Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 1, 2016

or

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

For the transition period from __________ to __________

Commission File Number: 001-35451

M/A-COM Technology Solutions Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-0306875**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**

100 Chelmsford Street

Lowell, MA 01851

(Address of principal executive offices and zip code)

(978) 656-2500

(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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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 x 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.

Large accelerated filer x	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 x

As of April 22, 2016, there were 53,384,356 shares of the registrant s common stock outstanding.

Table of Contents

M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

FORM 10-Q

TABLE OF CONTENTS

Table of Contents

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	April 1, 2016	October 2, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 58,187	$ 122,312
Short term investments	23,632	39,557
Accounts receivable, (less allowances of $3,330 and $5,745, respectively)	91,604	83,950
Inventories	106,972	79,943
Deferred income taxes		31,431
Income tax receivable	16,077	15,854
Prepaid and other current assets	11,553	11,172
Total current assets	$ 308,025	$ 384,219
Property and equipment, net	99,637	83,759
Goodwill	117,835	93,346
Intangible assets, net	279,535	243,666
Deferred income taxes	83,909	48,239
Other long-term assets	11,457	13,022
TOTAL ASSETS	$ 900,398	$ 866,251
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 4,499	$ 4,058
Accounts payable	30,037	29,311
Accrued liabilities	48,298	38,107
Total current liabilities	$ 82,834	$ 71,476
Long-term debt	341,396	340,504
Warrant liability	40,901	21,822
Other long-term liabilities	7,339	7,916
Deferred income taxes	13,920	

Total liabilities	$ 486,390	$ 441,718
Commitments and contingencies (Note 12)		
Stockholders equity:		
Common stock	53	53
Accumulated other comprehensive income (loss)	3,271	(2,279)
Additional paid-in capital	536,156	526,011
Treasury stock, at cost	(330)	(330)
Accumulated deficit	(125,142)	(98,922)
Total stockholders equity	$ 414,008	$ 424,533
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 900,398	$ 866,251

See notes to condensed consolidated financial statements.

1

Table of Contents

M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Revenue	$ 133,579	$ 102,431	$ 249,353	$ 198,987
Cost of revenue	68,054	55,717	123,510	104,854
Gross profit	65,525	46,714	125,843	94,133
Operating expenses:				
Research and development	26,203	20,439	51,525	39,221
Selling, general and administrative	34,617	28,247	69,303	53,475
Impairment charges	11,005		11,005	
Restructuring charges	851	413	1,008	413
Total operating expenses	72,676	49,099	132,841	93,109
Income from operations	(7,151)	(2,385)	(6,998)	1,024
Other income (expense)				
Warrant liability expense	(4,201)	(5,609)	(19,079)	(16,217)
Interest expense, net	(4,408)	(4,723)	(8,754)	(9,446)
Other (expense) income	(81)	(1,376)	19	(1,001)
Total other expense, net	(8,690)	(11,708)	(27,814)	(26,664)
Loss before income taxes	(15,841)	(14,093)	(34,812)	(25,640)
Income tax benefit	(3,796)	(2,917)	(5,997)	(4,500)
Loss from continuing operations	(12,045)	(11,176)	(28,815)	(21,140)
Income from discontinued operations	1,396	3,639	2,595	7,297
Net loss	$ (10,649)	$ (7,537)	$ (26,220)	$ (13,843)
Net loss per share:				
Basic loss per share:				
Loss from continuing operations	$ (0.23)	$ (0.22)	$ (0.54)	$ (0.43)
Income from discontinued operations	0.03	0.07	0.05	0.15

Loss per share - basic	$	(0.20)	$	(0.15)	$	(0.49)	$	(0.28)
Diluted loss per share:								
Loss from continuing operations	$	(0.23)	$	(0.22)	$	(0.54)	$	(0.43)
Income from discontinued operations		0.03		0.07		0.05		0.15
Loss per share - diluted	$	(0.20)	$	(0.15)	$	(0.49)	$	(0.28)
Shares used:								
Basic		53,228		50,593		53,122		49,100
Diluted		53,228		50,593		53,122		49,100

See notes to condensed consolidated financial statements.

Table of Contents

M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	April 1, 2016	**April 3, 2015**	**April 1, 2016**	**April 3, 2015**
Net loss	$ (10,649)	$ (7,537)	$ (26,220)	$ (13,843)
Unrealized gain on short term investments, net of tax	73		12	
Foreign currency translation gain (loss), net of tax	5,647	(221)	5,538	(14)
Other comprehensive income (loss), net of tax	5,720	(221)	$ 5,550	$ (14)
Total comprehensive loss	$ (4,929)	$ (7,758)	$ (20,670)	$ (13,857)

See notes to condensed consolidated financial statements.

Table of Contents

M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(In thousands)

(Unaudited)

	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income (Loss)	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders Equity
Balance at October 2, 2015	52,958	$ 53	23	$ (330)	$ (2,279)	$ 526,011	$ (98,922)	$ 424,533
Stock options exercises	100					1,094		1,094
Vesting of restricted common stock and units	454							
Issuance of common stock pursuant to employee stock purchase plan	72					1,977		1,977
Shares repurchased for stock withholdings on restricted stock awards	(177)					(6,152)		(6,152)
Share-based compensation						13,226		13,226
Other comprehensive income, net of tax					5,550			5,550
Net loss							(26,220)	(26,220)
Balance at April 1, 2016	53,407	$ 53	23	$ (330)	$ 3,271	$ 536,156	$ (125,142)	$ 414,008

See notes to condensed consolidated financial statements.

4

Table of Contents

M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended	
	April 1, 2016	**April 3, 2015**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (26,220)	$ (13,843)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities (net of acquisitions):		
Depreciation and intangibles amortization	34,078	24,872
Stock-based and other non-cash incentive compensation	13,226	9,128
Warrant liability expense	19,079	16,217
Acquired inventory step-up amortization	2,084	4,037
Deferred financing cost amortization	810	842
Prepaid compensation amortization	3,241	4,466
Gain on disposition of business	(3,750)	
Deferred income taxes	(4,569)	(1,216)
Impairment charges	12,955	3,500
Other adjustments, net	298	101
Change in operating assets and liabilities (net of acquisitions):		
Accounts receivable	(203)	(3,345)
Inventories	(13,415)	3,358
Prepaid expenses and other assets	(993)	679
Accounts payable	(2,880)	(5,549)
Accrued and other liabilities	2,072	(9,864)
Income taxes	(715)	(374)
Prepaid compensation		(14,586)
Deferred revenue		(16,991)
Net cash provided by operating activities	35,098	1,432
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses, net	(85,516)	(208,369)
Purchases of property and equipment	(16,962)	(14,036)
Proceeds from sales and maturities of investments	23,292	
Purchases of investments	(7,696)	
Proceeds from discontinued operations	3,750	
Strategic investments		(250)
Acquisition of intellectual property	(777)	(1,587)
Net cash used in investing activities	(83,909)	(224,242)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	(1,750)	(1,750)
Proceeds from stock option exercises and employee stock purchases	3,071	2,871
Payments of assumed debt	(9,120)	(1,232)
Repurchase of common stock	(6,152)	(4,924)
Payments of contingent consideration and other	(1,195)	(39)
Proceeds from stock offering, net of issuance costs		127,959
Proceeds from revolving credit facility		100,000
Payments on revolving credit facility		(100,000)
Net cash (used in) provided by financing activities	(15,146)	122,885
Foreign currency effect on cash	(168)	
NET CHANGE IN CASH AND CASH EQUIVALENTS	(64,125)	(99,925)
CASH AND CASH EQUIVALENTS Beginning of period	$ 122,312	$ 173,895
CASH AND CASH EQUIVALENTS End of period	$ 58,187	$ 73,970

See notes to condensed consolidated financial statements.

5

Table of Contents

M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information The accompanying unaudited, condensed consolidated financial statements have been prepared according to the rules and regulations of the United States (the U.S.) Securities and Exchange Commission (SEC) and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the condensed consolidated balance sheets, condensed consolidated statements of operations, condensed consolidated statement of comprehensive loss and condensed consolidated statements of cash flows of M/A-COM Technology Solutions Holdings, Inc. (MACOM , the Company , us , we or our) for the periods presented. We prepare our interim financial information using the same accounting principles we use for our annual audited consolidated financial statements. Certain information and note disclosures normally included in the annual audited consolidated financial statements have been condensed or omitted in accordance with prescribed SEC rules. We believe that the disclosures made in our condensed consolidated financial statements and the accompanying notes are adequate to make the information presented not misleading.

The consolidated balance sheet at October 2, 2015 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our October 2, 2015 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended October 2, 2015 filed with the SEC on November 24, 2015. We recommend that the financial statements included in this Quarterly Report on Form 10-Q be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for our fiscal year ended October 2, 2015.

Immaterial Restatement - As disclosed in our Quarterly Report on Form 10-Q for the three and nine months ended July 3, 2015, we identified certain items that were incorrectly classified as Acquisition of a business cash outflows related to the BinOptics Acquisition in the Investing activities section of our statement of cash flows for the six months ended April 3, 2015. The most significant item was an escrow payment of $14.6 million associated with acquired employee retention which was incorrectly classified as an investing activity instead of an operating activity in our statement of cash flows for the six months ended April 3, 2015. Our statement of cash flows for the six months ended April 3, 2015 have been restated to correct this error. For the six months ended April 3, 2015 the effect of this restatement is outlined below:

	Six Months Ended		
	As reported	Adjustment	As adjusted
Net cash provided by operating activities	$ 16,018	$ (14,586)	$ 1,432
Net cash used in investing activities	$ (238,828)	$ 14,586	$ (224,242)

For additional information related to this and other acquisition related items refer to *Note 3 - Acquisitions* included in Item 8 of Part II, Financial Statements and Supplementary Data, of our 2015 Annual Report on Form 10-K for the fiscal year ended October 2, 2015.

Principles of Consolidation We have one reportable segment, semiconductors and modules. The accompanying consolidated financial statements include our accounts and the accounts of our majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain prior period financial statement amounts, including Automotive business discontinued operations, have been adjusted to conform to current reported presentation.

We have a 52 or 53-week fiscal year ending on the Friday closest to the last day of September. The fiscal years 2016 and 2015 include 52 weeks. To offset the effect of holidays, for fiscal years in which there are 53 weeks, we include the extra week arising in our fiscal years in the first quarter.

Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting periods, the reported amounts of revenue and expenses during the reporting periods, and the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, we base estimates and assumptions on historical experience, currently available information, and various other factors that management believes to be reasonable under the circumstances. Actual results may differ materially from these estimates and assumptions.

Recent Accounting Pronouncements Our Recent Accounting Pronouncements are described in the notes to our October 2, 2015 consolidated financial statements, which were included in our Annual Report on Form 10-K.

In April 2015, the FASB issued ASU 2015-03 related to the simplification of the presentation of debt issuance costs. The standard requires entities to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The ASU provides that debt issuance costs are analogous to debt discounts and reduce the proceeds of borrowing which increases the effective interest rate. Prior to the amendment, debt issuance costs were reported in the balance sheet as an asset. The amended guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and requires retrospective adoption. As of April 1, 2016, we have $6.3 million of unamortized deferred finance costs which under the amendment would be reclassified on our balance sheet. Any remaining deferred financing costs such as of September 30, 2016 will be reclassified when we adopt the amendment in fiscal 2017.

In November 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-17, *Balance Sheet Classification of Deferred Taxes*. This update simplifies the presentation of deferred income taxes by eliminating the current requirements to classify deferred income tax assets and liabilities between current and noncurrent. The amendments in this update require that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. For public business entities, the standard is effective in the annual reporting periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of any interim or annual reporting period and can be applied either prospectively or retrospectively to all periods presented. We have elected to adopt this standard early and have implemented the change prospectively as of the second quarter of fiscal 2016; prior periods were not adjusted. As of the second quarter of fiscal 2016, we included $31.4 million of current deferred income tax assets with our noncurrent deferred income tax assets; no adjustments were made to deferred tax liabilities.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2018, with early adoption permitted. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting,* which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Early adoption is permitted and the updated standard must be adopted no later than our fiscal first quarter of fiscal 2018. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

2. ACQUISITIONS

Acquisition of FiBest Limited On December 9, 2015, we completed the acquisition of FiBest Limited (FiBest Acquisition) a Japan-based merchant market component supplier of optical sub-assemblies. We acquired FiBest to expand our position in optical networking components. In connection with the FiBest Acquisition, all of the outstanding equity interests (including outstanding options) of FiBest were exchanged for aggregate consideration of $59.1 million including net cash of $47.5 million and assumed debt of $11.6 million. We funded the FiBest Acquisition with cash on hand. For the three and six months ended April 1, 2016, we recorded transaction costs of $0.1 million and $2.7 million as selling, general and administrative expense related to this acquisition. The FiBest Acquisition was accounted for as a stock purchase and the operations of FiBest have been included in our consolidated financial statements since the date of acquisition.

