

Filed by MACOM Technology Solutions Holdings, Inc.
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and deemed filed pursuant to Rule 14a-12 of the Securities Exchange Act of
1934, as amended
Subject Company: Applied Micro Circuits Corporation
Commission File No. 000-23193



MACOMTM
Partners from RF to Light

MACOM Technology Solutions Holdings (MTSI)

November, 2016



Forward-Looking Statement Safe Harbor and Use of Non-GAAP Financial Measures

DISCLOSURE NOTICE: This presentation contains forward-looking statements based on MACOM management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include, among others, information related to the proposed acquisition of AppliedMicro by MACOM, information concerning our stated guidance, business outlook and future results of operations, our improving product mix, our strategy for driving revenue growth, accelerating growth and expanding margins, our expectations for a ramp up in volume GaN base station production programs, our projected increase in earnings per share, our expectations for our aerospace and defense business unit, optical business or any other product line or business unit, the potential benefits and synergies, strategic plans, divestitures, cost savings, accretion, revenue, margins, market share capture, competitive position, integration and financial and business expectations associated with the acquisition of AppliedMicro, the price of the transaction with AppliedMicro, the consideration used in the transaction with AppliedMicro, the anticipated timing of closing of the acquisition of AppliedMicro, and any other statements regarding future trends, business strategies, competitive position, industry conditions, other acquisitions and their expected benefits, and market opportunities. Forward-looking statements include all statements that are not historical facts and generally may be identified by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "seeks," "should," "will," "would" or similar expressions and the negatives of those terms.

Our forward-looking statements are subject to assumptions, risks and uncertainties, and are not guarantees of future results. Risks and uncertainties related to the proposed acquisition of AppliedMicro by MACOM include, among other things, risks related to the satisfaction of the conditions to closing the acquisition (including the failure to obtain necessary regulatory approvals) in the anticipated timeframe or at all, including uncertainties as to how many of AppliedMicro's stockholders will tender their shares in the tender offer and the possibility that the acquisition does not close; risks related to the ability to realize the anticipated benefits of the acquisition, including the possibility that the expected benefits from the proposed acquisition will not be realized or will not be realized within the expected time period; the risk that the businesses will not be integrated successfully; disruption from the transaction making it more difficult to maintain business, contractual and operational relationships; negative effects of this presentation or the consummation of the proposed acquisition on the market price of MACOM's common stock and on MACOM's operating results; significant transaction costs; unknown liabilities; the risk of litigation and/or regulatory actions related to the proposed acquisition; other business effects, including the effects of industry, market, economic, political or regulatory conditions; future exchange and interest rates; changes in tax and other laws, regulations, rates and policies; future business combinations or disposals; the uncertainties inherent in research and development, including the ability to sustain and increase the rate of growth in revenues for AppliedMicro's products; and competitive developments. Actual results may differ materially from the outcomes stated or implied by our forward-looking statements based on any assumptions and other risk factors we may mention today. A further description of risks and uncertainties relating to MACOM and AppliedMicro can be found in their respective Annual Reports on Form 10-K for the fiscal years ended September 30, 2016 and March 31, 2016, respectively, and in their subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the U.S. Securities and Exchange Commission (the "SEC") and available at www.sec.gov.

We make references in this presentation to certain financial information calculated on a basis other than in accordance with accounting principles generally accepted in the United States (GAAP) including non-GAAP gross margin and operating margin, non-GAAP earnings per share, non-GAAP operating income and non-GAAP adjusted revenue. These non-GAAP measures are provided as additional insight into on-going financial performance. These non-GAAP measures are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. See our reconciliation of MACOM non-GAAP results to the nearest GAAP measure in the appendix provided at the end of this presentation. We have not provided a reconciliation with respect to any forward-looking non-GAAP financial data presented, because we do not have and cannot reliably estimate certain key inputs required to calculate the most comparable GAAP financial data, such as the future price per share of our common stock for purposes of calculating the value of our common stock warrant liability and share-based compensation costs, future acquisition costs, the possibility and impact of any litigation costs, changes in our GAAP effective tax rate, impairment charges and acquisition, integration and other costs related to our acquisitions, which are difficult to predict and estimate. Our fiscal year end is the Friday closest to September 30th. Fiscal year 2017 will include 52 weeks.

This presentation also contains market statistics and industry data that are subject to uncertainty and are not necessarily reflective of market conditions. Although MACOM believes that these statistics and data are reasonable, they have been derived from third party sources and have not been independently verified by MACOM.

All financial guidance projections referenced in this presentation were made as of November 15, 2016 or another historical date noted herein, and any references to such projections herein are not intended to reaffirm them as of any later date. Neither MACOM nor AppliedMicro assumes any obligation to update forward-looking statements contained in this presentation as the result of new information or future events or developments.

Additional Information and Where to Find It

The exchange offer for the outstanding shares of AppliedMicro stock described in this presentation has not yet commenced. This presentation is for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell shares, nor is it a substitute for any materials that MACOM and its offering subsidiary, Montana Merger Sub I, Inc. (“Purchaser”), will file with the SEC.

Purchaser plans to file a Tender Offer Statement on Schedule TO, together with other related exchange offer documents, including a letter of transmittal, in connection with the offer; AppliedMicro plans to file a Recommendation Statement on Schedule 14D-9 in connection with the offer; and MACOM plans to file a Registration Statement on Form S-4 that will serve as a prospectus for MACOM stock to be issued as consideration in the offer and the acquisition. These documents will contain important information about MACOM, AppliedMicro and the acquisition. AppliedMicro stockholders are urged to read these documents carefully and in their entirety when they become available before making any decision regarding exchanging their shares. These documents will be made available to AppliedMicro stockholders at no expense to them and will also be available for free at the SEC's website at www.sec.gov. Additional copies may be obtained for free by contacting MACOM's investor relations department at 949-224-3874 or AppliedMicro's investor relations department at 415-217-4962.

In addition to the SEC filings made in connection with the transaction, each of MACOM and AppliedMicro files annual, quarterly and current reports and other information with the SEC. You may read and copy any reports or other such filed information at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. MACOM's and AppliedMicro's filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at <http://www.sec.gov>.

A stylized radar chart or sonar scan is visible in the background of the slide. It features concentric circles and a grid. Labels like '001', '002', '005', '100', '200', '300', '400', and '500' are scattered across the chart. The chart is rendered in shades of blue and green.

Company Highlights

- **Pure play leader** in high performance analog RF, microwave, millimeterwave and photonic semiconductors
- **Growth and richer product mix** driving gross and operating margin expansion
- **Focused R&D investments** in high-growth, high-margin applications
- **Broad catalog business of long lifecycle products** serving large and diverse end markets
- **Disciplined consolidator and proven integrator**
- **Scalable “fab-lite” manufacturing model** with differentiated domestic manufacturing
- **Increasing profitability** supported by strong balance sheet
- **Experienced management** team supported by best in class operating professionals

Serving Large and Diverse End Markets



NETWORKS

Cloud connected apps economy driven by: cloud computing, hyperscale data centers, optical networking, streaming video and mobile internet devices



HUAWEI



NEC

molex

one company > a world of innovation



AEROSPACE/ DEFENSE

Demand for **improved situational awareness** on the modern battlefield through active antenna arrays and high data density networks



MOTOROLA

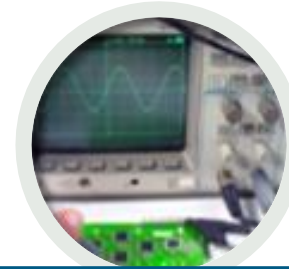
HARRIS

THALES



Rockwell
Collins

NORTHROP GRUMMAN



MULTI-MARKET

Servicing transition from GaAs to **GaN** technologies



ROHDE & SCHWARZ



Agilent Technologies

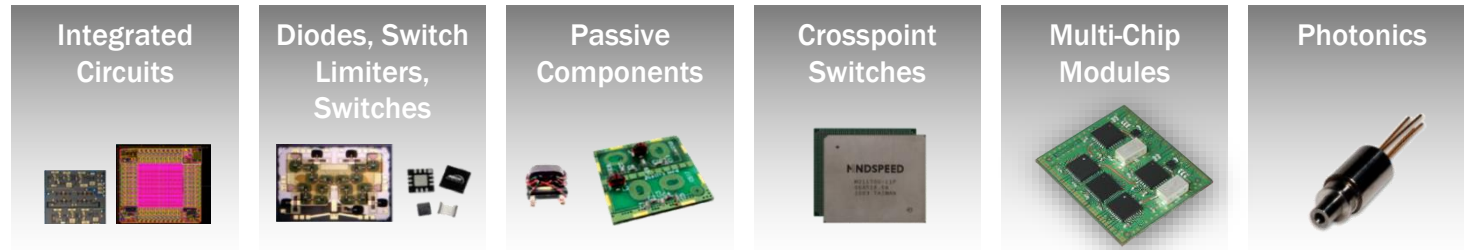
SIEMENS



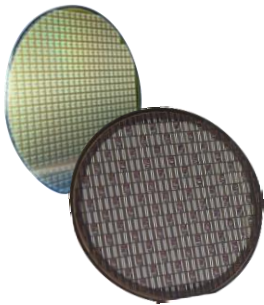
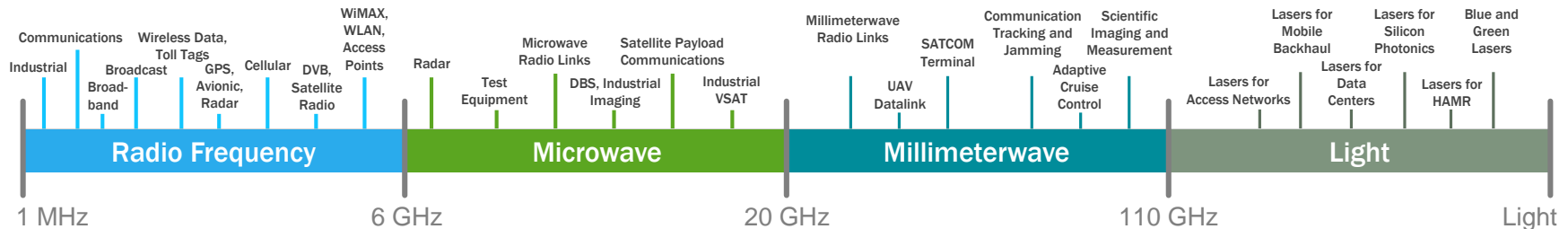
Growth driven by the **Cloud Connected Apps Economy** and the **Modern Networked Battlefield**

