

MACOM Technology Solutions Holdings, Inc.

Form 10-K/A

December 21, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended September 30, 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

MACOM Technology Solutions Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of	27-0306875
incorporation or organization)	(I.R.S. Employer
100 Chelmsford Street, Lowell, Massachusetts (Address of principal executive offices)	Identification No.)
	01851
	(Zip Code)
Registrant's telephone number, including area code: (978) 656-2500	
Securities registered pursuant to Section 12(b) of the Act:	

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001 per share	NASDAQ Global Select Market
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of April 1, 2016, the last business day of the registrant's second fiscal quarter, was approximately \$1.3 billion based on the closing price of the registrant's common stock as of such date as reported on the NASDAQ Global Select Market. For purposes of the foregoing calculations only, shares of common stock held by each executive officer and director of the registrant and their respective affiliates have been excluded, as such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of November 11, 2016 was 53,689,550.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant's definitive proxy statement for the 2017 Annual Meeting of Stockholders, which will be filed no later than 120 days after the close of the registrant's fiscal year ended September 30, 2016.

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MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

ANNUAL REPORT ON FORM 10-K/A

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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EXPLANATORY NOTE

On November 17, 2016, MACOM Technology Solutions Holdings, Inc. (the Company) filed its Annual Report on Form 10-K for the fiscal year ended September 30, 2016 (the Original Form 10-K). Certain Part III information was omitted from the Original Form 10-K in reliance on General Instruction G(3) to Form 10-K. General Instruction G(3) to Form 10-K provides that registrants may incorporate by reference certain information from a definitive proxy statement which involves the election of directors, if such definitive proxy statement is filed with the Securities and Exchange Commission (the SEC) within 120 days after the end of the fiscal year. However, in connection with a proposed registered offering on Form S-4, the Company is required to provide certain of the previously omitted Part III information in order to satisfy Form S-4 requirements. Accordingly, this Amendment No. 1 (the Amendment) hereby amends and restates Part III, Items 10 through 14 of the Original Form 10-K as set forth below. The information included herein as required by Part III, Items 10 through 14 of Form 10-K is more limited than what is required to be included in the definitive proxy statement to be filed in connection with the Company's 2017 Annual Meeting of Stockholders. Accordingly, the definitive proxy statement to be filed in connection with the Company's 2017 Annual Meeting of Stockholders will include additional information related to the topics herein and additional information not required by Part III, Items 10 through 14 of Form 10-K. Furthermore, certain information in the Original Form 10-K (as amended by this Amendment) is being incorporated by reference to the Company's definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016. No other amendments are being made hereby to the Original Form 10-K.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the Exchange Act), new certifications by the Company's principal executive officer and principal financial officer are filed as exhibits to this Amendment under Part IV hereof.

Except as stated herein, this Amendment does not reflect events occurring after the filing of the Original Form 10-K with the SEC on November 17, 2016 and no attempt has been made in this Amendment to modify or update other disclosures as presented in the Original Form 10-K.

In this document, the words Company, we, our, us, and similar terms refer only to MACOM Technology Solutions Holdings, Inc. and its consolidated subsidiaries, and not any other person or entity.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information with respect to compliance with Section 16(a) of the Exchange Act required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 under the caption Section 16(a) Beneficial Ownership Reporting Compliance.

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. We make available our code of business conduct and ethics free of charge through our website, which is located at www.macom.com. We intend to disclose any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the SEC and the NASDAQ Global Select Market (NASDAQ) by posting any such amendment or waivers on our website and disclosing any such waivers in a Form 8-K filed with the SEC.

Information regarding material changes, if any, to procedures by which security holders may recommend nominees to our board of directors required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 under the captions Additional Information Submission of Stockholder Proposals for Inclusion in Next Year s Proxy Statement and Additional Information Consideration of Stockholder-Recommended Director Nominees.

Information on the composition of our audit committee and the members of our audit committee, including information on our audit committee financial experts, required by this item is incorporated herein by reference to our definitive proxy statement for the 2017 Annual Meeting of Stockholders to be filed with the SEC within 120 days after September 30, 2016 under the caption Corporate Governance Board Committees Audit Committee.

DIRECTORS

Peter Chung, age 49, has served as a director since December 2010. Mr. Chung is a Managing Director and the Chief Executive Officer of Summit Partners, L.P., which he joined in August 1994. Mr. Chung currently serves as a director and chairman of the compensation committee of A10 Networks, Inc., a provider of application networking technologies. Mr. Chung has also served as a director of numerous other public companies, including, most recently, for Ubiquiti Networks, Inc. (Ubiquiti), a developer of networking technology for service providers and enterprises, from March 2010 to October 2013, for NightHawk Radiology Holdings, Inc. (NightHawk), a provider of teleradiology services, from March 2004 to December 2010, for SeaBright Holdings, Inc., a provider of multi-jurisdictional workers compensation insurance and general liability insurance, from October 2003 to May 2010, and for Sirenza Microdevices, Inc. (Sirenza), a supplier of radio frequency semiconductors and related components for the commercial communications, consumer and aerospace, defense and homeland security equipment markets, from October 1999 to April 2006. Mr. Chung also serves as a director of several privately-held companies. Mr. Chung received an A.B. from Harvard University and an M.B.A. from Stanford University. Mr. Chung is an experienced investor in market-leading growth companies. He contributes broad-based knowledge and experience in business strategy, capital markets and the communications technology and semiconductor industries. Mr. Chung provides valuable insight to our board of directors on all matters facing us, from operational to strategic.