We recognized the FiBest assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for FiBest is being allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, none of which will be tax deductible.

We expect to finalize our allocation of purchase price during calendar year 2016. The preliminary allocation of purchase price as of April 1, 2016, is as follows (in thousands):

		Six Months Ended April 1, 2016 Preliminary Allocation
Current assets	$	10,850
Intangible assets		45,650
Other assets		3,334
Total assets acquired		59,834
Liabilities assumed:		
Debt		11,627
Deferred income taxes		12,932
Other liabilities		3,968
Total liabilities assumed		28,527
Net assets acquired		31,307
Consideration:		
Cash paid upon closing, net of cash acquired		47,517
Goodwill	$	16,210

The components of the acquired intangible assets on a preliminary basis were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	$ 9,400	7
Customer relationships	36,250	10
	$ 45,650	

The overall weighted-average life of the identified intangible assets acquired in the FiBest Acquisition is estimated to be 9.4 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

The purchase accounting is preliminary and subject to completion including the areas of taxation and certain fair value measurements, particularly the finalization of the valuation assessment of the acquired tangible and intangible assets. The adjustments arising from the completion of the outstanding matters may materially affect the preliminary purchase accounting.

The following is a summary of FiBest revenue and earnings included in MACOM s accompanying condensed consolidated statements of operations for the three and six months ended months ended April 1, 2016 (in thousands):

	Three Months Ended	Six Months Ended
Revenue	$ 8,435	$ 11,105
Loss before income taxes	(1,747)	(2,558)

Unaudited Supplemental Pro Forma Data The pro forma statements of operations data for the three and six months ended April 1, 2016 and April 3, 2015, below, give effect to the FiBest Acquisition, described above, as if it had occurred at October 4, 2014. These amounts have been calculated after applying our accounting policies and adjusting the results of FiBest to reflect; transaction costs, retention compensation expense, the impact of the step-up to the value of acquired inventory, as well as the additional intangible amortization that would have been charged assuming the fair value adjustments had been applied and incurred since October 4, 2014. This pro forma data is presented for informational purposes only and does not purport to be indicative of our future results of operations.

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Revenue	$ 133,579	$ 109,763	$ 256,979	$ 213,651
Net loss	(11,531)	(8,798)	(26,785)	(19,115)

Table of Contents

Acquisition of Aeroflex/Metelics Inc. On December 14, 2015, we acquired Aeroflex/Metelics, Inc. (Metelics Acquisition), a diode supplier for aggregate cash consideration of $38.0 million, subject to customary working capital and other adjustments. We acquired Metelics to expand our diode business. We funded the acquisition with cash on hand. The Metelics Acquisition was accounted for as a stock purchase and the operations of Metelics have been included in our consolidated financial statements since the date of acquisition. For the six months ended April 1, 2016, we recorded transaction costs of $0.5 million as selling, general and administrative expenses related to this acquisition. For the three months ended April 1, 2016 the transaction costs were not material.

We recognized the Metelics assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for Metelics is being allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, which will be tax deductible due to a 338(h)(10) election.

We expect to finalize our allocation of purchase price during calendar year 2016. The adjusted allocation of purchase price as of April 1, 2016, is as follows (in thousands):

	Preliminary Allocation	Allocation Adjustments	Adjusted Allocation
Current assets	$ 15,250	$ (1,835)	13,415
Intangible assets	19,700		19,700
Other assets	6,249		6,249
Total assets acquired	41,199	(1,835)	39,364
Liabilities assumed:			
Other liabilities	7,401		7,401
Total liabilities assumed	7,401		7,401
Net assets acquired	33,798	(1,835)	31,963
Consideration:			
Cash paid upon closing, net of cash acquired	38,000		38,000
Goodwill	$ 4,202	$ 1,835	$ 6,037

The components of the acquired intangible assets on a preliminary basis were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	$ 1,000	7
Customer relationships	18,700	10

	$ 19,700

The overall weighted-average life of the identified intangible assets acquired in the Metelics Acquisition is estimated to be 9.8 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

During the quarter ended April 1, 2016, we recorded an adjustment of $1.8 million primarily associated with inventory which reduced current assets acquired.

The purchase accounting is preliminary and subject to completion including certain fair value measurements, particularly the finalization of the valuation assessment of the acquired tangible and intangible assets. The adjustments arising from the completion of the outstanding matters may materially affect the preliminary purchase accounting.

Table of Contents

The following is a summary of Metelics revenue and earnings included in our accompanying condensed consolidated statements of operations for the three and six months ended April 1, 2016 (in thousands):

	Three Months Ended	Six Months Ended
Revenue	$ 10,345	$ 12,252
Loss before income taxes	(220)	(174)

Unaudited Supplemental Pro Forma Data The pro forma statements of operations data for the three and six months ended April 1, 2016 and April 3, 2015, below, give effect to the Metelics Acquisition, described above, as if it had occurred at October 4, 2014. These amounts have been calculated after applying our accounting policies and adjusting the results of Metelics to reflect the transaction costs, the impact of the step-up to the value of acquired inventory, as well as the additional intangible amortization that would have been charged assuming the fair value adjustments had been applied and incurred since October 4, 2014. This pro forma data is presented for informational purposes only and does not purport to be indicative of our future results of operations.

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Revenue	$ 133,579	$ 112,009	$ 258,189	$ 219,392
Net loss	(10,119)	(7,995)	(25,703)	(15,748)

Acquisition of BinOptics Corporation On December 15, 2014, we completed the acquisition of BinOptics Corporation (BinOptics Acquisition) a supplier of high-performance photonic semiconductor products. In accordance with the related agreement and plan of merger, all of the outstanding equity interests (including outstanding warrants) of BinOptics were exchanged for aggregate consideration of approximately $208.4 million in cash. In addition we paid $14.6 million as part of a related retention escrow agreement designed to retain certain BinOptics employees. This $14.6 million was included in the terms of the purchase agreement and has been accounted for as a post-closing prepaid expense. We funded the BinOptics Acquisition with a combination of cash on hand and the incurrence of $100.0 million of additional borrowings under our existing Revolving Facility. For the six months ended April 3, 2015, we recorded transaction costs of $4.1 million related to the BinOptics Acquisition.

The BinOptics Acquisition was accounted for as a stock purchase and the operations of BinOptics have been included in our consolidated financial statements since the date of acquisition.

We have recognized BinOptics assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for BinOptics has been allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, none of which is tax deductible.

Table of Contents

We finalized our allocation of purchase price during the first quarter of fiscal year 2016. The final allocation of purchase price as of January 1, 2016, is as follows (in thousands):

	October 2, 2015 Allocation	Allocation Adjustments	January 1, 2016 Adjusted Allocation
Current assets	$ 23,674	$ (1,100)	$ 22,574
Intangible assets	136,900	400	137,300
Other assets	9,194		9,194
Total assets acquired	169,768	(700)	169,068
Liabilities assumed:			
Debt	2,535		2,535
Deferred income taxes	33,345	99	33,444
Other liabilities	13,106		13,106
Total liabilities assumed	48,986	99	49,085
Net assets acquired	120,782	(799)	119,983
Consideration:			
Cash paid upon closing, net of cash acquired	208,352		208,352
Goodwill	$ 87,570	$ 799	$ 88,369

The components of the acquired intangible assets were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	$ 17,500	7
Customer relationships	119,800	10
	$ 137,300	

The overall weighted-average life of the identified intangible assets acquired in the BinOptics Acquisition is estimated to be 9.6 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

Unaudited Supplemental Pro Forma Data The pro forma statements of operations data for the three and six months ended April 3, 2015, below, give effect to the BinOptics Acquisition, described above, as if it had occurred at September 28, 2013. These amounts have been calculated after applying our accounting policies and adjusting the results of BinOptics to reflect the transaction costs, retention compensation expense, the impact of the step-up to the value of the acquired inventory, as well as additional intangible amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied and incurred since September 28, 2013. This pro forma data is presented as of April 3, 2015 for informational purposes only and does not purport to be indicative of our future results of operations.

	Three Months Ended April 3, 2015	Six Months Ended April 3, 2015
Revenue	$ 104,387	$ 237,966
Net loss	(11,387)	(14,750)

3. DISCONTINUED OPERATIONS

In August 2015, we sold our Automotive business to Autoliv ASP Inc. (Autoliv) as the Automotive business was not consistent with our long-term strategic vision from both a growth and profitability perspective. The agreed consideration included $82.1 million in cash paid at closing and $18.0 million payable in eighteen months pending resolution of any contingencies as part of an indemnification agreement, plus the opportunity to receive up to an additional $30.0 million in cash based on achievement of revenue-based earnout targets through 2019. Additionally, we entered into a Consulting Agreement pursuant to which we may provide Autoliv with certain non-design advisory services for a period of two years following the closing of the transaction for up to $15.0 million in cash.

During fiscal year 2015, we recorded a pre-tax gain on the sale of the Automotive business of $61.8 million based on the $82.1 million received at closing on August 17, 2015 as described above. The remainder of the consideration to be received from Autoliv, if any, including any amounts related to the consulting agreement, will be accounted for in discontinued operations when the contingencies are finalized and the proceeds, if any, become realizable over the next several years.

Table of Contents

The accompanying consolidated statement of operations includes the following operating results related to this divested business (in thousands):

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Revenue	$	$ 22,454	$	$ 40,762
Cost of revenue		15,161		26,687
Gross profit		7,293		14,075
Operating expenses:				
Research and development		622		1,314
Selling, general and administrative		980		1,351
Restructuring charges				
Total operating expenses		1,602		2,665
Income from discontinued operations		5,691		11,410
Other income	1,875		3,750	
Gain on sale	308		308	
Income before income taxes	2,183	5,691	4,058	11,410
Income tax provision	787	2,052	1,463	4,113
Income from discontinued operations	$ 1,396	$ 3,639	$ 2,595	$ 7,297
Above includes depreciation & amortization of	$	$ 57	$	$ 123
Cashflow from Operating Activities		2,227		3,744
Cashflow from Investing Activities	3,750	(250)	3,750	$ (250)

Other income of $3.8 million was recorded during the three and six months ended April 1, 2016 related to the consulting agreement. The gain on sale of $0.3 million recorded during the three months ended April 1, 2016 related to the adjustment of accruals established at the time of the sale of the Automotive business. Amounts recorded during the three and six months ended April 3, 2015 were from ongoing operating activities prior to the sale.

4. INVESTMENTS

During the fiscal fourth quarter of 2015, we purchased investments of approximately $40.2 million. All investments are classified as available-for-sale. The amortized cost, gross unrealized holding gains or losses, and fair value of our available-for-sale investments by major investments type, as of April 1, 2016, are summarized in the tables below (in thousands):

	Amortized Cost	Gross Unrealized	Gross Unrealized	Aggregate Fair Value

		Holding Gains	Holding Losses	
Corporate bonds	$ 14,676	$	$ (72)	$ 14,604
Agency bonds	9,035		(7)	9,028
Total investments	$ 23,711	$	$ (79)	$ 23,632

	October 2, 2015	Net Realized/Unrealized Losses	Purchases and Issuances	Sales and Settlements	April 1, 2016
Corporate bonds	$ 24,462	$ (257)	$ 7,696	$ (17,297)	$ 14,604
Agency bonds	15,095	(72)		(5,995)	9,028
Total investments	$ 39,557	$ (329)	$ 7,696	$ (23,292)	$ 23,632

12

The contractual maturities of available-for-sale investments were as follows (in thousands):

	April 1, 2016	October 2, 2015
Less than 1 year	$ 10,831	$ 16,259
Over 1 year	12,801	23,298
Total investments	$ 23,632	$ 39,557

Available-for-sale investments are reported at fair value and as such, their associated unrealized gains and losses are reported as a separate component of stockholders equity within accumulated other comprehensive loss.

5. FAIR VALUE

We group our financial assets and liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.

Level 3 - Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by us.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

We measure certain assets and liabilities at fair value on a recurring basis such as our financial instruments and derivatives. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the three and six months ended April 1, 2016.

Money market funds are actively traded and consist of highly liquid investments with original maturities of 90 days or less. They are measured at their net asset value (NAV) and classified as Level 1. Corporate and agency bonds are categorized as Level 2 assets except where sufficient quoted prices exist in active markets, in which case such securities are categorized as Level 1 assets. These securities are valued using third-party pricing services. These services may use, for example, model-based pricing methods that utilize observable market data as inputs. Broker dealer bids or quotes on securities with similar characteristics may also be used.

The fair values of the contingent consideration liabilities were estimated based upon a risk-adjusted present value of the probability-weighted expected payments by us. Specifically, we considered base, upside and downside scenarios for the operating metrics upon which the contingent payments are to be based. Probabilities were assigned to each scenario and the probability-weighted payments were discounted to present value using risk-adjusted discount rates. The maximum possible payment of contingent consideration is $1.5 million.