Broad Catalog of Highly Specialized Products

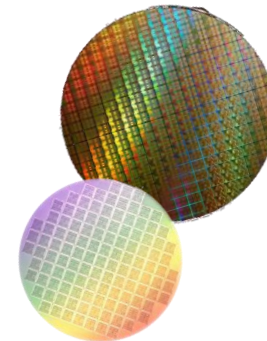
Diverse Array of Products and Form Factors



Serving a Broad Frequency Spectrum



- Sticky, value-added technologies
- High speed analog RF, μ W, mmW and photonic engineering competencies
- Long product lifecycles



» » » ...from RF to Light

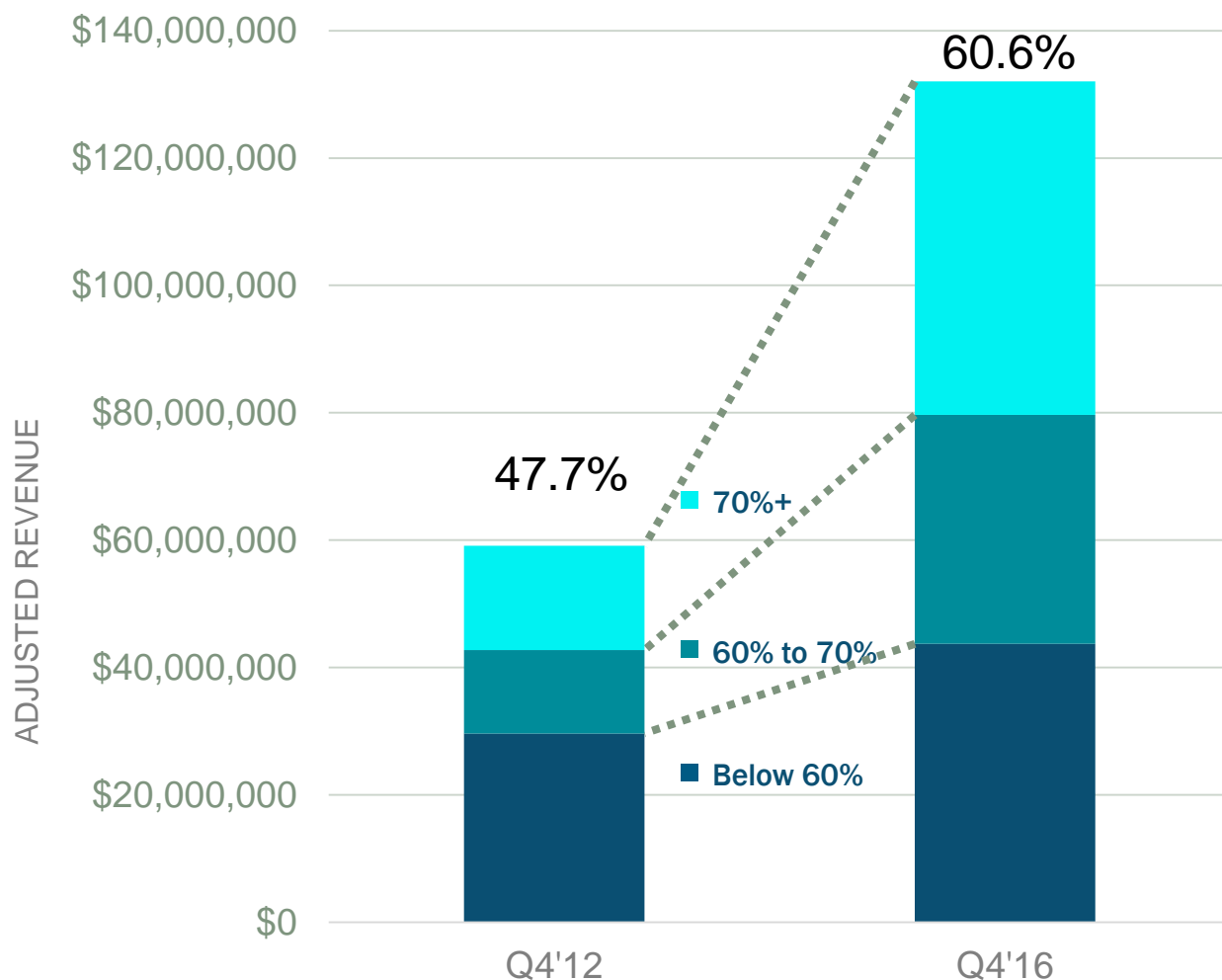
Focused R&D Investments



Building on 60 years of engineering expertise, **MACOM** is a trusted partner to industry leaders worldwide

Growth and Richer Product Mix

Quarterly Adjusted Revenue by Adjusted Gross Margin⁽¹⁾



Significant gross margin expansion due to product mix shift

Organic investment in high margin, high performance products

Focused acquisition efforts on high margin, high value-add businesses

(1) Adjusted Revenue and Gross Margin are Non-GAAP measures and have been adjusted for the automotive business now reflected as discontinued operations and other items. Q4 16 excludes FIBest and Metelics/Aeroflex acquisitions revenue of \$9.2 and \$11.4 million respectively, which reduced Adjusted Gross Margin by 2.1%. Please see the appendix for reconciliation to GAAP.

Disciplined Consolidator and Proven Integrator

Our M&A strategy is designed to:

- **Acquire companies that expand MACOM's footprint** in adjacent markets (>\$50 million purchase price)
- **Acquire smaller product companies that accelerate MACOM's growth strategies** with products, people and intellectual property (<\$30 million purchase price)
- **Investments in exchange for licensed Patents and Intellectual Property** to design new products that MACOM will bring to market in a specific field of use
- **Target neutral to accretive** in year 1

MINDSPEED[®]

