaptics will be terminated.

   a. Salary and Benefits. During the Transition Period, Long will remain on Synaptics' payroll as a full-time regular employee and continue to receive his full salary and all benefits, and will accrue additional FTO. During the Transition Period, Synaptics will continue to match his 401k contribution and he will continue his eligibility to participate in Synaptics' Employee Stock Purchase Plan. On the Termination Date, Long will be paid his unused FTO that has accrued as of February 12, 2013 and all employment-related payments owed as of the Termination Date.

   b. Targeted Incentive Bonus. Synaptics shall pay to Long 100% of the FY 2013 First half of his annual targeted incentive bonus in the amount of Eighty-seven Thousand Seven Hundred Fifty and 00/100 Dollars ($87,750.00), less applicable withholdings, in a single lump sum payment on Synaptics's next regularly scheduled pay date after the Termination Date.

c. Stock Options and RSUs. As of the Termination Date, all unvested options and RSUs shall cease to vest. Vested options and RSUs shall be exercisable for six (6) months after the Termination Date (i.e. prior to August 13, 2013), but in no event beyond their original term.

d. Other Incentives. An additional One Thousand and 00/100 Dollars ($1,000.00), after taxes, will be paid at signing in return for the cancellation of an incentive due to Long. Also, he will have the use of his company cell phone through his Transition Period.

e. Career Transition Services. Synaptics agrees to provide career transition services with a career transition services provider selected by Synaptics and also provide Patty Azzarello to assist Long in finding new employment, for up to six months from September 4, 2012.

f. Early Termination. Long and Synaptics understand and agree that, except as herein provided, Long shall be entitled to the benefits set forth in Paragraphs 1 (a), (b), (e) and 2 unless Long commences employment with Atmel, Cypress Semiconductor, Melfas or Alps, at which time Long's Transition Period shall end and his employment shall immediately terminate (the "Early Termination Date"). On the Early Termination Date, Long will be paid his unused FTO that has accrued as of that date and all employment-related payments owed as of the Early Termination Date. Notwithstanding the foregoing, Long understands and agrees he will continue to be bound by the confidentiality obligations set forth in Paragraph 6 below.

2. Severance Consideration. In consideration for the execution, delivery, and non- revocation of this Agreement by Long, Synaptics shall pay to Long as severance, for each of the six (6) months after the Termination Date, 100% of Long's current monthly base salary on such dates as base salary would otherwise be paid by Synaptics in accordance with its regular payroll procedures, less applicable deductions and withholdings.

In addition, Synaptics shall reimburse Long for up to six (6) months following the Termination Date, the premium for Long and his dependents, if any, for continued health insurance benefits coverage currently provided to him inclusive of medical, dental and vision coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") provided that Long applies for such COBRA benefits ("COBRA Payments"). Synaptics shall provide Long with the right to elect whatever Group Health Plan Continuation Coverage to which Long and his dependents, if any, are entitled, if at all, pursuant to COBRA. Following the period during which Long is entitled to receive reimbursements for COBRA Payments, payments for coverage pursuant to COBRA will be Long's full and exclusive responsibility and Long acknowledges Synaptics will not be paying any portion of the COBRA premium payments for Long or his dependents, if any.

3. No Entitlement. Long understands and agrees that he is receiving the consideration set forth in paragraphs 1 and 2 in exchange for this Release, and Long is not otherwise entitled to this consideration.

4. Release. The Release set forth in this section is effective as of the Effective Date of this Agreement.

(a) Long for himself and, as applicable, his agents, attorneys, successors, and assigns, hereby fully, irrevocably, and unconditionally releases Synaptics, its predecessors, parent, subsidiaries, affiliated entities, and the past and present officers, directors, employees, shareholders, agents, successors, representatives and assigns of each and all of them, and all persons acting by, through, under or in concert with them (hereinafter collectively referred to as "Releasees"), from any and all claims, charges, complaints, liabilities, and obligations of any nature whatsoever, which Long may have against Synaptics or any of the Releasees, whether now known or unknown, and whether asserted or unasserted, arising from any event or omission occurring prior to the Effective Date of this Agreement. This Release does not affect rights or claims that may arise after the Effective Date of this Agreement.

Without limiting the foregoing, this release includes any and all claims arising out of or which could arise out of the employment relationship between Long and Synaptics and Long's termination, including but not limited to: (i) any and all claims under Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, Section 1981 of the Civil Rights Act of 1866, as amended, the Age Discrimination in Employment Act, as amended, the Equal Pay Act, the Family and Medical Leave Act, the Fair Labor Standards Act, ERISA, COBRA, the Worker Adjustment and Retraining Notification Act, the California Family Rights Act, as amended, the California Fair Employment and Housing Act, as amended, the California Labor Code Section 132a, the California Disabilities in Employment Act, the National Labor Relations Act, as amended, state and local civil rights laws, California wage payment laws, and any and all similar laws in other states; (ii) any and all Executive Orders (governing fair employment practices) which may be applicable to Synaptics; (iii) any other provision or theory of law or equity; and (iv) any amendments or successor or replacement statutes to those listed hereinabove. Long understands and acknowledges that Title VII of the Civil Rights Act of 1964, ERISA, and state and local civil right laws, provide Long the right to bring actions against Synaptics if, among other things, Long believes he has been discriminated against on the basis of race, ancestry, color, religion, sex, national origin, medical condition, sexual orientation, disability, or benefit eligibility. With full understanding of the right afforded under these Acts, Long agrees that he will not file any action against Synaptics and/or Releasees based upon any alleged violation of these Acts or under any other theory of law or statute, including but not limited to, back pay, front pay, attorney's fees, damages, interests, waiting time, penalties, reinstatement, or injunctive relief that could be assessed by any federal, state or local court, any administrative agency, or any other forum with competent jurisdiction.