The fair value of the stock warrants has been estimated using a Black-Scholes option pricing model giving consideration to the quoted market price of the common stock on that date, an exercise price of $14.04, expected life of 4.7 years, expected volatility of 36.9% and risk free rate of 1.2%. Any significant change in these assumptions could have a material impact on the fair value of the stock warrants.

These estimates include significant judgments and actual results could materially differ and have a material impact upon the values of the recorded liabilities. Any changes in the estimated fair values of the liabilities in the future will be reflected in our earnings and such changes could be material.

Table of Contents

Assets and liabilities measured at fair value on a recurring basis consist of the following (in thousands):

	April 1, 2016			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 2,117	$ 2,117	$	$
Agency bonds	9,028		9,028	
Corporate bonds	14,604		14,604	
Total assets measured at fair value	$ 25,749	$ 2,117	$ 23,632	$
Liabilities				
Contingent consideration	$ 796	$	$	$ 796
Common stock warrant liability	40,901			40,901
Total liabilities measured at fair value	$ 41,697	$	$	$ 41,697

	October 2, 2015			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 15,000	$ 15,000	$	$
US treasuries and agency bonds	15,095		15,095	
Corporate bonds	24,462		24,462	
Total assets measured at fair value	$ 54,557	$ 15,000	$ 39,557	$
Liabilities				
Contingent consideration	$ 1,150	$	$	$ 1,150
Common stock warrant liability	21,822			21,822
Total liabilities measured at fair value	$ 22,972	$	$	$ 22,972

The changes in assets and liabilities with inputs classified within Level 3 of the fair value hierarchy consist of the following (in thousands):

	October 2, 2015	Net Realized/Unrealized Losses Included in Earnings	Purchases and Issuances	Sales and Settlements	Transfers in and/or (out) of Level 3	April 1, 2016
Contingent consideration	$ 1,150	$ 46	$	$ (400)	$	$ 796
Common stock warrant liability	$ 21,822	$ 19,079	$	$	$	$ 40,901

	October 3, 2014	Net Realized/Unrealized Losses Included in Earnings	Purchases and Issuances	Sales and Settlements	Transfers in and/or (out) of Level 3	April 3, 2015
Trading Securities	$ 250	$	$ 250	$	$	$ 500
Contingent consideration	$ 820	$	$	$	$	$ 820
Common stock warrant liability	$ 15,801	$ 16,217	$	$	$	$ 32,018

Table of Contents

6. INVENTORIES

Inventories consist of the following (in thousands):

	April 1, 2016	October 2, 2015
Raw materials	$ 59,173	$ 44,329
Work-in-process	11,104	3,086
Finished goods	36,695	32,528
Total	$ 106,972	$ 79,943

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following (in thousands):

	April 1, 2016	October 2, 2015
Land, buildings and improvements	$ 12,559	$ 10,981
Construction in process	20,092	25,898
Machinery and equipment	109,755	89,852
Leasehold improvements	12,779	9,161
Furniture and fixtures	1,809	983
Computer equipment and software	11,586	9,307
Total property and equipment	168,580	146,182
Less accumulated depreciation and amortization	(68,943)	(62,423)
Property and equipment, net	$ 99,637	$ 83,759

Depreciation and amortization expense related to property, plant and equipment for the three and six months ended April 1, 2016 was $5.2 million and $9.5 million, respectively. Depreciation and amortization expense related to property and equipment for the three and six months ended April 3, 2015 was $4.2 million and $8.0 million, respectively.

8. DEBT

On May 8, 2014 we entered into a credit agreement (Credit Agreement) with a syndicate of lenders.

Our Credit Agreement provides for term loans in an aggregate principal amount of $350.0 million, which mature in May 2021 (Term Loans) and a revolving credit facility of $130.0 million, which matures in May 2019 (Revolving Facility). The effective interest rate on our Term Loans was 4.5% as of April 1, 2016. We also pay a quarterly unused line fee for the Revolving Facility in the range of 0.25% to 0.375% (based on our total net leverage ratio being within certain defined ranges) as well as overall agency fees. As of April 1, 2016, we had no borrowings under the Revolving

Facility.

We incurred $8.7 million in fees for the issuance of the Credit Agreement which were recorded as deferred financing costs and are being amortized over the life of Credit Agreement as interest expense. As of April 1, 2016, approximately $6.3 million of deferred financing costs remain unamortized.

The Credit Agreement contains covenants that require among other items maintenance of certain financial ratios. As of April 1, 2016, we were in compliance with all financial covenants related to our debt obligations under the Credit Agreement.

As of April 1, 2016, the following remained outstanding on the Term Loans (in thousands):

Principal balance	$ 343,875
Unamortized discount	(1,906)
Total Term Loans	341,969
Current portion	3,500
Long-term, less current portion	$ 338,469

15

Table of Contents

As of April 1, 2016, the minimum principal payments under the Term Loans in future fiscal years was as follows (in thousands):

2016 (rest of fiscal year)	$ 1,750
2017	3,500
2018	3,500
2019	3,500
2020	3,500
Thereafter	328,125
Total	$ 343,875

The fair value of the Term Loans was estimated to be approximately $343.4 million as of April 1, 2016 and was determined using Level 3 inputs, including a quoted rate from a bank.

9. INTANGIBLE ASSETS

Amortization expense related to intangible assets is as follows (in thousands):

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Cost of revenue	$ 6,642	$ 7,347	$ 13,809	$ 12,706
Selling, general and administrative	6,304	3,096	10,727	4,149
Total	$ 12,946	$ 10,443	$ 24,536	$ 16,855

Intangible assets consist of the following (in thousands):

	April 1, 2016	October 2, 2015
Acquired technology	$ 164,365	$ 162,536
Customer relationships	202,646	144,070
In-process research and development	8,000	8,000
Trade name	3,400	3,400
Total	378,411	318,006
Less accumulated amortization	(98,876)	(74,340)
Intangible assets net	$ 279,535	$ 243,666

A summary of the activity in intangible assets and goodwill follows (in thousands):

	Total	Acquired Technology	Customer Relationships	In-Process Research and Development	Trade Name	Goodwill
Balance at October 2, 2015	$ 411,352	$ 162,536	$ 144,070	$ 8,000	$ 3,400	$ 93,346
Acquired	88,796	10,400	55,350			23,046
Currency translation adjustment	5,505	836	3,226			1,443
Other intangibles purchased	681	681				
Impairments of intangible assets	(10,088)	(10,088)				
Balance at April 1, 2016	$ 496,246	$ 164,365	$ 202,646	$ 8,000	$ 3,400	$ 117,835

As of April 1, 2016, our estimated amortization of our intangible assets in future fiscal years, subject to the completion of the purchase price allocation for the FiBest and Metelics acquisitions, was as follows (in thousands):

	2016 Remaining	2017	2018	2019	2020	Thereafter	Total
Amortization expense	$ 25,124	50,312	46,911	40,383	32,604	72,802	$ 268,136

Our trade name is an indefinite-lived intangible assets. During development, in-process research and development (IPR&D) is not subject to amortization and is tested for impairment annually or more frequently if events or changes in

16

circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value to its carrying amount. If the carrying value exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. Once an IPR&D project is complete, it becomes a definite long-lived intangible asset and is evaluated for impairment in accordance with our policy for long-lived assets.

Accumulated amortization for acquired technology and customer relationships was $64.5 million and $34.4 million, respectively, as of April 1, 2016, and $39.4 million and $12.8 million, respectively, as of April 3, 2015.

During the second quarter of fiscal year 2016, we made a strategic decision to exit the product line and end programs associated with our GaN-on Silicon Carbide license and technology transfer to focus on development of our GaN-on-Silicon efforts. As a result of this strategic decision, we determined that the intangible assets and contractual commitments under the long term technology licensing and transfer agreement signed in July 2013, as well as certain dedicated fixed assets and inventory, would no longer have any future benefit. The associated charges incurred during the second quarter of fiscal 2016 was $13.0 million which included a write-off of $10.1 million of intangible assets, $0.6 million of fixed assets, $0.3 million of contractual commitments and $2.0 million of inventory.

10. STOCKHOLDERS EQUITY

We have authorized 10 million shares of $0.001 par value preferred stock and 300 million shares of $0.001 par value common stock as of April 1, 2016. The outstanding shares of our common stock as of April 1, 2016 and October 2, 2015, presented in the accompanying consolidated statements of stockholders equity exclude 5,100 and 11,000 unvested shares of restricted stock awards, respectively, issued as compensation to employees that remained subject to forfeiture.

Common Stock Warrants In March 2012, we issued warrants to purchase 1,281,358 shares of common stock for $14.05 per share. The warrants expire December 21, 2020, or earlier as per the terms of the agreement, including immediately following consummation of a sale of all or substantially all assets or capital stock or other equity securities, including by merger, consolidation, recapitalization, or similar transactions. We do not currently have sufficient registered and available shares to immediately satisfy a request for registration, if such a request were made. As of April 1, 2016, no exercise of the warrants had occurred and no request had been made to register the warrants or any underlying securities for resale by the holders.

We are recording the estimated fair values of the warrants as a long-term liability in the accompanying consolidated financial statements with changes in the estimated fair value being recorded in the accompanying statements of operations. The following is a summary of the activity of the warrant liability (in thousands):

Balance-October 2, 2015	$ 21,822
Change in estimated fair value	19,079
Balance-April 1, 2016	$ 40,901

Table of Contents

11. EARNINGS (LOSS) PER SHARE

The following table sets forth the computation for basic and diluted net loss per share of common stock (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Numerator:				
Loss from continuing operations	$ (12,045)	$ (11,176)	$ (28,815)	$ (21,140)
Income from discontinued operations	1,396	3,639	2,595	7,297
Net loss	$ (10,649)	$ (7,537)	$ (26,220)	$ (13,843)
Warrant liability gain				
Net loss attributable to common stockholders	$ (10,649)	$ (7,537)	$ (26,220)	$ (13,843)
Denominator:				
Weighted average common shares outstanding-basic	53,228	50,593	53,122	49,100
Dilutive effect of options and warrants				
Weighted average common shares outstanding-diluted	53,228	50,593	53,122	49,100
Common stock (loss) earnings per share-basic:				
Continuing operations	$ (0.23)	$ (0.22)	$ (0.54)	$ (0.43)
Discontinued operations	0.03	0.07	0.05	0.15
Net common stock loss per share-basic	$ (0.20)	$ (0.15)	$ (0.49)	$ (0.28)
Common stock (loss) earnings per share-diluted:				
Continuing operations	$ (0.23)	$ (0.22)	$ (0.54)	$ (0.43)
Discontinued operations	0.03	0.07	0.05	0.15
Net common stock loss per share-diluted	$ (0.20)	$ (0.15)	$ (0.49)	$ (0.28)

The following common equivalent shares were excluded from the calculation from net income per share as their inclusion would have been antidilutive (in thousands):

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Restricted stock units and awards	935	721	900	704
Stock options	381	441	384	666

Warrants	823	746	797	444
Total common stock equivalent shares excluded	2,139	1,908	2,081	1,815

12. COMMITMENTS AND CONTINGENCIES

Litigation From time to time we may be subject to commercial disputes, employment issues, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigations. Any such claims may lead to future litigation and material damages and defense costs. Other than as set forth below, we were not involved in any material pending legal proceedings during the quarter ended April 1, 2016.

Class Action Suit Against Mindspeed Technologies, Inc. On March 10, 2015, Philip Alvarez, a former employee of Mindspeed Technologies, Inc. (Mindspeed) filed a putative class action lawsuit against Mindspeed in the Superior Court of California for the County of Orange. On April 24, 2015, Alvarez filed a First Amended Complaint adding our subsidiary M/A-COM Technology Solutions Inc. as a defendant. The lawsuit alleged, among other things, that Alvarez and certain other employees who designed and manufactured hardware systems for Mindspeed or M/A-COM Technology Solutions Inc. between March 10, 2011 and the present were misclassified as exempt employees under California law. The lawsuit seeks recovery of alleged unpaid overtime wages, meal and rest period premiums, penalties and attorneys fees. We dispute the allegations of the lawsuit. On June 15, 2015, Mindspeed removed the action to the United States District Court for the Central District of California. On July 15, 2015, Plaintiff filed a Motion to Remand, which Motion was denied in an Order dated September 9, 2015. The parties have reached an agreement for the dismissal of all class action allegations and claims in the action, as well as certain other claims against Mindspeed and M/A-COM Technology Solutions Inc. and Plaintiff filed a Second Amended Complaint effectuating this agreement. Accordingly, the only claims remaining in the action were those of Alvarez on an individual basis. Subsequently, the parties reached a final and confidential resolution of the matter.