BINOPTICS



OPTOMAI

Mimix
BROADBAND™

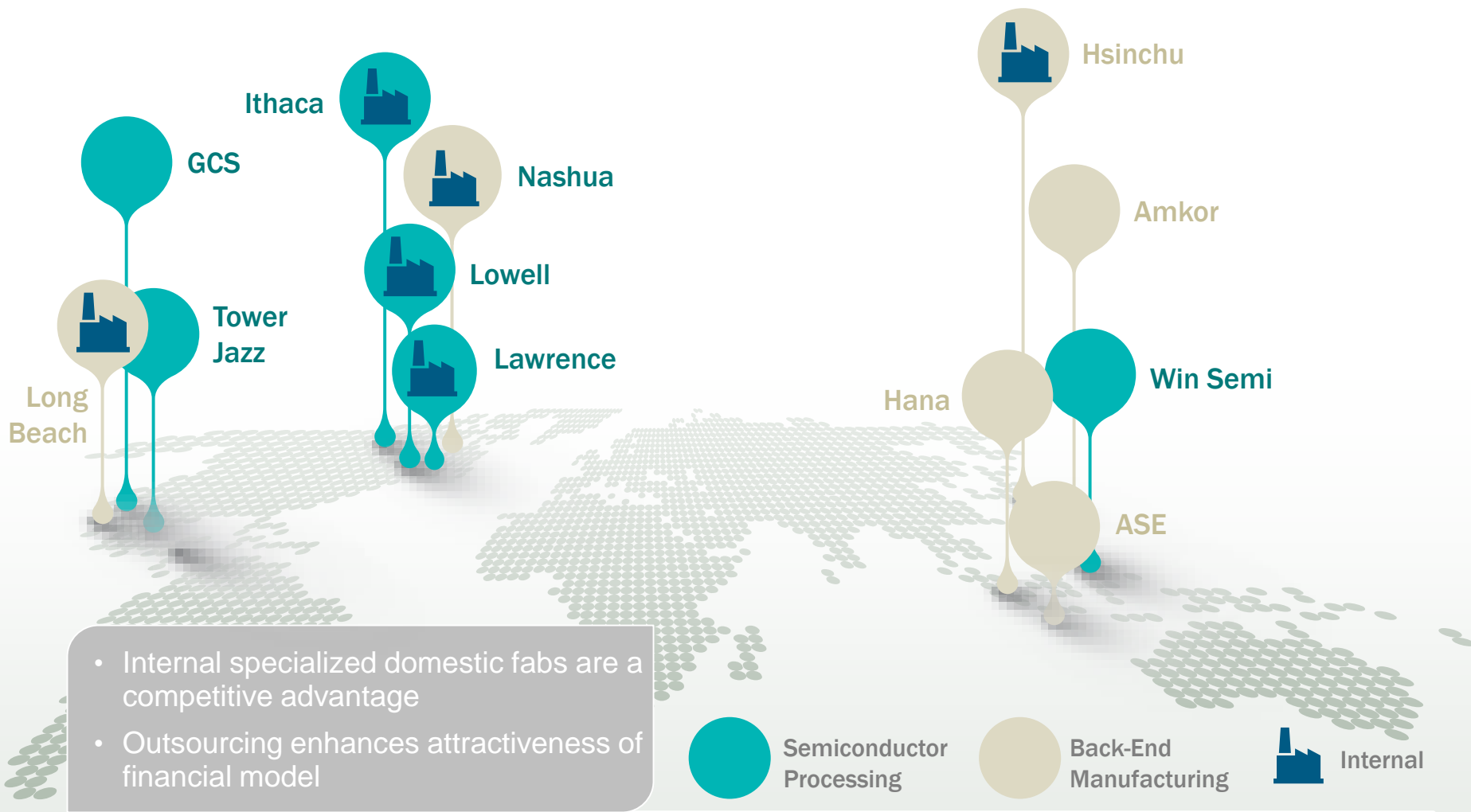
NITRONEX
CORPORATION

IK
IKE Micro

F•Best

AEROFLEX
METELICS

Scalable, Fab-lite Manufacturing Strategy



Flexible manufacturing model provides **competitive advantage**

Experienced and Proven Management Team



John Croteau
President & CEO



Robert McMullan
SVP & CFO



Preet Virk
SVP & GM,
Networks



Michael Murphy
SVP & GM,
RF & Microwave



Jack Kennedy
SVP & GM, Aerospace and
Defense Solutions



Robert Dennehy
SVP, Operations



Greg Baker
SVP Strategy, RF
and Microwave



Thomas Hwang
SVP, Global Sales



Alex Behfar
Chief Scientist,
Photonics



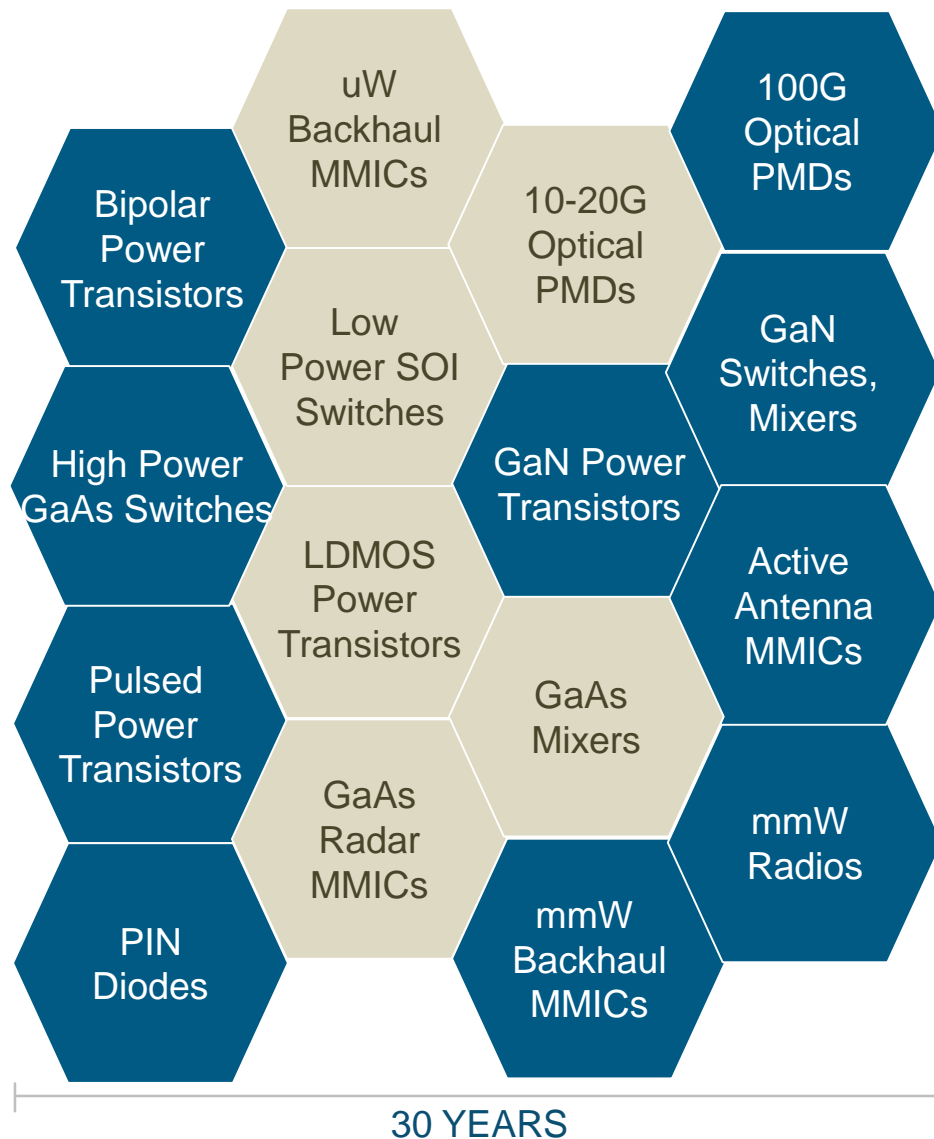
Toshihiro Takada
SVP & President, MACOM
K.K.