Gil Van Lunsen, age 74, has served as a director since August 2010. Prior to his retirement in June 2000, Mr. Van Lunsen was a Managing Partner of KPMG LLP and led the firm's Tulsa, Oklahoma office. During his 33-year career, Mr. Van Lunsen held various positions of increasing responsibility with KPMG and was elected to the partnership in 1977. Mr. Van Lunsen is currently a member of the board of directors and the audit committee

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chairman at Array Biopharma Inc., a biopharmaceutical company. He served as a director and chairman of the audit committee of ONEOK Partners, L.P., a natural gas gathering, processing, storage and transportation provider and its predecessor entities from 2005 until his retirement in 2015. Previously, Mr. Van Lunsen served as a director of Sirenza and was chairman of its audit committee from October 2003 through its sale to RF Micro Devices, Inc. (RFMD) in November 2007. Mr. Van Lunsen received a B.S./B.A. in accounting from the University of Denver. Mr. Van Lunsen has extensive experience with complex financial and accounting issues and, as a former partner of KPMG LLP and audit committee chairman at other public companies in our industry and others, provides valuable leadership and insights to our board of directors on accounting, financial and governance matters. Having served as a director of Sirenza, Mr. Van Lunsen has also developed strong domain knowledge of the operational and financial issues facing our Company and our industry.

Charles Bland, age 68, has served as a director since June 2016, and previously served as a director from December 2010 to February 2016. Mr. Bland served as our Chief Executive Officer from February 2011 to December 2012, and was employed by us in a transitional capacity following his retirement from service as our Chief Executive Officer through May 2013. Mr. Bland previously served as our Chief Operating Officer from June 2010 to February 2011. From April 2007 through December 2010, Mr. Bland served as a director and as the chairman of the audit committee of NightHawk. During 2009, Mr. Bland served as the Chief Financial Officer of American Gaming Systems, a privately-held designer, manufacturer and operator of gaming machines. Mr. Bland served as the Chief Financial Officer of Sirenza, from July 2005 through its sale to RFMD in November 2007, and also as its Chief Operating Officer from May 2003 until July 2005. Mr. Bland received his B.S. in Accounting and Finance from Ohio State University and his M.B.A. from the Sloan School, Massachusetts Institute of Technology. Mr. Bland's qualifications to serve as a director include his detailed knowledge of our business, operations, senior leadership, and strategic opportunities and challenges based on his prior service as our Chief Executive Officer and Chief Operating Officer. In addition, Mr. Bland's extensive experience in a variety of executive roles at public companies in our industry, his executive experience in other industries, and his prior experience as a public company director and audit committee chair allow him to bring broad and diverse perspective to our board of directors. His prior CFO and audit committee experience have provided him expertise with accounting principles and financial reporting rules and regulations, evaluating financial results and generally overseeing the financial reporting process.

Susan Ocampo, age 58, has served as a director since June 2016, and previously served as a director from December 2010 to February 2016. She has also served as Vice President, Secretary and Treasurer of GaAs Labs, LLC (GaAs Labs), a private investment fund targeting the communications semiconductor market, since co-founding it in February 2008. Previously, Mrs. Ocampo co-founded Sirenza. Mrs. Ocampo served as Sirenza's Treasurer from November 1999 through its sale to RFMD in November 2007. Mrs. Ocampo holds a B.A. from Maryknoll College. Mrs. Ocampo's extensive experience investing and serving in financial leadership roles with semiconductor companies strengthens our board of director's oversight of our enterprise risk management, treasury functions and internal financial controls. We also believe that having our largest stockholder (together with Mr. Ocampo and their affiliates) on the board of directors assists the board in making decisions aimed at increasing stockholder value over the long term.

Stephen G. Daly, age 51, has served as a director since March 2015. From January 2004 through March 2013, Mr. Daly served as the President of Hittite Microwave Corporation (Hittite), a provider of analog and mixed signal integrated circuits, modules and subsystems for commercial and military RF, microwave and millimeterwave applications. Mr. Daly also served as Hittite's Chief Executive Officer from December 2004 through March 2013. He served as a member of Hittite's board of directors from January 2004 through May 2013, and as its chairman from December 2005 through March 2013. From 1996 to 2004 he was employed in other application engineering, marketing and sales roles at Hittite. Mr. Daly also serves as a director of a privately-held company. Mr. Daly received a B.S. in Electrical Engineering from Northeastern University. Mr. Daly's depth and breadth of expertise in the analog

and mixed signal semiconductor industry and prior experience serving on the board of directors of a public company in our industry contributes valuable perspective and insight to our board of directors.

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John Ocampo, age 57, has served as a director and as the chairman of the board of directors since our inception in March 2009. Mr. Ocampo has also served as President of GaAs Labs since co-founding it in February 2008. Previously, Mr. Ocampo co-founded Sirenza in 1984, served as a director of Sirenza from its inception in 1984 through its sale to RFMD in November 2007, and served in a number of senior executive roles throughout that period, most recently as its Chairman from December 1998 through November 2007. Mr. Ocampo also served as a director of RFMD from November 2007 to November 2008. From October 2010 to October 2013, Mr. Ocampo served as a director of Ubiquiti. Mr. Ocampo also serves as a director of various privately-held companies. Mr. Ocampo holds a B.S.E.E. from Santa Clara University. Mr. Ocampo's strategic vision, developed over more than 30 years successfully leading public and private companies in the RF semiconductor and component industry, is a unique asset to our board of directors. His engineering background and extensive knowledge of our operations, markets and technology provides our board of directors with important insights. We also believe that having our largest stockholder (together with Mrs. Ocampo and their affiliates) on the board of directors assists the board in making decisions aimed at increasing stockholder value over the long term.