GaN Lawsuit Against Infineon. On April 26, 2016, we and our wholly-owned subsidiary Nitronex, LLC brought suit against International Rectifier Corporation (International Rectifier), Infineon Technologies Americas Corporation, and Infineon Technologies AG (collectively, Infineon) in the Federal District Court for the Central District of California, seeking injunctive relief, monetary damages, and specific performance of certain contractual obligations. The suit arises out of agreements relating to GaN patents that were executed several years ago by Nitronex Corporation (acquired by MACOM in 2014) and International Rectifier (acquired by Infineon AG in 2015). We assert claims for breach of contract, breach of the covenant of good faith and fair dealing, declaratory judgement of contractual rights, and declaratory judgment of non-infringement of patents. If successful, the relief sought would, among other remedies, require International Rectifier and Infineon to assign back to MACOM certain GaN-related Nitronex patents that were previously assigned to International Rectifier.

With respect to the above and other legal proceedings, we have not been able to reasonably estimate the amount or range of any possible loss, and accordingly has not accrued or disclosed any related amounts of possible loss in the accompanying consolidated financial statements.

13. RESTRUCTURINGS

We have periodically implemented restructuring actions in connection with broader plans to reduce staffing, reduce our internal manufacturing footprint and, generally, reduce operating costs. The restructuring expenses are primarily comprised of direct and incremental costs related to headcount reductions including severance and outplacement fees for the terminated employees, as well as facility close costs.

The following is a summary of the costs incurred and remaining balances included in accrued expenses for the six months ended April 1, 2016 (in thousands):

Balance as of October 2, 2015	$ 943
Current period adjustments	1,008
Payments	(770)
Balance as of April 1, 2016	$ 1,181

The restructuring expenses recorded to date are expected to be paid through the remainder of fiscal year 2016. Our restructuring charges incurred to date are primarily employee related with non-employee related charges determined to be immaterial. We expect to incur additional restructuring costs in the range of approximately $4.0 million to $6.0 million during the remainder of calendar year 2016 as we complete restructuring actions primarily associated with the Metelics Acquisition.

14. SHARE-BASED COMPENSATION

Stock Plans

As of April 1, 2016, we had 8.2 million shares available for future issuance under our 2012 Omnibus Incentive Plan (as Amended and Restated) (the 2012 Plan). Under the 2012 Plan, we have the ability to issue incentive stock options (ISOs), non-statutory stock options (NSOs), performance-based non-statutory stock options, stock appreciation rights, restricted stock (RSAs), restricted stock units (RSUs), performance-based stock units (PRSUs), performance shares, and other equity-based awards to employees, directors and outside consultants. Options granted to date primarily vest over a four-year period with 25% vesting at the end of one year and the remaining vesting monthly thereafter, and generally have a term of up to 10 years. Certain of the share-based awards granted and outstanding as of April 1, 2016 are subject to accelerated vesting upon a changes in control. The financial impact of any modifications to share-based awards during the periods presented was not material. As of April 1, 2016, total unrecognized compensation cost related to the employee stock purchase plan was not material.

Table of Contents

Share-Based Compensation

The following table shows a summary of share-based compensation expense included in the Condensed Consolidated Statement of Operations for the three and six months ended April 3, 2015 and April 1, 2016 (in thousands):

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Cost of revenue	$ 493	$ 549	$ 950	$ 895
Research and development	1,671	1,165	3,508	2,127
Selling, general and administrative	3,680	4,255	8,768	6,106
Total stock-based compensation expense	$ 5,844	$ 5,969	$ 13,226	$ 9,128

As of April 1, 2016, the total unrecognized compensation costs related to outstanding stock options and RSUs expected to vest was $52.5 million, which we expect to recognize over a weighted-average period of 4.2 years.

Stock Options

We had 1.1 million stock options outstanding as of April 1, 2016, with a weighted-average exercise price per share of $22.69 and weighted-average remaining contractual term of 6.2 years. The aggregate intrinsic value of the stock options outstanding as of April 1, 2016 was $23.8 million which represents our closing stock price value on the last trading day of the period in excess of the weighted-average exercise price multiplied by the number of options outstanding.

During the six months ended April 1, 2016, we granted 300,000 performance-based non-qualified stock options with a grant date fair value of $3.5 million that are subject to vesting only upon the market price of the Company s underlying public stock closing above a certain price target within seven years of the date of grant. Due to the market condition upon which vesting is based, the fair value of the awards was estimated using a Monte Carlo simulation model. Compensation cost is recognized regardless of the number of awards that are earned based on the market condition. Compensation cost is recognized on a straight-line basis over the estimated service period of approximately three years. In the event that the Company s common stock achieves the target price of $64.22 per share based on a 30 day trailing average prior to the end of the estimated service period, any remaining unamortized compensation cost will be recognized.

The total intrinsic value of options at the time of exercise was $0.8 million and $2.7 million for the three and six months ended April 1, 2016 and was $3.2 million and $4.0 million for the three and six months ended April 3, 2015.

Restricted Stock, Restricted Stock Units and Performance-Based Restricted Stock Units

A summary of restricted stock, restricted stock unit and performance-based restricted stock unit activity for the six months ended April 1, 2016, is as follows (in thousands):

	Weighted-	Aggregate

	Number of Shares	Average Grate Date Fair Value	Intrinsic Value
Balance at October 2, 2015	1,692	$ 25.30	$ 48,375
Granted	624	$ 40.72	
Vested and released	(454)	$ 23.52	
Forfeited, canceled or expired	(23)	$ 26.95	
Balance at April 1, 2016	1,839	$ 30.95	$ 81,876

Restricted stock, restricted stock units and performance-based restricted stock units that vested during the six months ended April 1, 2016 and April 3, 2015 had fair value of $15.7 million and $13.1 million as of the vesting date, respectively.

15. INCOME TAXES

We are subject to income tax in the United States as well as other tax jurisdictions in which we conduct business. Earnings from non-U.S. activities are subject to local country income tax and may also be subject to current U.S. income tax. For interim periods, we record a tax provision or benefit based upon the estimated effective tax rate expected for the full fiscal year, adjusted for material discrete taxation matters arising during the interim periods.

The difference between the U.S. federal statutory income tax rate of 35% and our effective income tax rates for the three and six months ended April 1, 2016 and April 3, 2015, was primarily impacted in all periods by changes in fair values of the common stock warrant liability which is neither deductible nor taxable for tax purposes, income taxed in foreign jurisdictions at generally lower tax rates, non-deductible compensation, research and development tax credits and non-deductible merger expenses, offset by U.S. state income taxes.

The balance of the unrecognized tax benefit for the three and six months ending April 1, 2016 did not change and remained at $1.7 million. The unrecognized tax benefits primarily relate to positions taken by us in our 2014 US tax filings. The entire balance of unrecognized tax benefits, if recognized, will reduce income tax expense. It is our policy to recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the quarter ending April 1, 2016, we did not make any payment of interest and penalties.

As disclosed in *Note 2 - Acquisitions*, our purchase accounting for the FiBest Acquisition, including income taxes, is preliminary and subject to revision upon obtaining and analyzing additional information. At the closing of the FiBest Acquisition, we recorded, on a preliminary basis, a deferred income tax asset relating to net operating loss (NOL) carryforwards of approximately $2.6 million. The aggregate net deferred income tax liability acquired in the FiBest Acquisition is estimated to be $12.9 million which includes the net deferred income tax asset of $2.6 million relating to NOL carryforwards and a net deferred income tax liability of $15.5 million related to the difference between the book and tax basis of the intangible and other assets acquired. We do not anticipate the recording of any deferred taxes associated with the Metelics Acquisition due to a Section 338(h) (10) election which will permit us to have tax basis equal to the purchase price.

16. RELATED PARTY TRANSACTIONS

GaAs Labs, a former stockholder and an affiliate of directors John and Susan Ocampo, continues to engage us to provide administrative and business development services to GaAs Labs on a time and materials basis. There are no minimum service requirements or payment obligations and the agreement may be terminated by either party with 30 days notice. In the three and six months ended April 1, 2016, we recorded charges to GaAs Labs of less than $0.1 million for services provided pursuant to this agreement and have recorded these amounts as other income in the accompanying condensed consolidated statements of operations. All of this amount was recorded in the first quarter of fiscal year 2016.

In the three and six months ended April 1, 2016, and April 3, 2015 we recorded revenue of less than $0.1 million associated with product sales from sales of product to a privately-held company with a common director.

17. SUPPLEMENTAL CASH FLOW INFORMATION

As of April 1, 2016 and April 3, 2015, we had $0.7 million and $0.7 million in unpaid amounts related to purchases of property and equipment and intangibles included in accounts payable and accrued liabilities during each period, respectively. These amounts have been excluded from the payments for purchases of property and equipment in the accompanying condensed consolidated statements of cash flows until paid.

The following is supplemental cash flow information regarding non-cash investing and financing activities (in thousands):

	Six Months Ended	
	April 1, 2016	April 3, 2015
Cash paid for interest	$ 8,229	$ 7,574
Cash paid for income taxes	$ 722	$ 794

18. GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION

We have one reportable operating segment that designs, develops, manufactures and markets semiconductors and modules. The determination of the number of reportable operating segments is based on the chief operating decision maker s use of financial information for the purposes of assessing performance and making operating decisions. In evaluating financial performance and making operating decisions, the chief operating decision maker primarily uses consolidated revenue, gross profit and operating income (loss).

Table of Contents

Information about our operations in different geographic regions, based upon customer locations, is presented below (in thousands):

Revenue by Geographic Region	Three Months Ended April 1, 2016	Three Months Ended April 3, 2015	Six Months Ended April 1, 2016	Six Months Ended April 3, 2015
United States	$ 36,502	$ 36,336	$ 70,984	$ 82,185
Asia Pacific (1)	87,009	57,901	159,464	99,952
Other Countries (2)	10,068	8,194	18,905	16,850
Total	$ 133,579	$ 102,431	$ 249,353	$ 198,987

Long-Lived Assets by Geographic Region	As of April 1, 2016	As of October 2, 2015
United States	$ 83,553	$ 72,617
Asia Pacific (1)	13,167	8,740
Other Countries (2)	2,917	2,402
Total	$ 99,637	$ 83,759

(1) Asia Pacific represents China, Taiwan, Hong Kong, Japan, Singapore, India, Thailand, Korea, Australia, Malaysia and the Philippines.

(2) No international country or region represented greater than 10% of the total net long-lived assets as of the dates presented, other than the Asia-Pacific region as presented above.

The following is a summary of customer concentrations as a percentage of revenue and accounts receivable as of and for the periods presented:

Revenue	Three Months Ended April 1, 2016	Three Months Ended April 3, 2015	Six Months Ended April 1, 2016	Six Months Ended April 3, 2015
Customer A	17%	5%	16%	6%
Customer B	12%	13%	12%	13%
Customer C	11%	19%	12%	21%
Customer D	10%	2%	10%	1%

Accounts Receivable	As of April 1, 2016	As of October 2, 2015

Customer A	13%	14%
Customer B	16%	10%
Customer C	14%	22%

No other customer represented more than 10% of revenue or accounts receivable in the periods presented in the accompanying consolidated financial statements. For the three and six months ended April 1, 2016, our top ten customers represented 66% and 64% and for the three and six months ended April 3, 2015, our top ten customers represented 59% and 58% of total revenue, respectively.

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

The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended October 2, 2015 filed with the United States Securities and Exchange Commission (SEC) on November 24, 2015.

In this document, the words Company, we, our, us and similar terms refer only to M/A-COM Technology Solution Holdings, Inc. and its consolidated subsidiaries, and not to any other person or entity.

M/A-COM and MACOM are trademarks of M/A-COM Technology Solutions Holdings, Inc. All other brands and names listed are trademarks of their respective owners.

Cautionary Note Regarding Forward-Looking Statements

This Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Quarterly Report on Form 10-Q contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to industry trends and our future expectations and other matters that do not relate strictly to historical facts. These statements are often identified by the use of words such as anticipates, believes, could, continue, estimates, expects, intends, may, pl predicts, projects, seeks, should, targets, will, would, and similar expressions or variations. These stateme on management s beliefs and assumptions as of the date of this Quarterly Report on Form 10-Q, based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled Risk Factors in our Annual Report on Form 10-K for the fiscal year ended October 2, 2015 as filed with the SEC on November 24, 2015. We caution the reader to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We are a leading provider of high-performance analog semiconductor solutions that enable next-generation Internet applications, the cloud connected apps economy, and the modern, networked battlefield across the radio frequency (RF), microwave, millimeterwave and photonic spectrum. We design and manufacture differentiated, high-value products for customers who demand high performance, quality, and reliability. We offer a broad portfolio of over 3,500 standard and custom devices, which include integrated circuits (IC), multi-chip modules, power pallets and transistors, diodes, amplifiers, switches and switch limiters, passive and active components and complete subsystems, across approximately 40 product lines serving over 6,000 end customers in three primary markets. Our semiconductor products are electronic components that our customers incorporate into their larger electronic systems, such as, point-to-point wireless backhaul radios, high density networks, active antenna arrays, radar, magnetic resonance imaging systems (MRI) and unmanned aerial vehicles (UAVs). Our primary markets are: Networks, which includes carrier and enterprise infrastructure, wired broadband and cellular backhaul, cellular infrastructure, photonic solutions and fiber optic applications; Aerospace and Defense (A&D), which includes military and commercial radar, RF jammers, electronic countermeasures, and communication data links; and Multi-market, which includes industrial, medical, test and measurement and scientific applications.