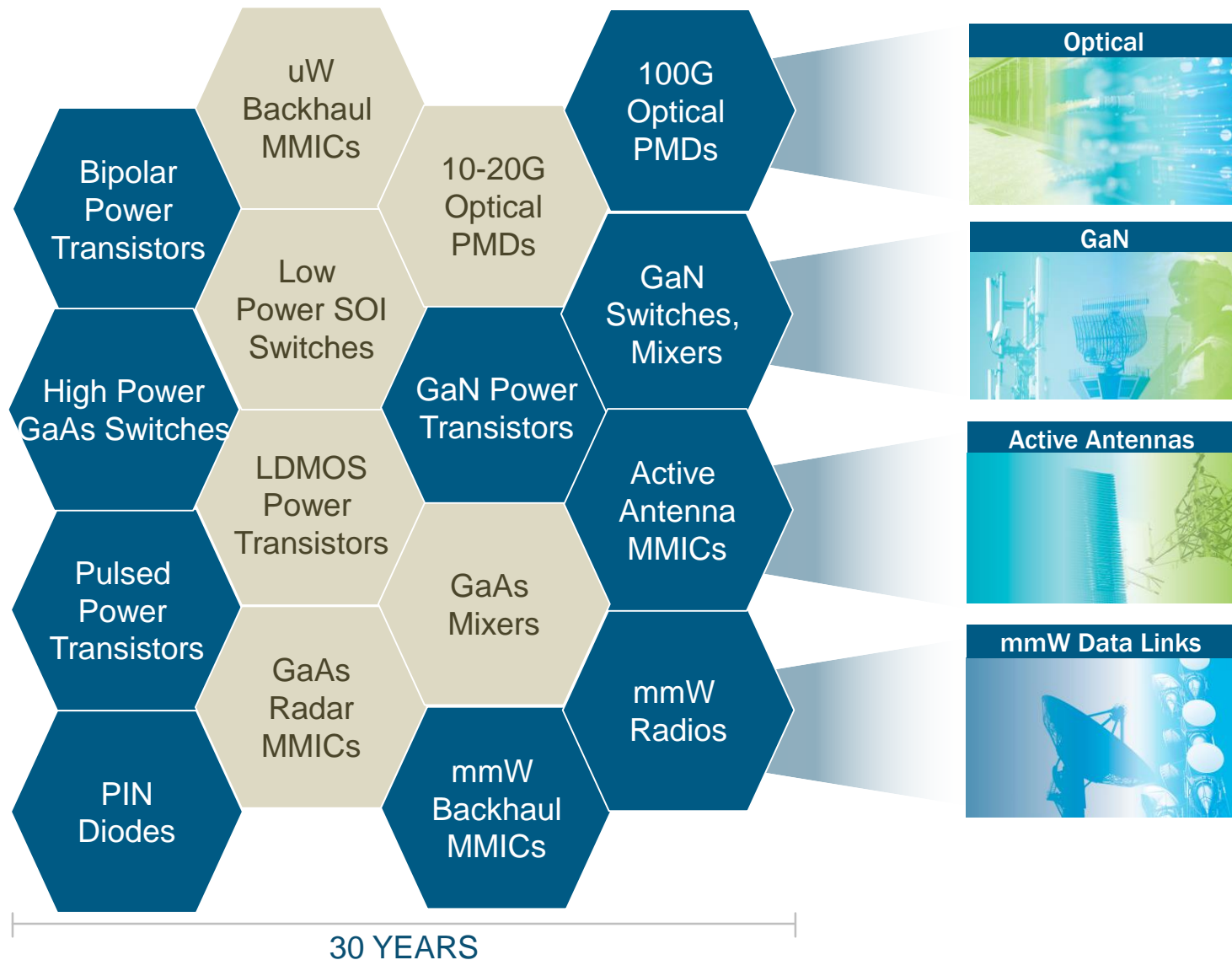


Recipe for Growth & Profitability

Secular Growth Drivers



Secular Growth Drivers



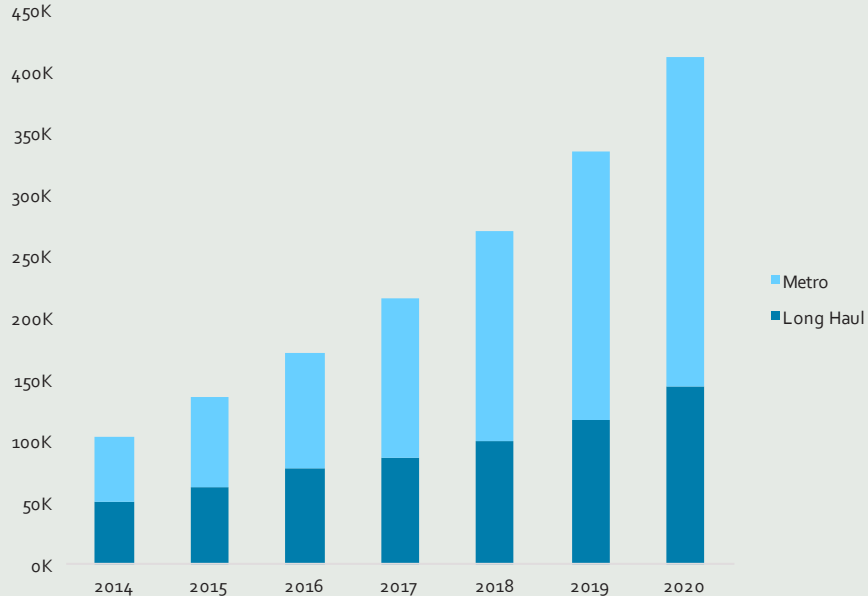


OPTICAL

Optical Networking Drives MACOM Growth

OPTICAL

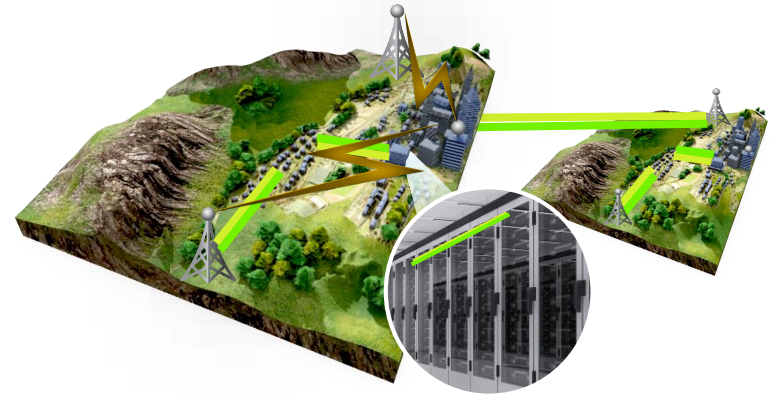
100G Coherent Port Count



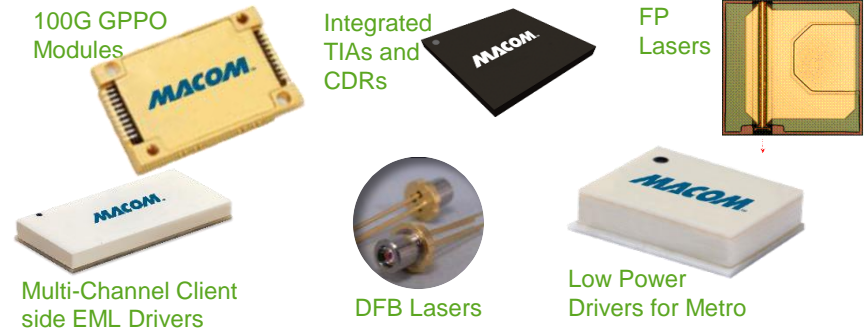
Well positioned to take advantage
of the 100G metro build out

Source: MACOM estimates based on internal and external (Infonetics) sources.

APPLICATIONS



PRODUCTS & TECHNOLOGY



KEY CUSTOMERS



Long-haul and Metro 100G Optical Market

Components

MACOM
Partners from RF to Light

NeoPhotonics

Inphi
Think fast.

SEMTECH

QORVO

Transceivers

JDSU

FUJITSU

Finisar

OCLARO

Systems

FUJITSU

CISCO

HUAWEI

ciena

Alcatel-Lucent

infinera

Coriant

Carriers

BT

verizon



中国移动通信
CHINA MOBILE

at&t

NTT

comcast

T Deutsche
Telekom

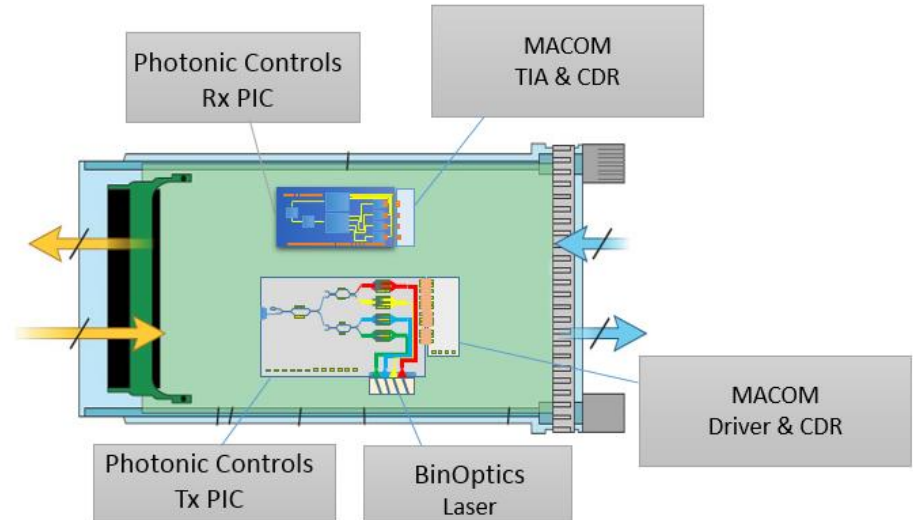
Preeminent Supplier of 100G Optical Components

- **Leader** in long haul line drivers for 100G
- **Only company** providing both laser + PMD ICs
- We deliver all high speed **photonic and optoelectronic** semiconductor content in 100G/400G transceivers
- We have **filled a gap in the merchant supply** of photonic chips, especially lasers
- **Serves system companies** that are integrating optical modules at the component/chip level
- **Optimized chips** provide highly differentiated performance, power, size and cost solutions for next generation Data Center links
- We are the **#1 supplier for FTTH**



Broad line supplier for 100G transceiver components

100G TRANSCEIVER



Transaction Summary¹

Transaction

- MACOM to acquire AppliedMicro (NASDAQ: AMCC)
 - Highly complementary Connectivity business servicing high growth Data Center market
 - Plan to divest non-strategic Compute business (known interested buyers)

Price / Consideration

- Cash/stock offer of \$8.36 per share of AppliedMicro common stock, a 15.4% premium to November 18th, 2016 closing AppliedMicro share price
- \$3.25 in cash and 0.1089 MACOM shares per share of AppliedMicro
- ~\$770mm total consideration, or ~\$688mm net of AppliedMicro's \$82mm of cash as of September 30, 2016*

Financing

- Combination of ~\$290mm of cash and ~10mm new shares
- AMCC shareholders will own ~15% of MACOM pro forma for the transaction

Timing

- Targeted close in first calendar quarter of 2017

Financial Impact⁽¹⁾

- Expected to enhance MACOM's revenue growth as well as non-GAAP gross margin and operating margin
- Expected to be accretive to non-GAAP EPS (fully diluted) in FY2017
- AppliedMicro NOLs can be utilized subject to Section 382 limitations

⁽¹⁾ Assumes transaction closes in first calendar quarter of 2017. Financials exclude Compute business and assumes targeted synergies achieved.

*As of announcement, November 21, 2016

MACOM and AppliedMicro Overview



NASDAQ: MTSI



NASDAQ: AMCC

LTM adjusted revenue: \$544 million

LTM adjusted gross margin: 58%

Leadership in high performance **analog and photonic** semiconductor components

2.5G to 400G lasers, drivers, TIA, CDR, silicon photonics and optical **sub assemblies**

Sticky, value-added technologies including **lasers, amplifiers and silicon photonics**, industry-leading engineering competencies and long product lifecycles

R&D focused on high growth, high margin products using **compound semiconductor** technologies

Deep relationships with blue chip **Telecommunications** and Aerospace/Defense customers

Connectivity LTM revenue: \$99 million

(\$165 million of LTM revenue including Compute business to be divested)

Connectivity LTM adjusted gross margin in excess of MACOM's long term target operating model

Leadership in high-performance **mixed-signal** semiconductor components.

100G to 400G PHYs including **MACSec** and single lambda **PAM-4**

Sticky, value-added technologies including **SerDes, high speed A/D and D/A**, industry-leading engineering competencies and long product lifecycles

R&D focused on high growth, high margin products using **deep submicron SoC** technologies

Deep relationships with blue chip **Cloud Service Providers** and **Enterprise Networking** customers

Accelerates Breakout Growth in Data Centers

Service Provider Networks Metro/Long Haul



Cisco
ASR9k



Cisco
NCS6k



Juniper MX3D



Routers

Cisco ONS
15454



Nokia 1830



Infinera Cloud Xpress



Transport, DCI

MACOM

Coherent
Driver

OSA TIA

**apm applied
micro**

MACsec
Secure Ethernet

OTN
Framer,
Mapper

Cloud Service Provider

Enterprise

Data Centers

facebook

amazon
web services

Chevron

Bank of America

Google

Microsoft

AIG

Facebook OCP



Cisco Nexus 7K, ASR



Arista 7500



DC Switches & Routers

SFP



QSFP



CFP Modules



Optical Modules

MACOM

CDR, TIA, Laser Driver, Laser,
Silicon Photonics, OSA

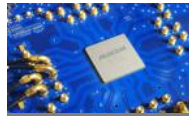
**apm applied
micro**

MACsec
Secure Ethernet

PAM4
PHY

Note: CSP: Cloud Service Providers
Networking equipment models shown are for illustrative purposes, however we do have design wins in some of these

Completes Protocol Agnostic “Switch to Fiber” Data Center Portfolio



Switch

25G, 100G
NRZ

CDR

TIA

Laser
Driver

Laser

Silicon
Photonics

OSA

MACOM



Fiber
Cable

Single Lambda
100G, 400G PAM4

SerDes

PAM4
DSP

A/D
D/A

TIA

Laser
Driver

Laser

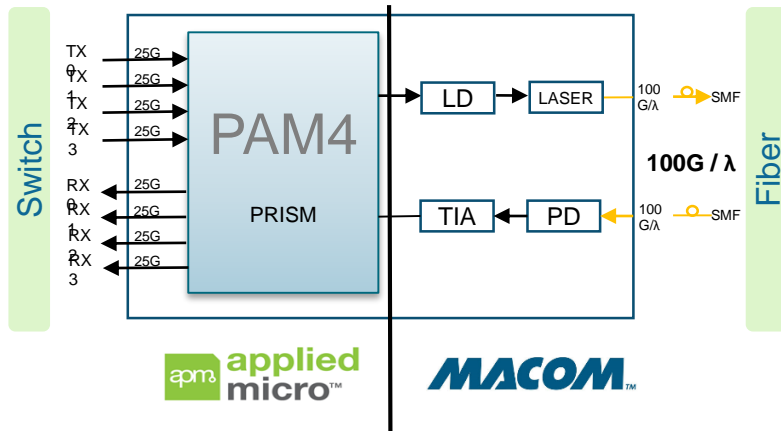
Silicon
Photonics

OSA

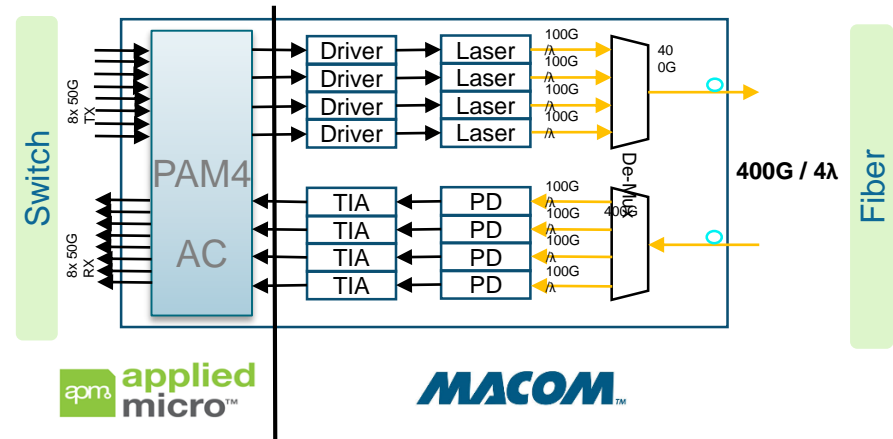
apm **applied
micro**

MACOM

100G PAM4 Module



400G PAM4 CWDM Module




IEEE standards body recommended the adoption of single lambda PAM4 to be an industry standard enabling 100G and 400G transceivers