John Croteau, age 55, has served as our Chief Executive Officer and as a director since December 2012, and as our President since October 2012. Mr. Croteau joined us from NXP Semiconductors N.V. (NXP), a provider of mixed signal solutions and standard products, where he served as the Senior Vice President and General Manager of its High Performance RF business from May 2008 to October 2012. For three of those years, Mr. Croteau also managed NXP's Power & Lighting Solutions business. Prior to joining NXP, Mr. Croteau held numerous product management positions at Analog Devices, Inc. (ADI), a high-performance semiconductor company, including General Manager for ADI's Convergent Platforms and Services Group as well as product line director for the Integrated Audio Group. Mr. Croteau holds a B.S. in Engineering Science and Mechanics from Penn State University. Mr. Croteau's qualifications to serve as a director include his unique perspective and insights into our operations as our current President and Chief Executive Officer, including his knowledge of our products, technologies, business relationships, competitive and financial positioning, senior leadership and strategic opportunities and challenges. Our board of directors also benefits from Mr. Croteau's industry perspective, stemming from his broad experience in a variety of executive roles at public semiconductor companies.

There are no family relationships among any of our directors or executive officers, other than Mr. Ocampo, the Chairman of the board of directors, and Mrs. Ocampo, a director, who are married to each other.

EXECUTIVE OFFICERS

The following table provides information regarding our executive officers as of December 2, 2016:

Name	Age	Position
John Ocampo	57	Chairman
John Croteau	55	President, Chief Executive Officer and Director
Robert McMullan	62	Senior Vice President and Chief Financial Officer
Dr. Alex Behfar	53	Senior Vice President and Chief Scientist, Photonics
Robert Dennehy	43	Senior Vice President, Operations
Donghyun Thomas Hwang	53	Senior Vice President, Global Sales
John Kennedy	56	Senior Vice President and General Manager, Aerospace & Defense Solutions
Michael Murphy	55	Senior Vice President and General Manager, RF & Microwave
Preetinder Virk	53	Senior Vice President and General Manager, Carrier Networks

For biographical information for Messrs. Ocampo and Croteau, please refer to the section entitled Directors.

Robert McMullan has served as our Senior Vice President and Chief Financial Officer since January 2014. Prior to joining us, Mr. McMullan served as founder and Chief Executive Officer of Sands Point Associates, LLC, a mergers and acquisitions advisory, fund raising and operations consultancy, since January 2011. From December 2010 to August 2011, he served as Chief Executive Officer of FA Holding, Inc., holding company of First Allied Securities, Inc., a full-service independent broker/dealer. From May 2010 to November 2010, Mr. McMullan served as Chief Financial Officer and Chief Operating Officer of Partsearch Technologies, Inc., an ecommerce

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electronics replacement parts company. From June 2005 to September 2009, Mr. McMullan was Chief Executive Officer of Control Point Solutions, Inc. (which was acquired by HCL Technologies, Ltd. in September 2008), a provider of voice, data and wireless telecommunications expense management services. Prior to joining Control Point Solutions, Inc., Mr. McMullan served as Chief Financial Officer of various public companies, including Conexant Systems, Inc., GlobespanVirata, Inc. and The BISYS Group, Inc. Mr. McMullan holds a B.A. in Business Administration from St. Michael's College.

Dr. Alex Behfar has served as our Senior Vice President and Chief Scientist, Photonics, since January 2016. Previously, he served as our Senior Vice President and General Manager, Photonic Solutions, from December 2014 to January 2016. Prior to joining us, in 2000 he founded BinOptics Corporation (BinOptics), a provider of indium phosphide lasers for data centers, mobile backhaul, silicon photonics and access networks, and served as the Chairman and Chief Executive Officer of BinOptics from its inception through our December 2014 acquisition of BinOptics. He holds an M.S. and a Ph.D. in Electrical Engineering from Cornell University and a B.Sc. in Electrical and Electronic Engineering from King's College, University of London.

Robert Dennehy has served as our Senior Vice President, Operations, since October 2013, and prior to that had served as our Vice President, Operations, since March 2011. He previously served as Managing Director of our Cork, Ireland subsidiary from 2006 to March 2011. Prior to that Mr. Dennehy served in product management and other roles of increasing responsibility with us. Mr. Dennehy holds an Associate's degree in Electronic Engineering and a Diploma in Business Administration from Henley Business School, London.

Donghyun Thomas Hwang has served as our Senior Vice President, Global Sales, since January 2015. From January 2002 through August 2014, Mr. Hwang held various sales positions at Hittite, including Vice President of Worldwide Sales from January 2010 to October 2013, Vice President of Asia-Pacific Sales from November 2013 to July 2014 and, following the acquisition of Hittite by ADI, Director of Asia-Pacific Sales from July 2014 to August 2014. Mr. Hwang received a B.S. in Electrical Engineering and an M.S. in Electrical Engineering from Lehigh University.

John (Jack) Kennedy has served as our Senior Vice President and General Manager, Aerospace & Defense Solutions, since October 2016. He previously served as our Senior Vice President and General Manager, Aerospace & Defense, from October 2014 to October 2016, as our Vice President, North America Sales from March 2014 to October 2014, as our Vice President, Global Sales from May 2011 to March 2014, as our Director, Global Distribution, from November 2010 to May 2011 and as our Regional Sales Manager from May 2010 through November 2010. Mr. Kennedy holds a Bachelor of Science degree from Boston University.