On December 9, 2015, we completed the acquisition of FiBest Limited (FiBest Acquisition), a Japan-based merchant market component supplier of optical sub-assemblies. In connection with the FiBest Acquisition, all of the outstanding equity interests (including outstanding options) of FiBest were exchanged for aggregate consideration of $59.1 million including net cash of $47.5 million and assumed debt of $11.6 million. We funded the FiBest Acquisition with cash on hand. The FiBest Acquisition was accounted for as a stock purchase and the operations of FiBest have been included in our consolidated financial statements since the date of acquisition.

On December 14, 2015, we acquired Aeroflex/Metelics, Inc. (Metelics Acquisition), a diode supplier for aggregate cash consideration of $38.0 million. We funded the acquisition with cash on hand. The Metelics Acquisition was accounted for as a stock purchase and the operations of Metelics have been included in our consolidated financial statements since the date of acquisition.

In August 2015, we divested our Automotive business which we had determined was no longer consistent with our long-term strategic vision from either a growth or profitability perspective. We expect that in future periods the performance of our remaining and more recently acquired businesses will generate consolidated earnings and cash flows consistent with our pre-divestment results for our businesses as a whole.

Description of Our Revenue

Revenue. Substantially all of our revenue is derived from sales of high-performance analog semiconductor solutions for use in wireless and wireline applications across the RF, microwave, millimeterwave and photonic spectrum and in high speed communications. We design, integrate, manufacture, and package differentiated product solutions that we sell to customers through our direct sales organization, our network of independent sales representatives, and our distributors.

We believe the primary drivers of our future revenue growth will include:

- engaging early with our lead customers to develop products and solutions that can be driven across multiple growth markets;
- leveraging our core strength and leadership position in standard, catalog products that can service multiple end market applications;
- increasing content of our semiconductor solutions in our customers systems through cross-selling of our more than 40 product lines;
- introducing new products through internal development and acquisitions with market reception that command higher prices based on the application of advanced technologies such as GaN, added features, higher levels of integration and improved performance; and
- growth in the market for high-performance analog semiconductors generally, and in our three primary markets in particular.

Our core strategy is to develop innovative, high-performance products that address our customers most difficult technical challenges in our primary markets: Networks, A&D and Multi-market. While sales in any or all of our primary markets may slow or decline from period to period, over the long-term we generally expect to benefit from strength in these markets.

We expect our revenue in the Networks market to be primarily driven by continued upgrades and expansion of communications equipment to support expansion in the Internet of Things (IoT), the proliferation of mobile computing devices such as smartphones and tablets, increasing adoption of bandwidth rich services such as video on demand and cloud computing, the rapid adoption of cloud-based services, and the migration to an application centric architecture, which we expect will drive faster adoption of higher speed, low latency optical and wireless links.

We expect our revenue in the A&D market to be driven by the upgrading of radar systems and modern battlefield communications equipment and networks designed to improve situational awareness. Growth in this market is subject to changes in governmental programs and budget funding, which is difficult to predict.

We expect revenue in Multi-market to be driven by diverse demand for our multi-purpose catalog products.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements. The preparation of financial statements, in conformity with generally accepted accounting principles in the U.S. (GAAP), requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and

Table of Contents

expenses during the reporting period. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and actual results could differ materially from our estimates and judgments. On an ongoing basis, we re-evaluate our estimates and judgments.

We base our estimates and judgments on our historical experience and on other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. The accounting policies which our management believes involve the most significant application of judgment, or involve complex estimation, are inventories and associated reserves; goodwill and intangibles asset valuations and associated impairment assessments; revenue reserves; contingent consideration valuations, share-based compensation valuations and income taxes and deferred income tax accounting.

For additional information related to these and other accounting policies refer to *Note 2 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements included in Item 8 of Part II, Financial Statements and Supplementary Data, of our 2015 Annual Report on Form 10-K for the fiscal year ended October 2, 2015.

Results of Operations

The following table sets forth, for the periods indicated, our statement of operations data (in thousands):

	Three Months Ended		**Six Months Ended**	
	April 1, 2016	**April 3, 2015**	**April 1, 2016**	**April 3, 2015**
Revenue	$ 133,579	$ 102,431	$ 249,353	$ 198,987
Cost of revenue (1) (5) (6)	68,054	55,717	123,510	104,854
Gross profit	65,525	46,714	125,843	94,133
Operating expenses:				
Research and development (1)	26,203	20,439	51,525	39,221
Selling, general and administrative (1) (3)	34,617	28,247	69,303	53,475
Impairment charges (6)	11,005		11,005	
Restructuring charges	851	413	1,008	413
Total operating expenses	72,676	49,099	132,841	93,109
Income (loss) from operations	(7,151)	(2,385)	(6,998)	1,024
Other income (expense):				
Warrant liability expense (2)	(4,201)	(5,609)	(19,079)	(16,217)
Interest expense	(4,408)	(4,723)	(8,754)	(9,446)
Other (income) expense, net	(81)	(1,376)	19	(1,001)
Total other expense	(8,690)	(11,708)	(27,814)	(26,664)
Loss before income taxes	(15,841)	(14,093)	(34,812)	(25,640)

Income tax loss (benefit)	(3,796)	(2,917)	(5,997)	(4,500)
Loss from continuing operations	(12,045)	(11,176)	(28,815)	(21,140)
Income from discontinued operations (4)	1,396	3,639	2,595	7,297
Net loss	$ (10,649)	$ (7,537)	$ (26,220)	$ (13,843)

(1) Includes (a) Amortization expense related to intangible assets arising from acquisitions and (b) Stock-based compensation included in our consolidated statements of operations as set forth below (in thousands):

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
(a) Intangible amortization expense:				
Cost of revenue	$ 6,642	$ 7,347	$ 13,809	$ 12,706
Selling, general and administrative	6,304	3,096	10,727	4,149
(b) Stock-based compensation expense:				
Cost of revenue	$ 493	$ 549	950	895
Research and development	1,671	1,165	3,508	2,127
Selling, general and administrative	3,680	4,255	8,768	6,106

(2) Represents changes in the fair value of common stock warrants recorded as liabilities and adjusted each reporting period to fair value.

(3) Includes acquisition and transaction related costs of $2.7 million and $0.5 million associated with the FiBest and Metelics acquisitions primarily during the six months ended April 1, 2016 and $4.1 million for BinOptics during the six months ended April 3, 2015, respectively.

(4) For additional information related to this item refer to Note 3 - Discontinued Operations in this Quarterly Report on Form 10-Q.

(5) Includes acquisition fair market value inventory step-up related expenses of $2.1 million for the six months ended April 1, 2016, and $4.0 million for the six months ended April 3, 2015.

(6) Includes impairment and inventory related charges of $11.0 million and $2.0 million, respectively, related to exiting a product line.

The following table sets forth, for the periods indicated, our statement of operations data expressed as a percentage of our revenue:

	Three Months Ended		Six Months Ended	
	April 1, 2016	April 3, 2015	April 1, 2016	April 3, 2015
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	50.9	54.4	49.5	52.7
Gross profit	49.1	45.6	50.5	47.3
Operating expenses:				
Research and development	19.6	20.0	20.7	19.7
Selling, general and administrative	25.9	27.6	27.8	26.9
Impairment charges	8.2		4.4	
Restructuring charges	0.6	0.4	0.4	0.2
Total operating expenses	54.4	47.9	53.3	46.8

Income (loss) from operations	(5.4)	(2.3)	(2.8)	0.5
Other income (expense):				
Warrant liability expense	(3.1)	(5.5)	(7.7)	(8.1)
Interest expense	(3.3)	(4.6)	(3.5)	(4.7)
Other income, net	(0.1)	(1.3)		(0.5)
Total other expense	(6.5)	(11.4)	(11.2)	(13.4)
Loss before income taxes	(11.9)	(13.8)	(14.0)	(12.9)
Income tax expense (benefit)	(2.8)	(2.8)	(2.4)	(2.3)
Loss from continuing operations	(9.0)	(10.9)	(11.6)	(10.6)
Income from discontinued operations	1.0	3.6	1.0	3.7
Net loss	(8.0)%	(7.4)%	(10.5)%	(7.0)%

Comparison of the Three and Six Months Ended April 1, 2016 to the Three and Six Months Ended April 3, 2015

We acquired FiBest and Metelics during December 2015. These acquisitions had annualized revenue of approximately $24.0 million and $37.0 million, respectively. We acquired BinOptics in December 2014 which had annualized revenue of approximately $45.0 million. Our quarterly Statements of Operations includes activity since the dates of acquisition, representing less than four months of activity for FiBest and Metelics for the three and six months ended April 1, 2016 and BinOptics for the three and six months ended April 3, 2015.

Revenue. Our revenue increased $31.1 million, or 30.4%, to $133.6 million for the three months ended April 1, 2016, from $102.4 million for the three months ended April 3, 2015 and our revenue increased $50.4 million, or 25.3%, to $249.4 million for the six months ended April 1, 2016, from $199.0 million for the six months ended April 3, 2015, respectively. The increase in revenue in the three and six months ended April 1, 2016 is further described by end market in the following paragraphs.

Revenue from our primary markets, the percentage of change between the periods presented, and revenue by primary markets expressed as a percentage of total revenue in the periods presented were (in thousands, except percentages):

	Three Months Ended			Six Months Ended		
	April 1, 2016	April 3, 2015	% Change	April 1, 2016	April 3, 2015	% Change
Networks	$ 96,344	$ 67,132	43.5%	$ 179,364	$ 120,592	48.7%
A&D	18,046	19,461	(7.3)%	36,338	44,313	(18.0)%
Multi-market	19,188	15,838	21.2%	33,651	34,082	(1.3)%
Total	$ 133,578	$ 102,431		$ 249,353	$ 198,987	
Networks	72.1%	65.5%		71.9%	60.6%	
A&D	13.5%	19.0%		14.6%	22.3%	
Multi-market	14.4%	15.5%		13.5%	17.1%	
Total	100.0%	100.0%		100.0%	100.0%	

For the three and six months ended April 3, 2015, the table above includes $3.7 million and $18.8 million, respectively, recognized in connection with a change in estimate related to distribution revenue recognition. These amounts include $1.2 million and $7.4 million related to Networks, $0.9 million and $5.2 million to A&D and $1.6 million and $6.2 million to Multi-market, respectively. See *Note 2 - Summary of Significant Accounting Policies Revenue Recognition* of our 2015 Annual Report on Form 10-K for additional information.

In the three and six months ended April 1, 2016, our Networks market revenue increased by $29.2 million, or 43.5% and $58.8 million, or 48.7%, respectively, compared to the three and six months ended April 3, 2015. The increase was primarily related to the BinOptics Acquisition and FiBest Acquisition, along with other products addressing carrier infrastructure, fiber to the home access networks and initial 100G long haul deployments, as well as, increased sales of our other products targeting optical applications and Optoelectronic sales and increasing revenues from our FiBest Acquisition. These increases were partially offset by weakness in our products targeting wired broadband and wireless backhaul during the six months ended April 3, 2015 and the change in distributor revenue recognition.

In the three and six months ended April 1, 2016, our A&D market revenue decreased by $1.4 million, or 7.3%, and $8.0 million, or 18.0%, respectively, compared to the three and six months ended April 3, 2015. The decrease was primarily due to the impact related to the change in distributor revenue recognition during the first quarter of fiscal 2015 as well as lower demand for products targeting radar and satellite communication applications during the first six months of 2016, which were partially offset by incremental revenue from the Metelics Acquisition.

In the three and six months ended April 1, 2016, our Multi-market revenues increased by $3.4 million, or 21.2%, and decreased by $0.4 million, or 1.3%, respectively, compared to the three and six months ended April 3, 2015. The increase was primarily due to incremental revenue from the Metelics Acquisition, partially offset by the change in distributor revenue recognition during the six months ended April 3, 2015.

Gross profit. Gross margin was 49.1% and 50.5%, respectively, for the three and six months ended April 1, 2016, and 45.6% and 47.3%, respectively, for the three and six months ended April 3, 2015. Gross profit during the three and six months ended April 1, 2016, was positively impacted by increased sales of higher gross profit products, as well as lower expenses associated with the step-up in fair value of inventory related to acquisitions, partially offset by lower gross margins on newly acquired businesses and inventory charges associated with the exit of one of our product lines.