GaN

GaN Technology to Drive MACOM Growth

	LDMOS	MACOM GaN	GaN on SiC
Power Amp Efficiency ">2GHz"		>10% Improvement	>10% Improvement
Higher Frequency Bands	1.8 GHz	Up to >3.8 GHz	Up to >3.8 GHz
Wider Bandwidths	100 MHz	200 MHz	200 MHz
Power Density	1-1.5 W/mm	4-6 W/mm	4-8 W/mm
Linearity	DPD Friendly	DPD Friendly	Charge Trapping
Supply Chain	8"	Up to 8"	4" → 6"
Cost	Silicon	Silicon	SiC


GaN Performance at LDMOS Cost Structures

APPLICATIONS

Basestations

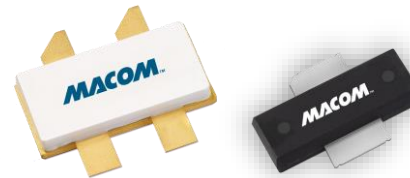


RF Energy

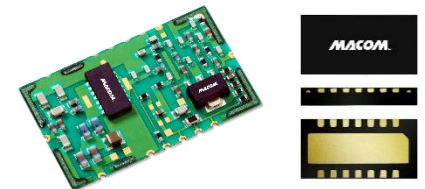


PRODUCTS & TECHNOLOGY

GaN in Plastic and Ceramic



GaN Modules

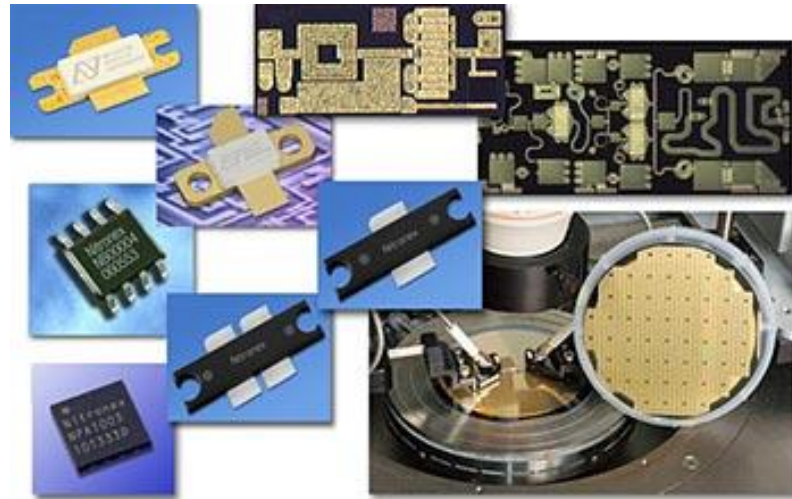


TARGET CUSTOMERS



MACOM Innovation is Leading Commercial GaN Adoption

FUNDAMENTAL IP POSITION

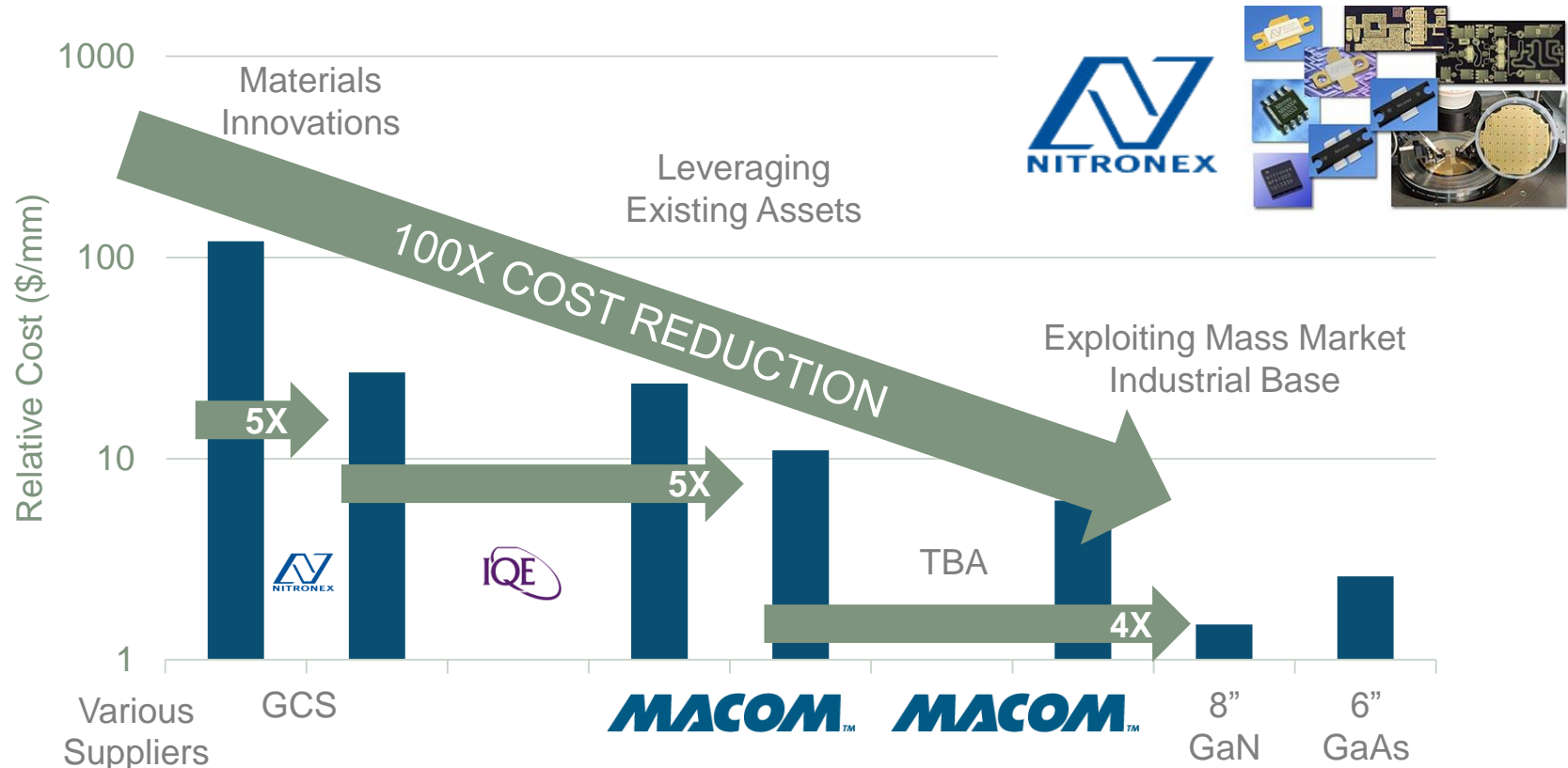


Source: Internal MTSI

»»» MACOM is poised to enable GaN performance at silicon cost structures

MACOM Innovation is Leading Commercial GaN Adoption

FUNDAMENTAL IP POSITION



Source: Internal MTSI Estimates



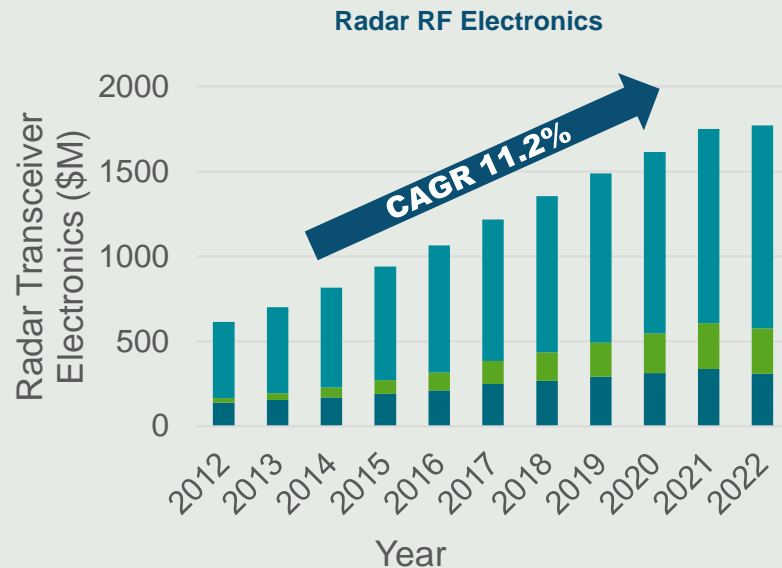
MACOM is poised to enable GaN performance at silicon cost structures