Michael Murphy has served as our Senior Vice President and General Manager, RF & Microwave, since October 2016. He previously served as our Senior Vice President, Engineering, from October 2013 to October 2016 and as our Vice President, Engineering, from November 2009 to October 2013. From July 2006 to November 2009, he served as Vice President of Engineering of the Networks Division of TriQuint Semiconductor, Inc., a supplier of RF components for wireless communications. Mr. Murphy holds a B.S.E.E. and an M.S.E.E. from the University of Massachusetts and a Master's Degree in Business Administration from Boston University.

Preetinder Virk has served as our Senior Vice President and General Manager, Carrier Networks, since October 2014, and prior to that had served as our Senior Vice President, Strategy, since December 2013. From May 2012 to December 2013, Mr. Virk served as Senior Vice President and General Manager, Communications Processing, for Mindspeed Technologies, Inc. (Mindspeed). From April 2009 to February 2012, Mr. Virk served as Director, Global Network Segment Marketing, for Freescale Semiconductor, Inc., a provider of embedded processing solutions for the automotive, consumer, industrial and networking markets. From October 2007 to April 2009, Mr. Virk served as Mindspeed's Senior Vice President and General Manager, Enterprise and Consumer Premise. Mr. Virk earned a

Master's Degree in Business Administration and a Master's Degree in Electrical Engineering from Worcester Polytechnic Institute. He also is a graduate of Thapar Institute of Engineering in India.

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The following table provides information regarding the compensation earned by our non-employee directors during fiscal year 2016. Our employee directors, Messrs. Ocampo and Croteau, did not receive any additional compensation for their services as directors. Mr. Croteau's compensation is included with that of our other named executive officers in 2016 Summary Compensation Table below.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	All Other Compensation	Total (\$)
Charles Bland	54,166	114,496(2)	10,284(3)	178,946
Peter Chung	75,000	129,999(2)		204,999
Stephen Daly	62,500	129,999(2)		192,499
Susan Ocampo	37,500			37,500
Gil Van Lunsen	77,500	129,999(2)		207,499

- (1) The amounts included under the "Stock Awards" column reflect the aggregate grant date fair value of the restricted stock unit awards granted in fiscal year 2016 to our non-employee directors, computed in accordance with FASB ASC Topic 718, excluding the effect of any estimated forfeitures. For more information on the underlying valuation assumptions used to calculate grant date fair values, see Notes 2 and 17 to Notes to Consolidated Financial Statements in the Original Form 10-K. As of September 30, 2016, Messrs. Bland, Chung, Daly and Van Lunsen each held unvested restricted stock units with respect to 3,113 shares of our common stock and Mr. Bland held outstanding stock options with respect to 18,000 shares of our common stock.
- (2) On March 4, 2016, we granted each of Messrs. Chung, Daly and Van Lunsen an annual restricted stock unit award representing 3,113 shares of our common stock for their services as directors during fiscal year 2016. On June 1, 2016, we granted Mr. Bland an annual restricted stock unit award representing 3,113 shares of our common stock in connection with his reappointment to our board of directors and for his services as a director during fiscal year 2016. Mrs. Ocampo has not been granted equity-based compensation from the Company in respect of her service as a director.
- (3) Following Mr. Bland's resignation from our board of directors on February 9, 2016 in order to assist the Company in complying with the majority independent board requirement of the NASDAQ listing rules, we entered into an independent contractor agreement with him during which time he received compensation in respect of providing strategic advisory services to our board of directors from February 9, 2016 to May 31, 2016. Mr. Bland was reappointed to our board of directors on June 1, 2016. Our non-employee directors are compensated under our non-employee director compensation program as described below. Our compensation program for our non-employee directors has two elements: cash compensation and equity-based compensation. Given her substantial holdings of our common stock, we have not granted equity-based compensation to Mrs. Ocampo for her service as a director to date.

Cash Compensation. The cash component of our non-employee director compensation program is as follows:

a \$45,000 annual cash retainer for each non-employee director;

an additional annual cash retainer of \$10,000 for each member of the audit committee, \$7,500 for each member of the compensation committee and \$5,000 for each member of the nominating and governance committee, in each case other than the chair of such committees; and

an additional annual cash retainer of \$20,000 for the chair of the audit committee, \$15,000 for the chair of the compensation committee and \$10,000 for the chair of the nominating and governance committee.

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These cash payments are calculated and paid in quarterly installments. Non-employee directors are also reimbursed for expenses in connection with attendance at board of directors and committee meetings. Non-employee directors are also eligible for coverage under our health care plans at their election and at their sole expense.

Equity Compensation. Non-employee directors are eligible to receive equity-based awards under the MACOM Technology Solutions Holdings, Inc. 2012 Omnibus Incentive Plan (as amended, our 2012 Omnibus Incentive Plan). The equity component of our non-employee director compensation program is as follows:

Each of our non-employee directors will be granted an annual restricted stock unit award (or, upon the director's request, a restricted stock award) on the first business day following the date of our annual meeting of stockholders representing a number of shares of common stock having a grant date fair market value equal to \$130,000. This award will vest in full on February 15 of the calendar year immediately following the year of its grant. If a non-employee director first joins the board of directors after the annual grant for the calendar year of his or her appointment or election has already been made, then he or she will be granted a restricted stock unit award (or, upon the director's request, a restricted stock award) representing a number of shares of our common stock having an aggregate grant date fair market value equal to \$130,000 pro-rated based on the number of calendar days remaining in the calendar year following such appointment or election. Each such grant will vest in full on the first February 15 following its grant date.