Research and development. R&D expense increased by $5.8 million, or 28.2%, to $26.2 million, or 19.6% of our revenue, for the three months ended April 1, 2016, compared with $20.4 million, or 20.0% of our revenue, for the three months ended April 3, 2015. R&D expense increased by $12.3 million, or 31.4%, to $51.5 million, or 20.7% of our revenue, for the six months ended April 1, 2016, compared with $39.2 million, or 19.7% of our revenue, for the six months ended April 3, 2015. R&D expense increased in the 2016 periods primarily as a result of additional costs from our acquisitions, higher stock-based and variable compensation as well as increased spending on new product development initiatives.

Selling, general and administrative. Selling, general and administrative expense increased by $6.4 million, or 22.6%, to $34.6 million, or 25.9% of our revenue, for the three months ended April 1, 2016, compared with $28.2 million, or 27.6% of our revenue, for the three months ended April 3, 2015. Selling, general and administrative expense increased by $15.8 million, or 29.6%, to $69.3 million, or 27.8% of our revenue, for the six months ended April 1, 2016, compared with $53.5 million, or 26.9% of our revenue, for the six months ended April 3, 2015. Selling, general and administrative expenses increased in the 2016 periods primarily due to higher intangible amortization, stock-based and variable compensation as well as additional costs from acquisitions, partially offset by lower acquisition related transaction compensation expenses.

Impairment charges. Impairment charges totaled $11.0 million for the three and six months ended April 1, 2016. During the three months ended April 1, 2016, we made a strategic decision to exit the product line and end programs associated with our GaN-on Silicon Carbide license and technology transfer. As a result of this strategic decision, we determined that the intangible assets and contractual commitments under the long term technology licensing and transfer agreement signed in July 2013, as well as certain dedicated fixed assets as well as inventory with a value of $2.0 million would no longer have any future benefit. There were no impairment charges during the same periods in the prior fiscal year.

Restructuring charges. Restructuring charges totaled $0.9 million and $0.4 million for the three months ended April 1, 2016 and April 3, 2015 and $1.0 million and $0.4 million during the six months ended April 1, 2016 and April 3, 2015, respectively. The increase in restructuring charges during the first six months of 2016 were primarily related to the Metelics Acquisition. We expect to incur additional restructuring costs in the range of approximately $4.0 million and $6.0 million during the remainder of calendar year 2016 as we complete these restructuring actions.

Warrant liability. Our warrant liability resulted in an expense of $4.2 million and $19.1 million for the three and six months ended April 1, 2016, compared to an expense of $5.6 million and $16.2 million for the three and six months ended April 3, 2015, respectively. The differences between periods was driven by changes in the estimated fair value of common stock warrants we issued in December 2010, which we carry as a liability at fair value.

Provision for income taxes. The income tax benefit was $3.8 million for the three months ended April 1, 2016, compared to a benefit of $2.9 million for the three months ended April 3, 2015. The income tax benefit was $6.0 million for the six months ended April 1, 2016, compared to a benefit of $4.5 million for the six months ended April 3, 2015. The income tax benefit for the three and six months ended April 1, 2016 was impacted by a non-deductible discrete loss of $4.2 million and $19.1 million, respectively, for changes in fair market values of the stock warrant liability. The income tax benefit for the three months ended April 1, 2016 was also impacted by a discrete write-off of $11.0 million for assets associated with the exiting of a product line.

The difference between the U.S. federal statutory income tax rate of 35% and our effective income tax rate for the six months ended April 1, 2016 and April 3, 2015, respectively, was primarily impacted by changes in fair values of the common stock warrant liability which is not deductible nor taxable for tax purposes, income taxed in foreign jurisdictions at generally lower tax rates, non-deductible compensation, research and development tax credits and non-deductible merger expenses, offset by U.S. state income taxes.

As disclosed in *Note 2 - Acquisitions*, our purchase accounting for the FiBest Acquisition, including income taxes, is preliminary and subject to revision upon obtaining and analyzing additional information. At the closing of the FiBest Acquisition, we recorded, on a preliminary basis, a deferred income tax asset relating to net operating loss (NOL) carryforwards of approximately $2.6 million. The aggregate net deferred income tax liability acquired in the FiBest Acquisition is estimated to be $12.9 million which includes the net deferred income tax asset of $2.6 million relating to NOL carryforwards and a net deferred income tax liability of $15.5 million related to the difference between the book and tax basis of the intangible and other assets acquired in the acquisition. We do not anticipate the recording of any deferred taxes associated with the Metelics Acquisition due to a Section 338(h) (10) election which will permit us to have tax basis equal to the purchase price.

Liquidity and Capital Resources

The following table summarizes our cash flow activities for the six months ended April 1, 2016 and April 3, 2015, respectively (in thousands):

	Six Months Ended	
	April 1, 2016	**April 3, 2015**
Cash and cash equivalents, beginning of period	$ 122,312	$ 173,895
Net cash provided by operating activities	35,098	1,432
Net cash used in investing activities	(83,909)	(224,242)
Net cash (used in) provided by financing activities	(15,146)	122,885
Effect of exchange rates on cash balances	(168)	
Cash and cash equivalents, end of period	$ 58,187	$ 73,970

Cash Flow from Operating Activities:

Our cash flow from operating activities for the six months ended April 1, 2016 of $35.1 million consists of a net loss of $26.2 million, plus adjustments to reconcile our net loss to cash provided by operating activities of $77.5 million less changes in operating assets and liabilities of $16.2 million. Adjustments to reconcile our net loss to cash provided by operating activities of $77.5 million primarily included depreciation and intangible amortization expense of $34.1 million, stock-based incentive compensation expense of $13.2 million, impairment charges of $13.0 million and warrant liability expense of $19.1 million. In addition cash used by operating assets and liabilities was $16.2 million for the six months ended April 1, 2016 primarily driven by an increase in inventory of $15.0 million and decreases in accounts payable of $2.9 million. Inventory increases during the first six months of our fiscal year 2016 are expected to support anticipated customer demand in the second half of fiscal 2016.

Our cash flow from operating activities for the six months ended April 3, 2015 of $1.4 million consists of a net loss of $13.8 million plus adjustments to reconcile our net loss to cash provided by operating activities of $61.9 million less changes in operating assets and liabilities of $46.7 million. Adjustments to reconcile our net loss to cash provided by operating activities of $61.9 million primarily included depreciation and intangible amortization expense of $24.9 million, stock-based incentive compensation expense of $9.1 million and warrant liability expense of $16.2 million. In addition cash used by operating assets and liabilities was $46.7 million for the six months ended April 3, 2015 primarily driven by an escrow payment associated with the retention of BinOptics Acquisition employees of $14.6 million, a decrease in deferred revenue of $17.0 million, a decrease in accounts payable of $5.5 million and a decrease in accrued liabilities of $9.9 million, primarily associated with a payment for BinOptics Acquisition related professional fees.

Cash Flow from Investing Activities:

Our cash flow used by investing activities consists primarily of cash paid for the FiBest and Metelics acquisitions of $85.5 million and capital expenditures of $17.0 million, for the six months ended April 1, 2016. The $3.8 million of cash provided from discontinued operations during the six months ended April 1, 2016, was associated with the sale of our Automotive business in August 2015. Additionally, during the six months ended April 1, 2016, we purchased $7.7 million of short term investments and received proceeds of $23.3 million related to the sale of short term investments which was used to fund acquisitions and operating activities.

Table of Contents

Our cash flow used by investing activities consists primarily of cash paid for the BinOptics Acquisition of $208.4 million and capital expenditures of $14.0 million for the six months ended April 3, 2015. For additional information related to Acquisitions, Divestitures and Investments see Notes 2, 3 and 4 to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Cash Flow from Financing Activities:

During the six months ended April 1, 2016, our cash used from financing activities of $15.1 million was primarily related to $9.1 million in payments of debt assumed in connection with our FiBest Acquisition and $6.2 million in purchases of stock associated employee tax withholdings, partly offset by $3.1 million of proceeds from stock option exercises and employee stock purchases.

Cash flow from financing activities for the six months ended April 3, 2015 was $122.9 million and included proceeds of $100.0 million from our revolving credit facility which was subsequently used to fund our BinOptics Acquisition.

In addition we paid $4.9 million in purchases of stock associated employee tax withholdings, partly offset by $2.9 million of proceeds from stock option exercises and employee stock purchases.

Liquidity

As of April 1, 2016, we held $58.2 million of cash and cash equivalents, primarily deposited with financial institutions. The undistributed earnings of our foreign subsidiaries are indefinitely reinvested and we do not intend to repatriate such earnings. We believe the decision to reinvest these earnings will not have a significant impact on our liquidity. As of April 1, 2016, cash held by our foreign subsidiaries was $35.3 million, which, along with cash generated from foreign operations, is expected to be used in the support of international growth and working capital requirements.

We plan to use our available cash and cash equivalents, short term investments, and potential remaining borrowing capacity under our Revolving Facility for general corporate purposes, including working capital, or for the acquisition of or investment in complementary technologies, design teams, products and businesses. We may also use a portion of our cash and cash equivalents and any amounts remaining under our Revolving Facility, which we may draw on from time to time, for the acquisition of, or investment in, complementary technologies, design teams, products and companies. We believe that our cash and cash equivalents, short term investments, cash generated from operations, and borrowing availability under the Revolving Facility will be sufficient to meet our working capital requirements for at least the next 12 months. We may need to raise additional capital from time to time through the issuance and sale of equity or debt securities, and there is no assurance that we will be able do so on favorable terms or at all.

For additional information related to our Liquidity and Debt, see *Note 8 - Debt* included in this Quarterly report on Form 10-Q.

Recent Accounting Pronouncements

Our Recent Accounting Pronouncements are described in the notes to our October 2, 2015 consolidated financial statements, which were included in our Annual Report on Form 10-K.

In April 2015, the FASB issued ASU 2015-03 related to the simplification of the presentation of debt issuance costs. The standard requires entities to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. The ASU provides that debt issuance costs are analogous to debt discounts and reduce the proceeds of borrowing which increases the effective interest rate. Prior to the amendment, debt issuance costs were reported in the balance sheet as an asset. The amended guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and requires retrospective adoption. As of April 1, 2016, we have $6.3 million of unamortized deferred finance costs which under the amendment would be reclassified on our balance sheet. Any remaining deferred financing costs such as of September 30, 2016 will be reclassified when we adopt the amendment in fiscal 2017.

In November 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-17, Balance Sheet Classification of Deferred Taxes. This update simplifies the presentation of deferred income taxes by eliminating the current requirements to classify deferred income tax assets and liabilities between current and noncurrent. The amendments in this update require that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. For public business entities, the standard is effective in the annual reporting periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of any interim or annual reporting period and can be applied either prospectively or retrospectively to all periods presented. We have elected to adopt this standard early and have implemented the change prospectively as of the second quarter of fiscal 2016; prior periods were not adjusted. As of the second quarter of fiscal 2016, we included $31.4 million of current deferred income tax assets with our noncurrent deferred income tax assets; no adjustments were made to deferred tax liabilities.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2018, with early adoption permitted. We have not yet selected a transition method and we are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09 which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Early adoption is permitted and the updated standard must be adopted no later than our fiscal first quarter of fiscal 2018. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of April 1, 2016.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of business, which consists primarily of interest rate risk associated with our cash and cash equivalents short-term investments, and our variable rate debt, as well as foreign exchange rate risk. In addition, the value of our warrant liability is based on the underlying price of our common stock and changes in its value could significantly impact our warrant liability expense.

Interest rate risk. The primary objectives of our investment activity are to preserve principal, provide liquidity, and earn a money market rate of return. To minimize market risk, we maintain our portfolio in cash and diversified short-term investments, which may consist of bank deposit and money market funds. The interest rates are variable and fluctuate with current market conditions. The risk associated with fluctuating interest rates is limited to this investment portfolio. We believe that a 10% change in interest rates would not have a material impact on our financial position or results of operations.

Our exposure to interest rate risk also relates to the increase or decrease in the amount of interest expense we must pay on the outstanding debt under the Credit Agreement. The interest rates on our term loans and revolving credit facility are variable interest rates based on our lender s prime rate or a LIBOR rate, in each case plus an applicable margin, which exposes us to market interest rate risk when we have outstanding borrowings under the Credit Agreement. As of April 1, 2016, we had $343.9 million of outstanding borrowings under the Credit Agreement. Assuming our outstanding debt remains constant under the Credit Agreement for an entire year and the applicable annual interest rate increases or decreases by 1%, our annual interest expense would increase or decrease by $3.5 million.

Foreign currency risk. To date, our international customer agreements have been denominated primarily in U.S. dollars. Accordingly, we have limited exposure to foreign currency exchange rates. The foreign operations we acquired in the FiBest acquisition have transactions which are predominately denominated in Japanese Yen. The functional currency of a majority of our foreign operations continues to be in U.S. dollars with the remaining operations being local currency. Increases in the value of the United States dollar relative to other currencies could make our products more expensive, which could negatively impact demand in certain regions. Conversely, decreases in the value of the United States dollar relative to other currencies could result in our products being more expensive to certain customers and could reduce or delay orders, or otherwise negatively affect how they do business with us. The effects of exchange rate fluctuations on the net assets of the majority of our operations are accounted for as transaction gains or losses. We believe that a change of 10% in such foreign currency exchange rates would not have a material impact on our financial position or results of operations. In the future, we may enter into foreign currency exchange hedging contracts to reduce our exposure to changes in exchange rates.