ACTIVE ANTENNAS

Active Antennas for Radar and Communications to Drive MACOM Growth

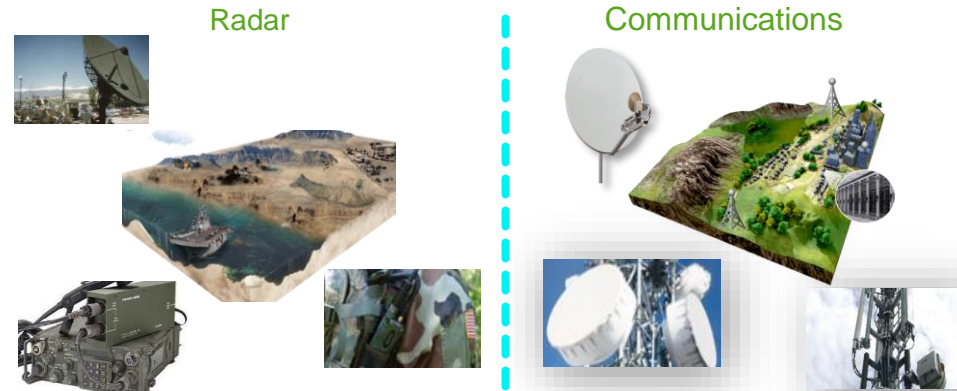
Radar



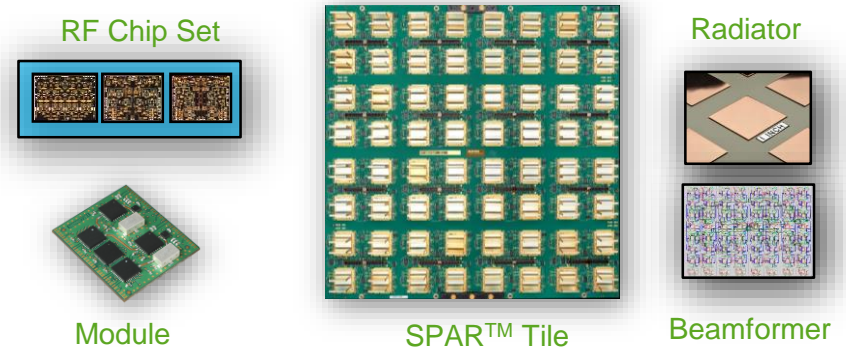
Source: Strategy Analytics

Well positioned to take advantage of the shift from Mechanically Scanned Arrays to Active Antenna Arrays.

APPLICATIONS



PRODUCTS & TECHNOLOGY



TARGET CUSTOMERS



MACOM Innovation to Drive Active Antennas in Civil and Military Radar Applications

Terminal Area Aircraft



ASR-8



ASR-9



ASR-11

Long Range Aircraft



ARSR-1/2



ARSR-3



ARSR-4

Long Range Terminal Area Weather

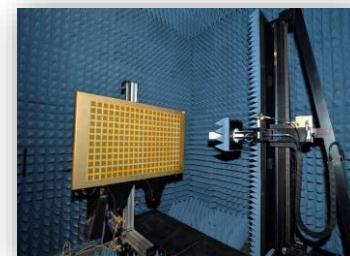
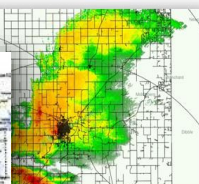
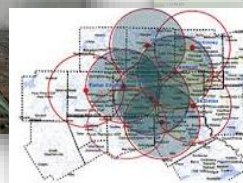


NEXRAD



TDWR

Successful Field Tests in Oklahoma



MACOM has demonstrated the commercial and functional viability that can support large scale civil and military deployments in the field

MACOM Innovation to Drive Active Antennas in Defense Radar Applications

Air Traffic
Control



Shipborne



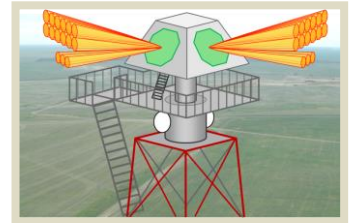
Airborne



Ground
Based

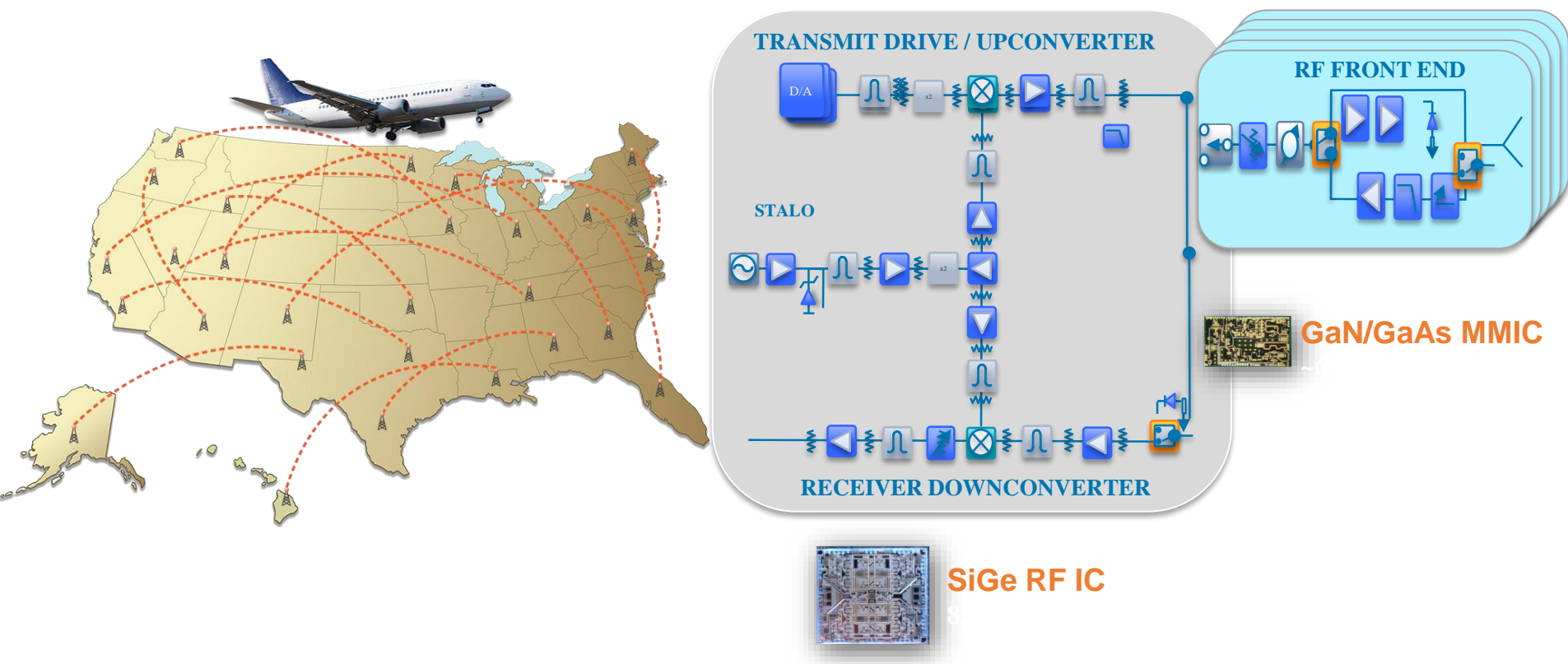


**1,000 – 10,000X
More RF Content**



Expected order of magnitude increase in RF content due to the transition from Mechanically Scanned Arrays to Active Electronically Scanned Arrays





MACOM Innovation to Drive Active Antennas in Communications Applications



MACOM's broad array of process technologies and proven track record in phased array radar expected to enable next generation microwave and millimeterwave wireless solutions.



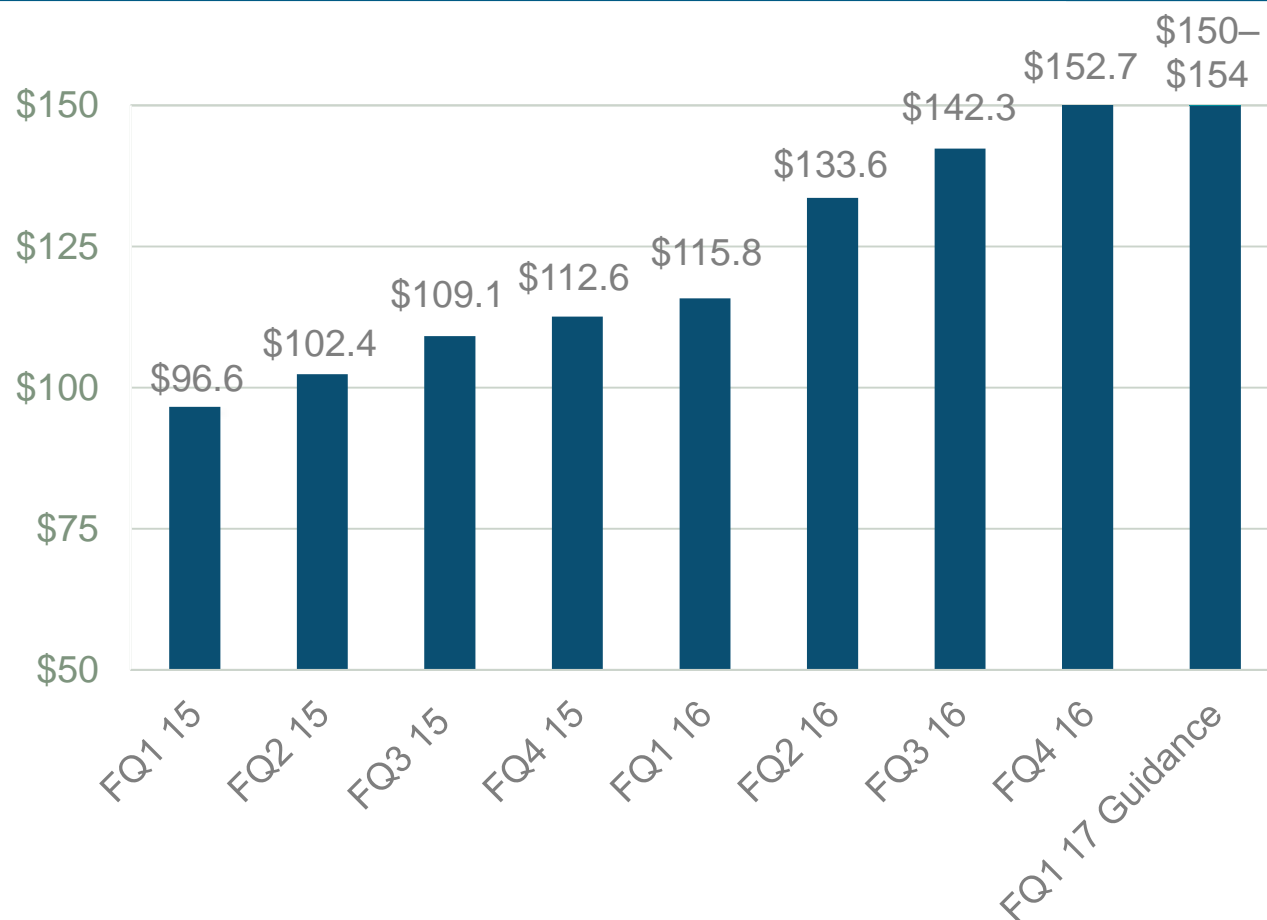
FINANCIAL OVERVIEW

Financial Performance (Adjusted) ¹			
	Growth	FY2016 Actual	FY2015 Actual
Revenue	 25%	\$544.3	\$420.6
Gross Margin	 60bps	58.1%	57.5%
Operating Income	 38%	\$133.3	\$96.9
EPS	 49%	\$1.91	\$1.28

¹All income statement figures listed on this slide are Non-GAAP measures adjusted for the automotive business now reflected as discontinued operations and other items. Please see the appendix for a reconciliation to GAAP. All revenue and operating income figures are stated in millions.