In addition to and not in lieu of the annual grant described above, when a non-employee director first joins the board of directors, he or she will be granted a restricted stock unit award (or, upon the director's request, a restricted stock award) representing a number of shares of our common stock having an aggregate grant date fair market value equal to \$170,000. Any such grant will vest in in three equal annual installments, with the first such vesting date being one year following whichever of February 15, May 15, August 15 or November 15 is soonest to follow the director's date of appointment. Such initial grants shall not be prorated in value based on a mid-year appointment.

In accordance with our non-employee director compensation policy, on March 4, 2016 we granted each of Messrs. Chung, Daly and Van Lunsen an annual restricted stock unit award representing 3,113 shares of our common stock for their services as directors during fiscal year 2016, which will vest in full on February 15, 2017, subject to the terms of our 2012 Omnibus Incentive Plan. On June 1, 2016, we granted Mr. Bland an annual restricted stock unit award representing 3,113 shares of our common stock in connection with his reappointment to our board of directors and for his services as a director during fiscal year 2016, which will vest in full on February 15, 2017, subject to the terms of our 2012 Omnibus Incentive Plan. Our 2012 Omnibus Incentive Plan provides that the initial and annual non-employee director equity awards described above are granted automatically without the need for further action by our board of directors or the compensation committee, except that non-employee directors who beneficially own more than twenty-five percent of our common stock are not eligible to receive such automatic grants.

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**NAMED EXECUTIVE OFFICER COMPENSATION,
COMPENSATION DISCUSSION AND ANALYSIS**

Named Executive Officers

This compensation discussion and analysis provides information about our executive compensation program for our fiscal year 2016 as it relates to the following named executive officers whose compensation is presented in the tables and accompanying narratives following this discussion:

John Croteau, President and Chief Executive Officer

Robert McMullan, Senior Vice President and Chief Financial Officer

Dr. Alex Behfar, Senior Vice President and Chief Scientist, Photonics

Robert Dennehy, Senior Vice President, Operations

Michael Murphy, Senior Vice President and General Manager, RF & Microwave

Objectives of Our Executive Compensation Programs

The compensation committee of our board of directors oversees the compensation plans, policies and programs covering our executive officers, including our named executive officers, under its authority as delegated by our board of directors. Our compensation programs for our named executive officers are designed to:

attract and retain the best executive talent;

motivate our executives to achieve our financial and business goals; and

align our executives' interests with those of our stockholders to drive increased stockholder value.

To achieve these goals, we structure our named executive officer compensation programs to provide a competitive level of total compensation and create a strong link with our business results by tying a significant portion of each executive's compensation to the achievement of specific performance goals that we expect will increase stockholder value.

How We Set Executive Compensation

The compensation in effect for our named executive officers for fiscal year 2016 reflects a combination of individually negotiated employment arrangements that we have entered into with each of our named executive officers and a total compensation program for our executive officers developed in prior periods by our compensation committee and refined by it in fiscal year 2016 as described in more detail below. The specific terms of the employment arrangements for our named executive officers were negotiated with either the Chairman of our board of directors or with our Chief Executive Officer serving at the time of such negotiations. Our Chief Executive Officer also makes recommendations to our compensation committee from time to time regarding adjustments in the compensation of our other named executive officers. All compensation arrangements and updates to existing compensation arrangements with our named executive officers implemented since our initial public offering have been approved by our compensation committee.

During fiscal year 2016, we did not specifically benchmark the total target compensation or individual components of compensation for our named executive officers. However, in fiscal year 2015, we used industry total compensation data compiled by Radford, our compensation consultant, as a reference in evaluating and refining our executive compensation programs. Radford compiled compensation data from companies with \$200 million to \$1.8 billion in annual revenue, which we believe are comparable to us in size. We also used proxy statement data gathered from the following companies that we considered similar to us in terms of business lines or in terms of potential competition for executive talent: Analogic Corporation, Cabot

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Microelectronics Corporation, Cirrus Logic Inc., Cypress Semiconductor Corporation, Diodes Incorporated, Integrated Device Technology, Inc., International Rectifier Corporation, Intersil Corporation, Micrel Inc., Microsemi Corporation, Monolithic Power Systems, Inc., OmniVision Technologies, Inc., PMC-Sierra Inc., Power Integrations Inc., Rambus Inc., Semtech Corporation, Silicon Image, Inc., Silicon Laboratories Inc., Synaptics Incorporated and Tessera Technologies, Inc.

Using such industry total compensation and proxy statement data and subjective factors, such as the relative importance we place on each role within the Company, considerations of peer group equity compensation practices and other factors, the compensation committee developed total compensation targets for each of our named executive officer positions. The compensation committee then developed a total compensation plan, consisting of elements of base pay, target annual cash incentives and long-term equity incentives, as discussed in further detail below, that provided each named executive officer with the opportunity to realize the targeted total compensation while furthering the objectives of our compensation programs described above. In fiscal year 2016, the compensation committee largely carried forward the total compensation targets and programs it had developed over the course of fiscal year 2015, with minor adjustments as noted below. Based on our review of the above-described compensation data and similar data from the same sources for fiscal year 2016, we believe that the total compensation provided to our named executive officers in fiscal year 2016 was generally below market median to market median overall assuming a target level of achievement against the performance targets applicable to the performance-based restricted stock unit awards granted to such named executive officers in fiscal year 2016 (discussed in more detail below under *Long-Term Equity Incentives – Performance-Based Equity Incentives*), and market median to above market median overall assuming a maximum level of achievement against such performance targets.

Elements of Executive Compensation

Our compensation program for our named executive officers consists of the following elements:

base salary and benefits;

annual cash incentives; and

long-term equity incentives.