Table of Contents

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), that are intended to ensure that information that would be required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were not effective as of April 1, 2016 due to the material weakness in internal control over financial reporting described below.

Changes in Internal Control over Financial Reporting

As a result of the FiBest and Metelics acquisitions, we have commenced a project to evaluate the processes and procedures of their internal controls over financial reporting and incorporate such internal controls into our financial reporting framework. In addition, we implemented certain information technology controls as described in our remediation activities noted below. Except for the activities described above, there were no changes in our internal control over financial reporting during the quarter ended April 1, 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation of Material Weakness

As disclosed in our Annual Report on Form 10-K, Item 9A, for the year ended October 2, 2015, we identified a material weakness in our internal control over financial reporting related to information technology general controls in the areas of user access and program change management. We have developed a remediation plan for this material weakness, the implementation of which remains ongoing as of April 1, 2016 and is described in our Annual Report on Form 10-K filed with the SEC on November 24, 2015.

Specifically, in the second quarter, we:

- Implemented stricter administrator access control on certain information systems including our primary ERP system by limiting ability to make program changes to only authorized and appropriate personnel;

- Implemented formal provisioning and monitoring procedures specific to privileged user access in our primary ERP system;

- Implemented new change management controls to ensure that all system changes are properly monitored and controlled;

Expanded the number and expertise of resources to support and monitor our information technology control structure; and

Initiated a role redesign process for our primary ERP system to reduce segregation of duties conflict risk.

We believe the measures identified above will remediate the material weakness and will strengthen our internal controls over financial reporting related to information technology general controls in the areas of user access and program change management. We are in the process of testing the ongoing operating effectiveness of the enhanced controls and plan to complete our testing before or in connection with the preparation of our consolidated financial statements for the fiscal year ended September 30, 2016. We will consider the material weakness remediated after the applicable remedial controls operate effectively for a sufficient period of time.

Notwithstanding the identified material weakness and the conclusion above that our disclosure controls and procedures were not effective as of April 1, 2016, management believes that the consolidated financial statements contained in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

Table of Contents

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we may be subject to commercial disputes, employment issues, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigations. Any such claims may lead to future litigation and material damages and defense costs. Other than as set forth below, we were not involved in any material pending legal proceedings during the quarter ended April 1, 2016.

Class Action Suit Against Mindspeed Technologies, Inc. On March 10, 2015, Philip Alvarez, a former employee of Mindspeed Technologies, Inc. (Mindspeed) filed a putative class action lawsuit against Mindspeed in the Superior Court of California for the County of Orange. On April 24, 2015, Alvarez filed a First Amended Complaint adding our subsidiary M/A-COM Technology Solutions Inc. as a defendant. The lawsuit alleged, among other things, that Alvarez and certain other employees who designed and manufactured hardware systems for Mindspeed or M/A-COM Technology Solutions Inc. between March 10, 2011 and the present were misclassified as exempt employees under California law. The lawsuit seeks recovery of alleged unpaid overtime wages, meal and rest period premiums, penalties and attorneys fees. We dispute the allegations of the lawsuit. On June 15, 2015, Mindspeed removed the action to the United States District Court for the Central District of California. On July 15, 2015, Plaintiff filed a Motion to Remand, which Motion was denied in an Order dated September 9, 2015. The parties have reached an agreement for the dismissal of all class action allegations and claims in the action, as well as certain other claims against Mindspeed and M/A-COM Technology Solutions Inc. and Plaintiff filed a Second Amended Complaint effectuating this agreement. Accordingly, the only claims remaining in the action were those of Alvarez on an individual basis. Subsequently, the parties reached a final and confidential resolution of the matter.

GaN Lawsuit Against Infineon. On April 26, 2016, we and our wholly-owned subsidiary Nitronex, LLC brought suit against International Rectifier Corporation (International Rectifier), Infineon Technologies Americas Corporation, and Infineon Technologies AG (collectively, Infineon) in the Federal District Court for the Central District of California, seeking injunctive relief, monetary damages, and specific performance of certain contractual obligations. The suit arises out of agreements relating to GaN patents that were executed several years ago by Nitronex Corporation (acquired by MACOM in 2014) and International Rectifier (acquired by Infineon AG in 2015). We assert claims for breach of contract, breach of the covenant of good faith and fair dealing, declaratory judgement of contractual rights, and declaratory judgment of non-infringement of patents. If successful, the relief sought would, among other remedies, require International Rectifier and Infineon to assign back to MACOM certain GaN-related Nitronex patents that were previously assigned to International Rectifier.

ITEM 1A. RISK FACTORS

Our business involves a high degree of risk. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended October 2, 2015, which could materially affect our business, financial condition or future results. As of the date of this Quarterly Report on Form 10-Q, there has been no material changes in any of the risk factors described in our Annual Report on Form 10-K for the year ended October 2, 2015, except as noted below:

We may be unable to successfully integrate the businesses and personnel of our acquired companies and businesses, and may not realize the anticipated synergies and benefits of such acquisitions.

From time to time, we complete acquisitions of companies and certain businesses of companies, and we may not realize the expected benefits from such acquisitions because of integration difficulties or other challenges. The success of our acquisitions will depend, in part, on our ability to realize all or some of the anticipated synergies and other benefits from integrating the acquired businesses with our existing businesses. The integration process may be complex, costly, and time-consuming. The potential difficulties we may face in integrating the operations of our acquisitions include, among others:

- failure to implement our business plans for the combined businesses and consolidation or expansion of production capacity as planned and where applicable;

- unexpected losses of key employees, customers or suppliers of our acquired companies and businesses;

- unanticipated issues in conforming our acquired companies and businesses standards, processes, procedures and controls with our operations;

- coordinating new product and process development;

- increasing the scope, geographic diversity and complexity of our operations;

- diversion of management s attention from other business concerns;

- adverse effects on our or our acquired companies and businesses existing business relationships;

- unanticipated changes in applicable laws and regulations;

- operating risks inherent in our acquired companies and businesses business and operations;

- unanticipated expenses and liabilities;

- potential unfamiliarity with our acquired companies and businesses technology, products and markets, which may place us at a competitive disadvantage; and

- other difficulties in the assimilation of our acquired companies and businesses operations, technologies, products and systems.

Our acquired companies and businesses may have unanticipated or larger than anticipated liabilities for patent and trademark infringement claims, violations of laws, commercial disputes, taxes and other known and unknown types of liabilities. There may be liabilities that we underestimated or did not discover in the course of performing our due diligence investigation of our acquired companies and businesses. We may have limited recourse under the applicable acquisition-related agreement to recover damages relating to the liabilities of our acquired companies and businesses.

We may not be able to maintain or increase the levels of revenue, earnings or operating efficiency that each of our acquired companies and businesses and us had achieved or might achieve separately. In addition, we may not accomplish the integration of our acquired companies and businesses smoothly, successfully or within the anticipated costs or timeframe. If we experience difficulties with the integration process or if the business of our acquired companies or businesses deteriorates, the anticipated cost savings, growth opportunities and other synergies of our acquired companies and businesses may not be realized fully, or at all, or may take longer to realize than expected. If any of the above risks occur, our business, financial condition, results of operations and cash flows may be materially and adversely impacted, we may fail to meet the expectations of investors or analysts, and our stock price may decline as a result.

We are subject to risks from our international sales and operations.

We have operations in Europe, Asia and Australia, and customers around the world. In addition, in December 2015 we acquired FiBest, a Japan-based merchant market component supplier of optical sub-assemblies. The FiBest Acquisition significantly increased our overall scope of operations and employee base in Japan. As a result, we are subject to regulatory, geopolitical and other risks associated with doing business outside the U.S. Global operations involve inherent risks, including currency controls, currency exchange rate fluctuations, tariffs, required import and export licenses, associated delays and other related international trade restrictions and regulations. Further, there is a risk that language barriers, cultural differences and other factors associated with our international operations may make them more difficult to manage effectively.

The legal system in many of the regions where we conduct business can lack transparency in certain respects relative to that of the U.S. and can accord local government authorities a higher degree of control and discretion over business than is customary in the U.S. This makes the process of obtaining necessary regulatory approvals and maintaining compliance inherently more difficult and unpredictable. In addition, the protection accorded to proprietary technology and know-how under these legal systems may not be as strong as in the U.S., and, as a result, we may lose valuable trade secrets and competitive advantages. The cost of doing business in European jurisdictions can also be higher than in the U.S. due to exchange rates, local collective bargaining regimes, and local legal requirements and norms regarding employee benefits and employer-employee relations, in particular. We are also subject to U.S. legal requirements related to our foreign operations, including the Foreign Corrupt Practices Act.

Sales to customers located outside the U.S. accounted for 63.6% of our revenue for the fiscal year ended October 2, 2015. Sales to customers located in the Asia Pacific region typically account for a substantial majority of our overall sales to customers located outside the U.S. We expect that revenue from international sales generally, and sales to the Asia Pacific region specifically, will continue to be a significant part of our total revenue. Therefore, any financial crisis or other major event causing business disruption in international jurisdictions generally, and the Asia Pacific region in particular, could negatively effect our future revenues and results of operations. Because the majority of our foreign sales are denominated in U.S. dollars, our products become less price-competitive in countries with currencies that are low or are declining in value against the U.S. dollar. Also, we cannot be sure that our international customers will continue to accept orders denominated in U.S. dollars. If they do not, our reported revenue and earnings will become more directly subject to foreign exchange fluctuations. Some of our customer purchase orders and agreements are governed by foreign laws, which may differ significantly from U.S. laws. We may be limited in our ability to enforce our rights under such agreements and to collect amounts owed to us.

The majority of our assembly, packaging and test vendors are located in Asia. We generally do business with our foreign assemblers in U.S. dollars. Our manufacturing costs could increase in countries with currencies that are increasing in value against the U.S. dollar. Also, our international manufacturing suppliers may not continue to accept orders denominated in U.S. dollars. If they do not, our costs will become more directly subject to foreign exchange fluctuations. From time to time we may attempt to hedge our exposure to foreign currency risk by buying currency contracts or otherwise, and any such efforts involve expense and associated risk that the currencies involved may not behave as we expect, and we may lose money on such hedging strategies or not properly hedge our risk.

In addition, if terrorist activity, armed conflict, civil, economic or military unrest, embargoes or other economic sanctions or political instability occurs in the U.S. or other locations, such events may disrupt our manufacturing, assembly, logistics, security and communications, and could also result in reduced demand for our products. We have in the past and, may again in the future, experience difficulties relating to employees traveling in and out of countries facing civil unrest or political instability, and with obtaining travel visas for our employees. Major health pandemics could also adversely affect our business and our customer order patterns. We could also be affected if labor issues disrupt our transportation arrangements or those of our customers or suppliers. There can be no assurance that we can mitigate all identified risks with reasonable effort. The occurrence of any of these events could have a material adverse effect on our operating results.

Our revenue growth is substantially dependent on our successful development and release of new products.

Maintaining or growing our revenue will depend on our ability to timely develop new products for existing and new markets that meet customers   performance, reliability and price expectations. The development of new products is a highly complex process, and we have in the past and may in the future experience delays and failures in completing the development and introduction of new products. Our successful product development depends on a number of factors, including the following:

- the accurate prediction of market requirements, changes in technology and evolving standards;
- the availability of qualified product designers and process technologies needed to solve difficult design challenges in a cost-effective, reliable manner;

our ability to design products that meet customers cost, size and performance requirements;

our ability to manufacture new products according to customer needs with acceptable manufacturing yields;

our ability to offer new products at competitive prices;

the acceptance by customers of our new product designs;

the identification of and entry into new markets for our products, such as our recently announced market opportunities in 100G optical networks, GaN RF power and active antennas;

- the acceptance of our customers products by the market and the lifecycle of such products;

- our ability to innovate, the strength of our intellectual property rights, and our ability to protect our intellectual property rights;

- our ability to deliver products in a timely manner within our customers product planning and deployment cycle; and

- our ability to maintain and increase our level of product content in our customers systems.

A new product design effort may last 12 to 18 months or longer, and requires significant investment in engineering hours and materials, as well as sales and marketing expenses, which may not be recouped if the product launch is unsuccessful. We may not be able to design and introduce new products in a timely or cost-efficient manner, and our new products may fail to meet the requirements of the market or our customers, or may be adopted by customers more slowly than we expect. In that case, we may not reach our expected level of production orders and may lose market share, which could adversely affect our ability to sustain our revenue growth or maintain our current revenue levels.

If our primary markets decline or fail to grow, our revenue and profitability may suffer.