This release may be pled as a complete bar and defense to any claim brought with respect to the matters released in this Agreement.

(b) Synaptics on behalf of itself and its predecessors, parent, subsidiaries, affiliated entities, and past and present officers, directors, employees, shareholders, agents, successors, representatives and assigns of each and all of them, does hereby release and forever discharge Long from any and all claims, rights, demands, actions, causes of action, damages and liabilities of any and every kind, nature and character whatsoever, whether based on a tort, contract, statute, or any other theory of recovery, whether known or unknown, arising or that could have been asserted on or before the Effective Date of this Agreement, excluding claims of fraud, intentional tort, misappropriation of trade secrets, and breach of duties, including, without limitation, breaches of any duty or obligation imposed upon Long under his confidentiality obligations to Synaptics.

(c) Both Long and Synaptics acknowledge that California Civil Code Section 1542 states:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Notwithstanding California Civil Code Section 1542, both Long and Synaptics hereby enter into the waiver and release as set forth in this Section 4 of this Agreement, subsections included, and waive all rights or defenses under Section 1542 of the California Civil Code. Long and Synaptics hereby agree that their respective rights under Section 1542 of the California Civil Code are hereby waived with respect to the claims released in Section 4 of this Agreement.

(d) Long acknowledges and agrees that the consideration he is receiving under this Agreement is sufficient consideration to support the release of all entities and persons identified in Section 4 of this Agreement, and that said consideration is in addition to anything of value to which Long is entitled.

(e) Long agrees and represents that he has not filed, or caused to be filed, any claim or charge with any adjudicative body, regulatory body, or agency arising out of his employment or termination of employment.

(f) Long specifically understands and acknowledges that the Age Discrimination in Employment Act of 1967, as amended, provides him the right to bring a claim against Synaptics if he believes that he has been discriminated against on the basis of age. Long understands the rights afforded under this Act and agrees that he will not file any such claim or action against Synaptics and/or Releasees, including, but not limited to, back pay, front pay, attorney's fees, damages, reinstatements, or injunctive relief.

(g) Long does not intend to release claims that Long may not release as a matter of law, including, but not limited to, claims for indemnity under California Labor Code 2802.

(h) To the fullest extent permitted by law, at no time subsequent to the execution of this Agreement will Long pursue, or cause or knowingly permit the prosecution, in any state, federal or foreign court, or before any local, state, federal or administrative agency, or any other tribunal, any charge, claim or action of any kind, nature and character whatsoever, known or unknown, which Long may now have, has ever had, or in the future may have against Releasees, which is based in whole or in part on any matter covered by this Agreement. Notwithstanding the foregoing, nothing in this section shall prohibit Long from filing a charge or complaint with a government agency such as, but not limited to, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, the California Department of Fair Employment and Housing, or other applicable state agency. However, Long understands and agrees that, by entering into this Agreements, he is releasing any and all individual claims for relief.

5. Return of Property. Upon execution of this Agreement, Long agrees to return all items of Synaptics property he has or over which he has control, including but not limited to all equipment belonging to Synaptics, all code and computer programs and information of whatever nature, tools, manuals, and any and all other materials, documents or information, including but not limited to confidential information in his possession or control, and that he will retain no copies thereof. Notwithstanding the foregoing, Long shall (a) retain his Synaptics laptop unless Long commences employment with Atmel, Cypress Semiconductor, Mefas or Alps; and (b) have use of his Synaptics cell phone until the earlier of (i) the Early Termination Date or (ii) August 12, 2013, at which time he shall return the cell phone to Synaptics.

6. Trade Secrets/Confidentiality. Long acknowledges that during the course of his employment, he had access to various trade secrets and confidential information of Synaptics. Such information includes, but is not limited to, business plans, schematics, blue prints, software, hardware, financial information, manuals, training programs, profit margins, marketing plans, and customer and recruiting information. Long agrees that he shall not disclose such information or use it in any way, at any time in the future, except to the extent such information becomes publicly available through lawful and proper means, or to the extent that Long is required to disclose such information pursuant to subpoena. If such information is requested pursuant to a subpoena, Long must give immediate and timely notice to Synaptics, so that Synaptics has a reasonable opportunity to seek judicial relief to preclude disclosure, if necessary. Without limitation, the prohibition in this section includes Long's use of such information to directly or indirectly solicit any manufacturer, manufacturer's representative, or customer of Synaptics with whom Long had contact during his employment, and Long's use of such information to directly or indirectly interfere with the advantageous business relationship(s) between Synaptics and any of its customers, vendors or suppliers.