Base Salary and Benefits

The annual base salary in place for fiscal year 2016 for each of our named executive officers was determined pursuant to the terms of each executive's employment agreement, as well as any discretionary increases to such amounts approved by our compensation committee in fiscal year 2016 or in prior fiscal years, and reflects each executive's relative level of experience and responsibility. The compensation committee authorized a four percent increase to the base salary of our Chief Executive Officer, and a three percent increase to the base salary of each of our other named executive officers, in fiscal year 2016 based on its review of the industry total compensation and proxy statement data discussed above. After this review, it was determined that such base salary increases were appropriate to maintain competitive levels of base salary.

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The following table shows the annual base salaries for our named executive officers in place at the end of fiscal year 2016.

Name	Fiscal Year 2016 Salary
John Croteau <i>President and Chief Executive Officer</i>	\$ 625,000
Robert McMullan <i>Senior Vice President and Chief Financial Officer</i>	\$ 338,745
Alex Behfar <i>Senior Vice President and Chief Scientist, Photonics</i>	\$ 283,250
Robert Dennehy <i>Senior Vice President, Operations</i>	\$ 339,900
Michael Murphy <i>Senior Vice President and General Manager, RF & Microwave</i>	\$ 338,765

We generally provide our named executive officers health and welfare benefits on the same terms as our other salaried employees, including health benefits and life insurance coverage, as well as the opportunity to participate in and receive matching contributions under our 401(k) plan.

We believe that, in order for us to attract top executive talent, we must not be limited to those individuals residing in the Boston metropolitan area and, in some cases, must be willing to offer to pay for or reimburse an agreed upon amount of relocation, commuting, temporary housing and other related costs. In fiscal year 2016, we made such payments and reimbursements to our Chief Financial Officer in connection with his commuting to work from a home outside the Boston metropolitan area.

Annual Cash Incentives

During fiscal year 2016, each of our named executive officers participated in our cash incentive programs. Our cash incentive programs were comprised of two six-month performance periods within our fiscal year, with different performance metrics for each period, as described below. Our compensation committee determined the target cash incentive opportunity for each of our named executive officers for fiscal year 2016 based on its business judgment regarding the appropriate level of incentive opportunity to motivate and retain these executives, and to establish an appropriate pay for performance linkage between their total compensation and our overall financial results. In making this business judgment, the compensation committee considered each named executive officer's historical levels of incentive opportunity as well as each named executive officer's respective salary and level of incentive opportunity relative to those of our other named executive officers. Based on these considerations and those described above with respect to the base salary increases in fiscal year 2016, our compensation committee maintained the target cash incentive opportunity of our named executive officers at their previously-set levels. This target opportunity was also subject to potential discretionary increase or reduction based on individual performance during the period. The following table shows the cash incentive

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opportunity of each of our named executive officers for fiscal year 2016 assuming target level achievement against applicable performance metrics, expressed as a percentage of each executive's annual base salary.

Name	Fiscal Year 2016 Cash Incentive Opportunity (% of Base Salary)
John Croteau <i>President and Chief Executive Officer</i>	100%
Robert McMullan <i>Senior Vice President and Chief Financial Officer</i>	50%
Alex Behfar <i>Senior Vice President and Chief Scientist, Photonics</i>	50%
Robert Dennehy <i>Senior Vice President, Operations</i>	50%
Michael Murphy <i>Senior Vice President and General Manager, RF & Microwave</i>	50%

First Half 2016 Program. Payments under the cash incentive program for the first half of fiscal year 2016 were based on our performance in that period as compared against the following adjusted operating income goals for the six months ended April 1, 2016:

First Half Fiscal Year 2016

Performance Goal	Threshold	Target	Maximum	Actual Performance
Adjusted Operating Income	\$ 51.9 million	\$ 59.0 million	\$ 68.7 million	\$ 62.0 million

We selected adjusted operating income as the performance metric for this program as we believe it is a primary driver of stockholder value. The calculation of adjusted operating income excludes the impact of accrued costs for the payment of incentives under the cash incentive program itself, as well as the effect, where applicable, of intangible amortization expense, share-based compensation costs, impairment and restructuring charges, financing and litigation costs, and acquisition- and integration-related costs. If performance exceeded the threshold level, a total pool for all participating employees within the Company would be funded at \$4.5 million for target performance and \$9.0 million for maximum performance. For performance falling between the threshold and target levels, a total pool would be funded at a rate of \$0.634 per \$1.00 of adjusted operating income achieved in excess of the threshold level, and for performance falling between the target and maximum levels, a total pool would be funded at a rate of \$0.464 per \$1.00 of adjusted operating income achieved in excess of the target level. Each named executive officer would be eligible for a payment based on an allocated portion of this pool based on both the executive's target incentive amount and individual performance. There was no set weighting assigned by the compensation committee to the individual component of the annual incentive program.

In light of our performance for the first half of fiscal year 2016 (see the Actual Performance column in the table above), excluding any impact of our acquisitions of FiBest Limited and Aeroflex/Metelics, Inc., which, due to their timing, were not been factored into the program targets when first established by the compensation committee, as well as the compensation committee's assessment that each named executive officer performed at 100% of his expected level of individual performance, we paid each named executive officer approximately 133% of his respective target

annual cash incentive opportunity for the first half of fiscal year 2016.