Adjusted Revenue Performance

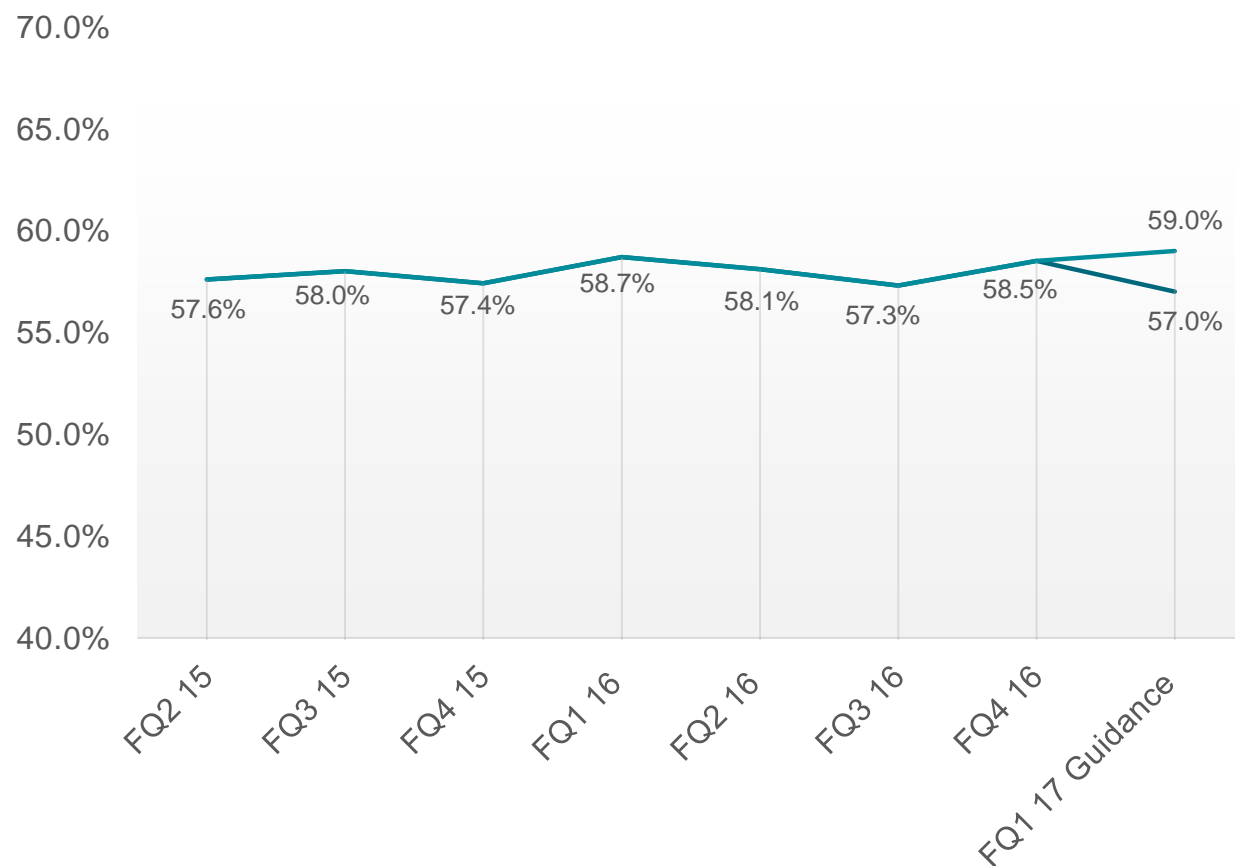
Adjusted Revenue¹



⁽¹⁾ Please see the appendix for a reconciliation to GAAP. Guidance is as of November 15, 2016 and is not updated or reaffirmed hereby.

Adjusted Gross Margin Performance

Adjusted Gross Margin¹



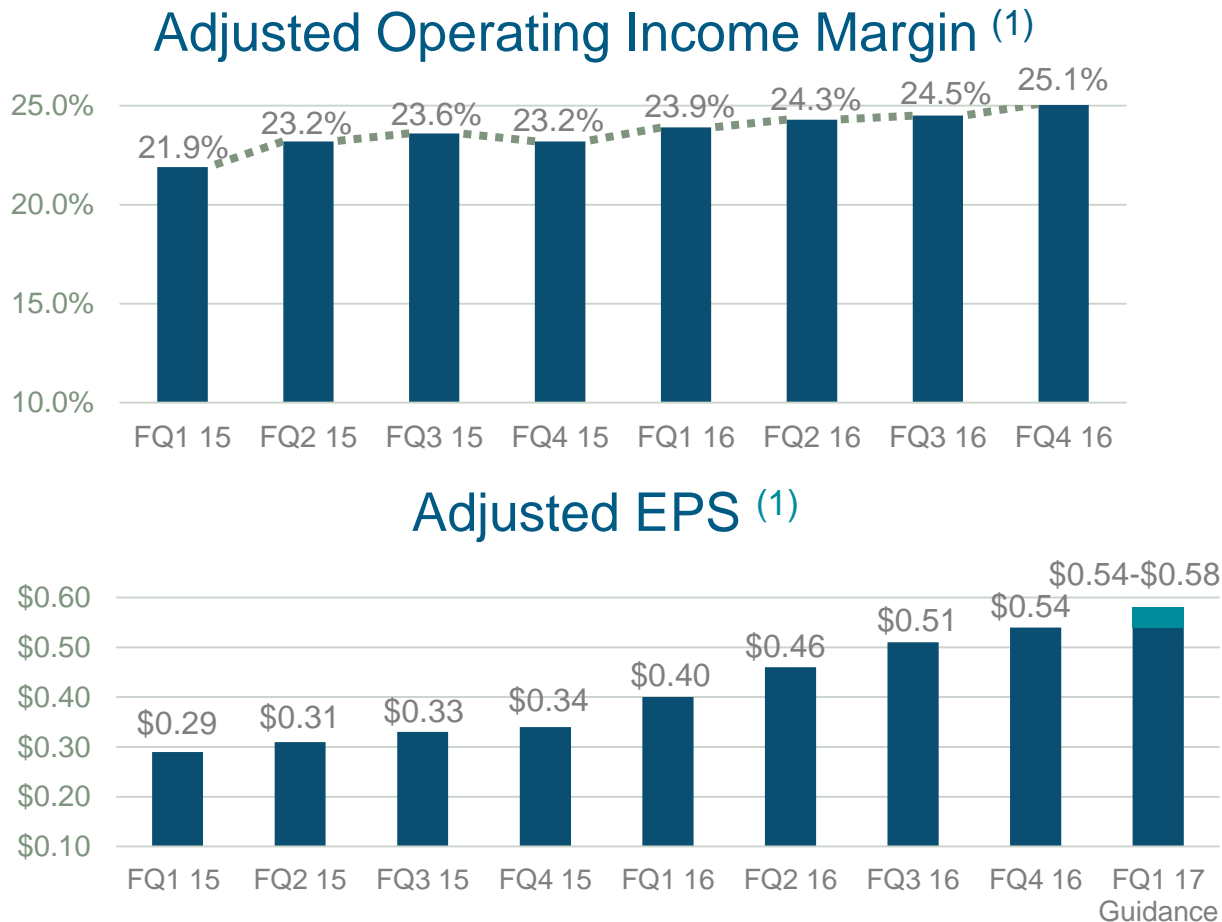
Improving
product mix

Continued focus
manufacturing
cost reductions

¹ Non-GAAP financial measure. Please see the appendix for reconciliation to GAAP. Guidance is as of November, 15, 2016 and is not updated or reaffirmed hereby.

Operating Performance

Increased Adjusted Operating Performance and Adjusted EPS Growth



**Delivering
profits**
while continuing
to invest

¹ Adjusted Operating Income Margin and Adjusted EPS are Non-GAAP measures, and have been adjusted for the automotive business now reflected as discontinued operations and other items. Please see the appendix for reconciliation to GAAP. Guidance is as of November 15, 2016 and is not updated or reaffirmed hereby.