Our future growth depends to a significant extent on the continued growth in usage of advanced electronic systems in our primary markets: Networks, A&D and Multi-market. The rate and extent to which these markets grow, if at all, is uncertain. For example, our ability to capitalize on our recently announced market opportunities in 100G optical networks, GaN RF power and active antennas will depend on, among other things, the future size and growth rates of these markets and the future pace of adoption of our products in these markets. Our markets may fail to grow or decline for many reasons, including insufficient consumer demand, lack of access to capital, sequestration or other changes in the U.S. defense budget and procurement processes, changes in export controls or other regulatory environments, macro-economic factors and changes in network specifications. If demand for electronic systems that incorporates our products declines, fails to grow, or grows more slowly than we anticipate, purchases of our products may be reduced, which may adversely affect our business, financial condition and results of operations. In particular, we believe that the rollout of fiber-to-the-home network technology and other new network technology developments in China, Japan and certain other geographies will be an important factor in our future growth. If any such expected rollout fails to occur, occurs more slowly than we expect or does not result in the amount or type of new business we anticipate, purchases of our products intended to address the affected markets may be reduced or not occur, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We may incur significant risk and expense in attempting to win new business, and such efforts may never generate revenue.

To obtain new business, we often need to win a competitive selection process to develop semiconductors for use in our customers systems, known in the industry as a design win. These competitive selection processes can be lengthy and can require us to incur significant and unreimbursed design and development expenditures and dedicate scarce engineering resources in pursuit of a single customer opportunity, particularly when seeking to develop or introduce solutions in new markets. We may not win the competitive selection process or may never generate any revenue despite incurring significant design and development expenditures and selling, general and administrative expenses. Failure to obtain a design win may prevent us from supplying components for an entire generation of a customer s system. This can result in lost or foregone revenue and could weaken our position in future competitive selection processes.

Even when we achieve a design win, success is not assured. Customer qualification and design cycles can be lengthy, and it may take a year or more following a successful design win and product qualification for one of our products to be purchased in volume by the customer. We may experience difficulties manufacturing the part in volume, such as low yields, supply chain delays or shortages, or quality issues. Further, while the customer has successfully qualified our part for use in its system, it may not have qualified all of the other components being sourced for its system, or qualified its system as a whole with its end customers. Any difficulties our customer may experience in completing those qualifications may delay or prevent us from translating the design win into revenue. These risks can be particularly acute in our A&D market, where we may spend material amounts and commit substantial design engineer resources to product development work in support of an OEM customer s attempt to win business tied to a government contract award, but realize no related revenue or less than expected revenue from our investment due to failure of the OEM to win the business, government program cancellation, federal budget limitations, or otherwise. Any of these events, or any cancellation of a customer s program or failure of our customer to successfully market its own product after our design win could materially and adversely affect our business, financial condition and results of operations, as we may have incurred significant expense and generated no revenue.

We face intense competition in our industry, and our inability to compete successfully could negatively affect our operating results.

The semiconductor industry is highly competitive. While we compete with a wide variety of companies, we compete with ADI across most of our primary markets. Our other significant competitors include, among others, Broadcom Limited, Cobham, Microsemi, Qorvo and Skyworks.

We believe future competition could also come from companies developing new alternative technologies, component suppliers based in countries with lower production costs and IC manufacturers achieving higher levels of integration that exceed the functionality offered by our products. Our customers and suppliers could also develop products that compete with or replace our products. A decision by any of our large customers to design and manufacture ICs internally could have an adverse effect on our operating results. Increased competition could mean lower prices for our products, reduced demand for our products, and a corresponding reduction in our ability to recover development, engineering and manufacturing costs.

Many of our existing and potential competitors have entrenched market positions, historical affiliations with original equipment manufacturers, considerable internal manufacturing capacity, established intellectual property rights, and substantial technological capabilities. Many of them may also have greater financial, technical, manufacturing or marketing resources than we do. Prospective customers may decide not to buy from us due to concerns about our relative size, financial stability or other factors. Our failure to successfully compete could result in lower revenue, decreased profitability and a lower stock price.

We may incur liabilities for claims of intellectual property infringement relating to our products.

The semiconductor industry is generally subject to frequent litigation regarding patents and other intellectual property rights. For example, we have initiated legal action against Infineon in federal court to confirm and defend our exclusive rights to use certain patented GaN-on-Silicon technology developed by Nitronex in our core RF markets. Other companies in the industry have numerous patents that protect their intellectual property rights in these areas and technology is frequently licensed. In the past, we have been, and may in the future be, subject to claims that we have breached infringed or misappropriated patent, license or other intellectual property rights. Our customers may assert claims against us for indemnification if they receive claims alleging that their or our products infringe upon others intellectual property rights, and have in the past and may in the future choose not to purchase our products based on their concerns over such a pending claim. In the event of an adverse result of any intellectual property rights litigation, we could be required to incur significant costs to defend or settle such litigation, pay substantial damages for infringement, expend significant resources to develop non-infringing technology, incur material liability for royalty payments or fees to obtain licenses to the technology covered by the litigation or be subjected to an injunction, which could prevent us from selling our products, and materially and adversely affect our revenue and results of operations. Negotiated settlements resolving such claims may require us to pay substantial sums, as was the case in September 2013 when we paid $7.25 million in settlement of a suit alleging intellectual property misappropriation. We cannot be sure that we will be successful in any such non-infringing development or that any such license would be available on commercially reasonable terms, if at all. Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, lost sales or damaged customer relationships and diversion of management s attention and resources.

Many of our products currently incorporate technology licensed or acquired from third parties and we expect our products in the future to also require technology from third parties. If the licenses to such technology that we currently hold become unavailable or the terms on which they are available become commercially unreasonable, or if we are unable to acquire or license necessary technology for our products in the future, our business could be adversely affected.

We sell products in markets that are characterized by rapid technological changes, evolving industry standards, frequent new product introductions and increasing levels of integration. Our ability to keep pace with this market at times depends on our ability to obtain technology from third parties on commercially reasonable terms to allow our products to remain competitive. If licenses to such technology are not available on commercially reasonable terms and conditions or at all, and we cannot otherwise acquire or integrate such technology, our products or our customers products could become unmarketable or obsolete, and we could lose market share. In addition, disputes with third party licensors over required payments, scope of licensed rights and compliance with contractual terms are common in our industry, and we have in the past and may in the future be subjected to disputes over the terms of such licenses. For example, the outcome of our current litigation with Infineon relating to the scope of our rights to use certain patented GaN-on-Silicon technology developed by Nitronex may impact our associated intellectual property rights and related future revenue prospects. Such disputes may require us to incur significant costs defending our license rights, divert management s attention or result in our inability to sell or develop certain products. In such instances, we could also incur substantial unanticipated costs or scheduling delays to develop substitute technology to deliver competitive products, damaged customer and vendor relationships, indemnification liabilities, and declining revenues and profitability. Such events could have a material adverse effect on our financial condition and results of operations and the value of an investment in our common stock.

Many of our products currently incorporate technology licensed or acquired from third parties and we expect our products in the future to also require technology from third parties. If the licenses to such technology that we currently hold become unavailable or the terms on which they are available become commercially unreasonable, or if we are unable to acquire or license necessary technology for our products in the future, our business could be adversely affected.)

Our investment in technology as well as research and development may not be successful, which may impact our profitability.

The semiconductor industry requires substantial investment in technology as well as research and development in order to develop and bring to market new and enhanced technologies and products. Our investments in new and improved process technologies for use in our products require substantial expenditures that may not generate any return on investment, may take longer than we anticipate to generate a return or may generate a return on investment that is inadequate. For example, during the second quarter of fiscal year 2016, we made a strategic decision to exit the product line and end programs associated with our GaN-on Silicon Carbide license and technology transfer to focus on development of GaN-on-Silicon efforts. As a result of this strategic decision, management determined that the intangible assets and contractual commitments under a long term technology licensing and transfer agreement signed in July 2013 with Global Communications Semiconductors, LLC, as well as certain dedicated fixed assets and inventory would no longer have any future benefit, and we incurred certain charges in connection with this decision. We also have undertaken significant research and development efforts aimed at targeting emerging market segments where we see potential for growth including the wireless base station, data center and radar tile markets. Research and development expenses were $82.2 million for the fiscal year ended October 2, 2015. In each of the last three fiscal years, we invested in technology as well as research and development as part of our strategy toward the development of innovative products and solutions to fuel our growth and profitability. We cannot assure you if, or when, the products and solutions where we have focused our research and development expenditures will become commercially successful. In addition, we may not have sufficient resources to maintain the level of investment in research and development required to remain competitive or succeed in our strategy. We have in the past and may in the future experience unexpected difficulties, expenses or delays in driving the performance, qualification, licensing arrangements, scale manufacturing, decreased manufacturing cost structure, productization or customer adoption of any of the new products or process technology types that we are targeting. We may not be successful in our efforts or may not realize the competitive advantage or revenues or profits we anticipate from this technology, any of which may lead to higher research and development expense, lower than expected revenues, gross margin and reduce profitability or may otherwise harm our business or reduce the price of our common stock.

If we lose key personnel or fail to attract and retain key personnel, we may be unable to pursue business opportunities or develop our products.

We believe our continued ability to recruit, hire, retain and motivate highly-skilled engineering, operations, sales, administrative and managerial personnel is key to our future success. Competition for these employees is intense, particularly with respect to qualified engineers. Our failure to retain our present employees and hire additional qualified personnel in a timely manner and on reasonable terms could harm our competitiveness and results of operations. In addition, from time to time, we may recruit and hire employees from our competitors, customers, suppliers and distributors, which could result in liability to us, and has in the past and could in the future, damage our business relationship with these parties. None of our senior management team is contractually bound to remain with us for a specified period, and we generally do not maintain key person life insurance covering our senior management. The loss of any member of our senior management team could strengthen a competitor or harm our ability to implement our business strategy.

Our limited ability to protect our proprietary information and technology may adversely affect our ability to compete.

Our future success and ability to compete is dependent in part upon our protection of our proprietary information and technology through patent filings, enforcement of agreements related to intellectual property and otherwise. We cannot be certain that any patents we apply for will be issued or that any claims allowed from pending applications will be of sufficient scope or strength to provide meaningful protection or commercial advantage. Our competitors may also be able to design around our patents. Similarly, counterparties to our intellectual property agreements may fail to comply with their obligations under those agreements, requiring us to resort to expensive and time-consuming litigation in an attempt to protect our rights, which may or may not be successful. The laws of some countries in which our products are or may be developed, manufactured, or sold, may not protect our products or intellectual property rights to the same extent as U.S. laws, increasing the possibility of piracy of our technology and products. Although we intend to vigorously defend our intellectual property rights, we may not be able to prevent misappropriation of our technology or may need to expend significant financial and other resources in defending our rights.

In addition, we rely on trade secrets, technical know-how and other unpatented proprietary information relating to our product development and manufacturing activities. We try to protect this information by entering into confidentiality agreements with employees and other parties. We cannot be sure that these agreements will be adequate and will not be breached, that we would have adequate remedies for any breach or that our trade secrets and proprietary know-how will not otherwise become known or independently discovered by others.

Additionally, our competitors may independently develop technologies that are substantially equivalent or superior to our technology. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy, or otherwise obtain or use our products or technology. Patent litigation is expensive, and our ability to enforce our patents and other intellectual property, is limited by our financial resources and is subject to general litigation risks. If we seek to enforce our rights, we may be subject to claims that the intellectual property rights are invalid, are otherwise not enforceable, or are licensed to the party against whom we assert a claim. In addition, our assertion of intellectual property rights could result in the other party seeking to assert alleged intellectual property rights of its own against us, which is a frequent occurrence in such litigations.

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number that May Yet Be Purchased Under the Plans or Programs
January 2, 2016 - January 29, 2016		$		

January 30, 2016 - February 26, 2016	167,671		34.70
February 27, 2016 - April 1, 2016	53		39.72
	167,724	$	34.70

(1) We employ withhold to cover as a tax payment method for vesting of restricted stock awards for our employees, pursuant to which, we withheld from employees the shares noted in the table above to cover tax withholding related to the vesting of their awards. The average prices listed in the above table are averages of the fair market prices at which we valued shares withheld for purposes of calculating the number of shares to be withheld.

Table of Contents

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Fourth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.3 to Amendment No. 6 to our Registration Statement on Form S-1 (File No. 333-175934) filed on February 28, 2012).
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.4 to Amendment No. 6 to our Registration Statement on Form S-1 (File No. 333-175934) filed on February 28, 2012).
10.1*	M/A-COM Technology Solutions Holdings, Inc. 2012 Omnibus Incentive Plan (as Amended and Restated).
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

* *Management contract or compensatory plan*

Table of Contents

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.

	M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
Dated: April 27, 2016	By: /s/ John Croteau John Croteau *President and Chief Executive Officer* *(Principal Executive Officer)*
Dated: April 27, 2016	By: /s/ Robert J. McMullan Robert J. McMullan *Senior Vice President and Chief Financial Officer* *(Principal Financial Officer)*

Table of Contents

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