Second Half 2016 Program. Payments under the cash incentive program for the second half of fiscal year 2016 were based on our performance in that period as compared against the following adjusted operating income goals for the six months ended September 30, 2016:

Second Half Fiscal Year 2016

Performance Goal	Threshold	Target	Maximum	Actual Performance
Adjusted Operating Income	\$ 60.8 million	\$ 69.2 million	\$ 80.5 million	\$ 83.5 million

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We selected adjusted operating income as the performance metric for the second half of fiscal year 2016 for the reasons set forth above. If performance exceeded the threshold level, a total pool for all participating employees within the Company would be funded at \$5.3 million for target performance and \$10.6 million for maximum performance. For performance falling between the threshold and target levels, a total pool would be funded at a rate of \$0.631 per \$1.00 of adjusted operating income achieved in excess of the threshold level, and for performance falling between the target and maximum levels, a total pool would be funded at a rate of \$0.469 per \$1.00 of adjusted operating income achieved in excess of the target level. Each named executive officer would be eligible for a payment based on an allocated portion of this pool based on both a specified percentage of annual base salary and the executive's individual performance.

In light of our performance for the second half of fiscal year 2016 (see the Actual Performance column in the table above) and the compensation committee's assessment that each named executive officer performed at 100% of his expected level of individual performance, we paid each named executive officer approximately 200% of his respective target annual cash incentive opportunity for the second half of fiscal year 2016.

Special Retention Program

In connection with our acquisition of BinOptics in December 2014 (the BinOptics Acquisition), the Company and BinOptics adopted the Amended and Restated 2014 Key Employee Retention Plan (the Retention Plan). Dr. Behfar is a participant in the Retention Plan, along with certain other key employees of BinOptics. Dr. Behfar received payments under the Retention Plan in connection with the closing of the BinOptics Acquisition and on the first anniversary of the closing, and is eligible to receive additional payments on the second anniversary of the closing, subject to his remaining employed by us on the date the payments are made. The amounts paid and payable under the Retention Plan include payments that would otherwise have been made in respect of BinOptics shares and stock options previously held by Dr. Behfar, payments under a prior retention plan of BinOptics and additional bonus amounts agreed to as part of the BinOptics Acquisition.

Long-Term Equity Incentives

As part of our compensation committee's review, evaluation and further development of our total compensation program for our named executive officers in fiscal year 2016 as described above, and in an attempt to establish a mix of cash and equity compensation for each named executive officer such that we both reward current performance adequately to retain the executive in a competitive marketplace, and provide them with adequate incentives to drive long-term stockholder value, our compensation committee assigned each named executive officer a restricted stock unit award equity percentage as follows (assuming target performance of performance-based equity incentives), and also determined the relative portion of such award that would be granted to each named executive officer subject to time-based or performance-based vesting criteria, as applicable:

Named Executive Officer	Fiscal Year 2016 Restricted Stock Unit	
	Equity Percentage	Time-Based/ Performance-Based
John Croteau <i>President and Chief Executive Officer</i>	100%	40% / 60%
Robert McMullan <i>Senior Vice President and Chief Financial Officer</i>	85%	40% / 60%

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Alex Behfar(1) <i>Senior Vice President and Chief Scientist, Photonics</i>	75%	40% / 60%
Robert Dennehy <i>Senior Vice President, Operations</i>	75%	40% / 60%
Michael Murphy <i>Senior Vice President and General Manager, RF & Microwave</i>	85%	40% / 60%

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- (1) At the time of the compensation committee's review and approval of annual restricted stock unit awards to our named executive officers in fiscal year 2016 as part of our annual equity compensation program for named executive officers, Mr. Behfar's equity percentage was 65%, and the split between time-based and performance-based vesting criteria for purposes of making RSU awards to him was 50% / 50%. Later in fiscal year 2016, in connection with his promotion to the position of Senior Vice President and Chief Scientist, Photonics, the compensation committee increased Mr. Behfar's equity percentage to 75%, and adjusted the split between time-based and performance-based vesting criteria for purposes of making future annual RSU awards to him to 40% / 60%.

This restricted stock unit equity percentage, when applied to the sum of each named executive officer's annual salary and his annual target cash incentive opportunity, approximates the total cash value of equity incentive awards at target we would typically grant to such named executive officer annually under our executive compensation program. While the equity percentage assigned to a particular executive is considered a guideline and is used by our compensation committee together with annual salary, annual cash incentive opportunity and any other equity incentive awards, such as the performance stock option awards described below, to evaluate each executive officer's total compensation, the compensation committee retains discretion to vary the amount of any such executive's annual equity grant based on performance factors, the overall dilutive impact of our employee equity grant program, the amount of unvested equity awards already held by such executive, perceived anomalies in the current valuation of our common stock or otherwise. Our compensation committee determined that, in keeping with our pay for performance philosophy, it was advisable to subject all stock option awards, and a substantial portion of the restricted stock unit awards made to our named executive officers in fiscal year 2016, to vesting based on the achievement of performance metrics the committee believed would increase stockholder value.

Time-Based Equity Incentives. In fiscal year 2016, we provided each of our named executive officers with long-term equity incentives through the grant of restricted stock units subject to time-based vesting under our 2012 Omnibus Incentive Plan. Our compensation committee granted restricted stock units because they believe they provide a valuable retention incentive to our executives. In addition, our compensation committee believes that because restricted stock units require fewer shares to deliver the same amount of retention incentive to a given executive than a stock option award, restricted stock units also reduce the overall potential dilution to our stockholders from our equity compensation programs.

In fiscal year 2016, as part of our annual equity compensation program, we granted our Chief Executive Officer 14,751 restricted stock units, our Chief Financial Officer 5,155 restricted stock units, our Senior Vice President and General Manager, RF & Microwave, 5,155 restricted stock units, our Senior Vice President, Operations, 4,564 restricted stock units and our Senior Vice President and Chief Scientist, Photonics, 4,120 restricted stock units, in each case subject to time-based vesting based on their continued employment over four years. Our compensation committee approved these restricted stock units based on its business judgment that they reflected an appropriate level of long-term incentive to retain these officers. The size of each award was arrived at by the compensation committee based on considerations of the factors described above.