7. Restrictive Covenants.

   a. Long acknowledges, represents and agrees that for a period of two (2) years from execution of this Agreement, he shall not directly or indirectly attempt to encourage, induce, or otherwise solicit, directly or indirectly, any employee of Synaptics to breach his or her employment agreement with Synaptics, or to leave the employ of Synaptics.

b. The Parties acknowledge that covenants and restrictions set forth in Sections 6 and 7 of this Agreement, subsections included, are necessary to protect the legitimate business interests of Synaptics and do not prevent Long from earning a livelihood. The Parties agree that, if the scope of enforceability of any or all the restrictive covenants set forth in this Agreement is in any way disputed at any time, a court may modify and enforce the covenant(s) to the extent it believes to be reasonable under the circumstances existing at that time.

c. Long agrees that the breach by him of Sections 6 and 7 of this Agreement, subsections included, could not reasonably or adequately be compensated in damages in an action at law, and that Synaptics shall be entitled to injunctive relief which may include, but shall not be limited to, restraining Long from engaging in any activity that would breach this Agreement. However, no remedy conferred by any of the specific provisions of Sections 6 and 7 of this Agreement (including this paragraph), subsections included, is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing in law or in equity, or by statute or otherwise. The election of any one or more remedies by Synaptics shall not constitute a waiver of the right to pursue other available remedies.

8. Sufficient Time to Review. A copy of this Agreement was delivered to Long on 8/13/2012. Long acknowledges that he has been given a period of twenty-one (21) days within which to consider this Agreement, and that he has been given an opportunity to consult with an attorney of his own choosing in deciding whether to execute this Agreement.

9. Revocation Period. Long understands that he has a period of seven (7) calendar days from the date he signs this Agreement to revoke this Agreement, and that, should he decide to revoke it, within said seven days period, he shall not be entitled to the consideration recited herein. Long further understands that this Agreement shall not become effective or enforceable until the expiration of the seven-day period, and, therefore, that he shall not receive the consideration set forth herein until the revocation period has expired without Long exercising his right of revocation. Long agrees that he must provide written notice of revocation of this Agreement to Jim Harrington, Synaptics Inc., 3120 Scott Blvd., Santa Clara, CA 95054, should he wish to exercise his rights to revoke this Agreement, within the revocation period. If this Agreement is not timely revoked, this Agreement will become effective as of the expiration of the revocation period ("Effective Date").

10. Acknowledgements. Long acknowledges represents and warrants that he enters into this Agreement knowingly, voluntarily, free of duress or coercion, and with a full understanding of all terms and conditions contained herein.

11. Headings. The headings are for convenience of the parties, and are not to be construed as terms and conditions of this Agreement.

12. Confidentiality. Long agrees that he will keep the terms and fact of this Agreement confidential. Long will not disclose the existence of this Agreement or any of its terms to anyone except his attorneys, accountants or immediate family members, unless required by law.

13. Severability. Should any provision in this Agreement be declared or determined to be illegal or invalid (with the exception of Section 4, in whole or in part, subsections included), the validity of the remaining parts, terms, or provisions shall not be affected and the illegal or invalid part, term, or provisions shall be deemed not to be part of this Agreement.

14. Integration. This Agreement constitutes the entire agreement between the parties, and supersedes any prior and other writings with respect to the subject matter of this Agreement, and is intended by the parties as the final, complete and exclusive statement of the terms agreed to by them.

15. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

16. Amendment. This Agreement shall be binding upon the parties and may not be amended, supplemented, changed, or modified in any manner, orally or otherwise, except by an instrument in writing of concurrent or subsequent date signed by the parties.

17. Successors and Assigns. This Agreement is and shall be binding upon and inure to the benefit of the heirs, executors, successors and assigns of each of the parties.

18. Non-Admission. This Agreement shall not in any way be construed as an admission by Synaptics that it has acted wrongfully with respect to Long, and Synaptics specifically denies the commission of any wrongful acts against Long.

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

9/4/12
DATE

/s/ David B. Long
David B. Long

9/4/12
DATE

/s/ James Harrington
Synaptics Incorporated

By: James Harrington
Its: SVP, Global Human Resources

EXHIBIT 31.1

Certification of Chief Executive Officer

I, Richard A. Bergman, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2012

/s/ Richard A. Bergman

Richard A. Bergman
Chief Executive Officer

EXHIBIT 31.2

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: November 2, 2012

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

EXHIBIT 32.1

Section 1350 Certification of Chief Executive Officer

In connection with the Quarterly Report on Form 10-Q of Synaptics Incorporated (the “Company”) for the quarterly period ended September 29, 2012 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
November 2, 2012

EXHIBIT 32.2

Section 1350 Certification of Chief Financial Officer

In connection with the Quarterly Report on Form 10-Q of Synaptics Incorporated (the "Company") for the quarterly period ended September 29, 2012 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
November 2, 2012