Balance Sheet

(\$ in thousands)

(unaudited)

ASSETS		
	September 30, 2016	October 2, 2015
Current assets:		
Cash and cash equivalents	\$ 332,977	\$ 122,312
Short Term Investments	23,776	39,557
Accounts receivable, net	108,331	83,950
Inventories	114,935	79,943
Deferred income taxes	-	31,431
Income tax receivable	21,607	15,854
Prepays and other current assets	11,318	11,172
Total current assets	612,944	384,219
Property and equipment, net	99,167	83,759
Goodwill & intangible assets	379,626	337,012
Deferred income taxes	89,606	48,239
Other long term assets	7,208	7,605
Total assets	\$ 1,188,551	\$ 860,833

LIABILITIES AND STOCKHOLDERS' EQUITY		
	September 30, 2016	October 2, 2015
Current liabilities:		
Current portion of debt obligations	\$ 7,203	\$ 4,058
Accounts payable, accrued liabilities and other	84,947	67,418
Total current liabilities	92,150	71,476
Long-term debt obligations, less current portion	576,345	335,087
Common stock warrant liability	38,253	21,822
Deferred income taxes	11,765	-
Other long-term liabilities	7,254	7,916
Total liabilities	725,767	436,301
Total stockholders' equity	462,784	424,533
Total liabilities and stockholders' equity	\$ 1,188,551	\$ 860,833



Our Strategy

- **Drive revenue growth** through market share gains and leadership in high growth segments of our markets
- **Accelerate growth** through targeted acquisitions and investments in high growth, defensible markets
- **Expand margins** to drive strong adjusted EPS growth and increase shareholder value

Appendix

Non-GAAP Financial Measures

This non-GAAP information excludes the effect, where applicable, of discontinued operations, intangible amortization expense, share-based compensation costs, impairment and restructuring charges, changes in common stock warrant liability, financing and litigation costs, acquisition and integration related costs, other costs and the tax effect of each adjustment. The non-GAAP information includes consulting agreement related to income associated with the Automotive divestiture.

Management believes that these items are not reflective of our underlying performance. Management uses these non-GAAP financial measures to; evaluate our ongoing operating performance and compare it against prior periods, make operating decisions, forecast future periods, evaluate potential acquisitions, compare our operating performance against peer companies and assess certain compensation programs. The presentation of these and other similar items in our non-GAAP financial results should not be interpreted as implying that these items are non-recurring, infrequent or unusual. We believe this non-GAAP financial information provides additional insight into our ongoing performance and have therefore chosen to provide this information to investors for a more consistent basis of comparison and to help them evaluate the results of our ongoing operations and enable more meaningful period-to-period comparisons. These non-GAAP measures are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

A reconciliation between GAAP and non-GAAP financial data is attached to this presentation. We have not provided a reconciliation with respect to any forward-looking non-GAAP financial data presented, because we do not have and cannot reliably estimate certain key inputs required to calculate the most comparable GAAP financial data, such as the future price per share of our common stock for purposes of calculating the value of our common stock warrant liability and share-based compensation costs, future acquisition costs, the possibility and impact of any litigation costs, changes in our GAAP effective tax rate, impairment charges and acquisition integration and other costs related to our acquisitions, which are difficult to predict and estimate. We believe these unknown inputs are likely to have a significant impact on any estimate of the comparable GAAP financial data.

Investors are cautioned against placing undue reliance on these non-GAAP financial measures and are urged to review and consider carefully the adjustments made by management to the most directly comparable GAAP financial measures to arrive at these non-GAAP financial measures. Non-GAAP financial measures may have limited value as analytical tools because they may exclude certain expenses that some investors consider important in evaluating our operating performance or ongoing business performance. Further, non-GAAP financial measures may have limited value for purposes of drawing comparisons between companies because different companies may calculate similarly titled non-GAAP financial measures in different ways because non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Reconciliation of GAAP to Non-GAAP Results

Reconciliation of GAAP to Non-GAAP Results

(\$ in thousands)

(unaudited)

	Three Months Ended				Three Months Ended				Fiscal Year	
	Q4FY16 9/30/16	Q3FY16 7/1/16	Q2FY16 4/1/16	Q1FY16 1/1/16	Q4FY15 10/2/15	Q3FY15 7/3/15	Q2FY15 4/3/15	Q1FY15 1/2/15	2016	2015
Revenue - GAAP	\$152,697	\$142,288	\$133,579	\$115,774	\$112,564	\$109,058	\$102,431	\$96,556	\$544,338	\$420,609
Nitronex prior to acquisition	-	-	-	-	-	-	-	-	-	-
Revenue - non-GAAP	\$ 152,697	\$ 142,288	\$ 133,579	\$ 115,774	\$ 112,564	\$ 109,058	\$ 102,431	\$ 96,556	\$ 544,338	\$ 420,609
Gross Profit - GAAP	\$81,804	\$73,962	\$65,525	\$60,318	\$56,961	\$52,496	\$46,714	\$47,419	\$281,609	\$203,590
Nitronex prior to acquisition	-	-	-	-	-	-	-	-	0	0
Amortization expense	6,366	6,440	6,642	7,167	7,647	6,932	7,347	5,359	26,615	27,285
Share-based and non-cash compensation	628	685	691	542	586	512	756	400	2,546	2,254
Impairment and restructuring charges	-	-	1,950	-	-	-	-	-	1,950	0
Acquisition and integration related costs	542	422	2,748	(68)	(590)	2,951	3,894	831	3,645	7,086
Other	0	-	-	-	0	396	305	924	0	1,625
Gross Profit - non-GAAP	\$89,340	\$81,509	\$77,556	\$67,959	\$64,604	\$63,287	\$59,016	\$54,933	\$316,365	\$241,840
Gross Margin - non-GAAP	58.5%	57.3%	58.1%	58.7%	57.4%	58.0%	57.6%	56.9%	58.1%	57.5%
Income (loss) From Operations - GAAP	\$10,065	\$10,180	(\$7,151)	\$153	\$4,687	\$4,381	(\$2,385)	\$3,409	\$13,247	\$10,092
Nitronex prior to acquisition	-	-	-	-	-	-	-	-	0	0
Amortization expense	12,864	12,855	12,946	11,590	11,992	10,133	10,446	6,412	50,255	38,983
Share-based and non-cash compensation	9,727	6,891	8,409	11,423	8,355	7,216	11,047	4,636	36,450	31,254
Impairment and restructuring charges	1,365	1,852	13,806	157	308	558	413	-	17,180	1,279
Litigation costs	1,037	817	232	108	188	(21)	206	560	2,194	933
Acquisition and integration related costs	2,688	2,334	4,160	4,247	628	3,518	4,012	6,166	13,428	14,324
Other	573	-	-	-	-	-	-	-	573	-
Income From Operations - non-GAAP	\$38,319	\$34,929	\$32,402	\$27,678	\$26,158	\$25,785	\$23,739	\$21,183	\$133,327	\$96,865
Operating Income Margin - non-GAAP	25.1%	24.5%	24.3%	23.9%	23.2%	23.6%	23.2%	21.9%	24.5%	23.0%
Net Income (loss) - GAAP	\$5,101	\$22,552	(\$10,649)	(\$15,571)	\$54,405	\$8,027	(\$7,537)	(\$6,306)	\$1,434	\$48,589
Nitronex prior to acquisition	-	-	-	-	-	-	-	-	0	0
Amortization expense	12,864	12,855	12,946	11,590	11,992	10,133	10,446	6,412	50,255	38,983
Share-based and non-cash compensation	9,727	6,891	8,409	11,423	8,355	7,216	11,047	4,636	36,450	31,254
Impairment and restructuring charges	1,365	1,852	13,806	157	308	558	413	-	17,180	1,279
Warrant liability expense (gain)	12,691	(15,339)	4,201	14,879	(9,651)	(546)	5,609	10,608	16,432	6,020
Non-cash interest	503	405	425	405	405	405	403	439	1,738	1,652
Litigation costs	1,037	817	232	108	188	(21)	206	560	2,194	933
Acquisition and integration related costs	2,688	2,334	4,158	4,220	629	3,518	2,012	6,166	13,400	12,325
Discontinued Operations	647	676	479	-	(40,564)	(6,271)	(3,639)	(3,657)	1,802	(54,131)
Transition services for divested businesses	-	-	-	-	(130)	225	(124)	(375)	0	(404)
Impairment of minority investment	-	-	-	-	-	-	3,500	-	0	3,500
Other	573	-	-	-	-	-	-	-	573	0
Tax effect of non-GAAP adjustments	(17,114)	(5,111)	(8,327)	(5,378)	(7,119)	(4,812)	(5,830)	(4,119)	(35,930)	(21,880)
Net Income - non-GAAP	\$30,082	\$27,932	\$25,680	\$21,833	\$18,818	\$18,432	\$16,506	\$14,364	\$105,528	\$68,120
Net Income Margin - non-GAAP	19.7%	19.6%	19.2%	18.9%	16.7%	16.9%	16.1%	14.9%	19.4%	16.2%
Diluted shares - GAAP	53,676	53,516	53,228	53,015	53,287	53,098	50,593	47,606	53,364	51,146
Incremental stock options, warrants, restricted stock and units	1,609	1,772	2,139	1,997	1,704	2,076	1,908	1,600	1,855	2,056
Diluted shares - non-GAAP	55,285	55,288	55,367	55,012	54,991	55,174	52,501	49,206	55,219	53,202
Earnings per diluted share - GAAP	0.09	0.13	(0.20)	(0.29)	0.81	0.14	(0.15)	(0.13)	0.03	0.95
Earnings per diluted share - non-GAAP	0.54	0.51	0.46	0.40	0.34	0.33	0.31	0.29	1.91	1.28

Note: MTSI's fiscal year end is the Friday closest to September 30th.

Reconciliation of GAAP to Non-GAAP Results

	Q4 FY12	GM%	Q4 FY16	GM%
GAAP Revenue	\$ 74,563		\$ 152,697	
Less:				
Automotive	15,454		-	
FiBest	-		9,244	
Metelics	-		11,438	
	<u>\$ 59,109</u>		<u>\$ 132,015</u>	
Non-GAAP Revenue (Excluding Auto, FiBest and Metelics)				
Adjusted Gross Profit	\$ 32,710	43.9%	\$ 89,340	58.5%
Less:				
Automotive	4,505		-	
FiBest	-		2,713	
Metelics	-		6,643	
	<u>\$ 28,205</u>	47.7%	<u>\$ 79,984</u>	60.6%
Adjusted Gross Profit (Excluding Auto, FiBest and Metelics)				

Note: MTSI's fiscal year end is the Friday closest to September 30th.



THANK YOU