Performance-Based Equity Incentives.

Performance Restricted Stock Units. In addition to the time-based restricted stock unit awards described above, in fiscal year 2016, as part of our annual equity compensation program, we granted our Chief Executive Officer 22,127 restricted stock units, our Chief Financial Officer 7,732 restricted stock units, our Senior Vice President and General Manager, RF & Microwave, 7,732 restricted stock units, our Senior Vice President, Operations, 6,845 restricted stock units and our Senior Vice President and Chief Scientist, Photonics, 4,120 restricted stock units, in each case subject to performance-based vesting conditions. The performance-based restricted stock units are divided into three equal tranches with one tranche eligible to vest based on our non-GAAP earnings per share (Adjusted EPS) growth during

fiscal year 2016, one tranche eligible to vest based on Adjusted EPS growth during fiscal years 2016 2017 and one tranche eligible to vest based on Adjusted EPS growth during fiscal years

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2016-2018. For each tranche, recipients can earn between 0% to 300% of the target number of performance-based restricted stock units, depending on actual performance. Once earned, the performance-based restricted stock units will be settled the following May, subject to continued employment with us through the settlement date. Our compensation committee approved these performance-based restricted stock units based on its business judgment that they reflected an appropriate level of long-term incentives to retain these officers and further align their compensation with the attainment of a key performance metric and increases in stockholder value. The size of each award was determined by our compensation committee based on consideration of the factors described above. Adjusted EPS is a non-GAAP financial metric and the calculation of Adjusted EPS excludes discontinued operations, the impact of fair value accounting in mergers and acquisitions (M&A) of businesses, M&A costs, including acquisition and related integration costs, certain cost savings from synergies expected from M&A activities, income and expenses from transition services related to M&A activities, expected amortization of acquisition-related intangibles, share-based and other non-cash compensation expense, certain cash compensation, restructuring charges, litigation settlement and costs, changes in the carrying values of assets and liabilities measured at fair value, contingent consideration, amortization of debt discounts and issuance costs, other non-cash expenses, earn-out costs, restructuring costs and certain income tax items.

Performance Stock Options. Also, in fiscal year 2016, as part of our annual equity compensation program, we granted our Chief Executive Officer 100,000 stock options, our Chief Financial Officer 20,000 stock options, our Senior Vice President and General Manager, RF & Microwave, 10,000 stock options our Senior Vice President, Operations, 25,000 stock options and our Senior Vice President and Chief Scientist, Photonics, 10,000 stock options, in each case subject to performance-based vesting conditions. These stock options vest as to 100% of the underlying shares if the closing price for our common stock equals or exceeds \$64.22 per share for a period of thirty consecutive trading days, which represented an approximate premium of 50% to the 52-week high price per share of our common stock as of the date the stock options were granted. Our compensation committee approved these performance-based stock options based on its business judgment that they reflected an appropriate level of long-term incentives to retain these officers and further align their compensation with the attainment of increases in stockholder value. The size of each award was determined by our compensation committee based on consideration of the factors described above.

Our compensation committee believes that the performance-based stock options and restricted stock units granted to our named executive officers as described above are a useful tool for compensating our executives, in that they align our executives' interests directly with those of our stockholders by tying the vesting of, or the amount that is earned in respect of, an award directly to achieving pre-established measures of performance determined to be important to the Company's success. We believe such awards also provide a valuable retention incentive to executives committed to increasing stockholder value. Given these considerations, we may increasingly employ performance-based equity incentives in our executive compensation programs in the future.

Severance Arrangements

Because we believe it is in our best interests and the best interests of our stockholders to encourage and reinforce the continued dedication and attention of our senior executives, and to minimize the potential for them to be distracted from performing their duties by the potential prospect of a termination of employment, we have agreed to provide our Chief Executive Officer and our Senior Vice President and General Manager, RF & Microwave, with severance benefits as described in each executive's employment agreement, as described below. Our Senior Vice President and Chief Scientist, Photonics, is also entitled to certain severance benefits under the Retention Plan, as described below. In October 2014, following a period of heavy consolidation in our industry and with a similar motivation of keeping our executives focused on managing our business without distraction by a potential change in control, we also adopted the MACOM Technology Solutions Holdings, Inc. Change in Control Plan (as amended, the CIC Plan) in which each of our named executive officers participate and which provides severance protection to plan participants in the event

their employment is terminated under certain circumstances in connection with a change in control. In adopting the CIC Plan, our compensation committee was motivated by a belief that the benefits of the plan were reasonable in scope and amount, would better align the interests of our

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executives with those of our stockholders in the context of a potential change in control and may enhance stockholder value whether or not a future change in control occurs by helping to retain those executives who are participants in this plan. See *Potential Payments upon Termination or Change in Control* below for a more detailed discussion of these potential payments.

Non-Competition Agreements

With the goal of securing the services of executives who may be key to our success for a period of time and preventing competitors from hiring such personnel away from us, from time to time we may enter into agreements where an executive agrees not to go to work for a competing enterprise for a period of time in exchange for a payment or payments from us. In connection with the BinOptics Acquisition, we entered into such an arrangement with our Senior Vice President and Chief Scientist, Photonics, providing for non-competition covenants from the executive during the term of his employment and for a period of eighteen months thereafter.

Tax and Accounting Considerations

Section 162(m) of the Code (Section 162(m)) generally disallows a tax deduction to a public corporation for annual compensation in excess of \$