

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 28, 2019
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
incorporation or organization)

27-0306875
(I.R.S. Employer
Identification No.)

100 Chelmsford Street
Lowell, MA 01851
(Address of principal executive offices and zip code)
(978) 656-2500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Trading Symbol(s)

Name of exchange on which registered

Common Stock, par value \$0.001 per share

MTSI

Nasdaq Global Select Market

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 2, 2019, there were 66,051,693 shares of the registrant's common stock outstanding.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
FORM 10-Q
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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands)
 (Unaudited)

	June 28, 2019	September 28, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 85,265	\$ 94,676
Short-term investments	100,520	98,221
Accounts receivable (less allowances of \$4,919 and \$6,795, respectively)	68,084	97,375
Inventories	110,546	122,837
Income tax receivable	16,778	17,601
Assets held for sale	5,050	4,840
Prepaid and other current assets	26,846	23,311
Total current assets	\$ 413,089	\$ 458,861
Property and equipment, net	139,380	149,923
Goodwill	314,687	314,076
Intangible assets, net	193,758	512,785
Deferred income taxes	2,303	2,272
Other investments	27,157	31,094
Other long-term assets	13,953	13,484
TOTAL ASSETS	\$ 1,104,327	\$ 1,482,495
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of lease payable	\$ 1,219	\$ 467
Current portion of long-term debt	6,885	6,885
Accounts payable	38,849	41,951
Accrued liabilities	45,303	49,945
Deferred revenue	2,355	7,757
Total current liabilities	\$ 94,611	\$ 107,005
Lease payable, less current portion	28,848	29,023
Long-term debt, less current portion	656,046	658,372
Warrant liability	7,341	13,129
Deferred income taxes	455	389
Other long-term liabilities	18,031	5,902
Total liabilities	\$ 805,332	\$ 813,820
Stockholders' equity:		
Common stock	66	65
Treasury stock, at cost	(330)	(330)
Accumulated other comprehensive income	4,899	2,188
Additional paid-in capital	1,096,650	1,074,728
Accumulated deficit	(802,290)	(407,976)
Total stockholders' equity	\$ 298,995	\$ 668,675
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,104,327	\$ 1,482,495

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Revenue	\$ 108,306	\$ 137,872	\$ 387,460	\$ 419,210
Cost of revenue	74,478	89,703	219,678	244,486
Gross profit	33,828	48,169	167,782	174,724
Operating expenses:				
Research and development	42,708	48,240	128,593	131,487
Selling, general and administrative	41,920	42,471	126,437	119,393
Impairment charges	264,086	—	264,086	6,575
Restructuring charges	8,887	102	17,047	6,302
Total operating expenses	357,601	90,813	536,163	263,757
Loss from operations	(323,773)	(42,644)	(368,381)	(89,033)
Other (expense) income				
Warrant liability gain (expense)	1,927	(6,728)	5,788	24,895
Interest expense, net	(8,967)	(8,039)	(27,142)	(23,249)
Other income (expense)	4,777	(37,281)	(4,233)	(41,413)
Total other expense, net	(2,263)	(52,048)	(25,587)	(39,767)
Loss before income taxes	(326,036)	(94,692)	(393,968)	(128,800)
Income tax (benefit) expense	(1,322)	(9,482)	346	(11,153)
Loss from continuing operations	(324,714)	(85,210)	(394,314)	(117,647)
Loss from discontinued operations	—	(220)	—	(5,837)
Net loss	\$ (324,714)	\$ (85,430)	\$ (394,314)	\$ (123,484)
Net loss per share:				
Basic loss per share:				
Loss from continuing operations	\$ (4.93)	\$ (1.31)	\$ (6.01)	\$ (1.82)
Loss from discontinued operations	—	0.00	—	(0.09)
Loss per share - basic	\$ (4.93)	\$ (1.32)	\$ (6.01)	\$ (1.91)
Diluted loss per share:				
Loss from continuing operations	\$ (4.95)	\$ (1.31)	\$ (6.09)	\$ (2.19)
Loss from discontinued operations	—	0.00	—	(0.09)
Loss per share - diluted	\$ (4.95)	\$ (1.32)	\$ (6.09)	\$ (2.28)
Shares used:				
Basic	65,858	64,920	65,555	64,598
Diluted	65,945	64,920	65,722	65,198

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Net loss	\$ (324,714)	\$ (85,430)	\$ (394,314)	\$ (123,484)
Unrealized gain (loss) on short-term investments, net of tax	105	59	455	(455)
Foreign currency translation gain (loss), net of tax	996	(3,475)	2,256	1,235
Other comprehensive income (loss), net of tax	1,101	(3,416)	2,711	780
Total comprehensive loss	<u>\$ (323,613)</u>	<u>\$ (88,846)</u>	<u>\$ (391,603)</u>	<u>\$ (122,704)</u>

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Three Months Ended							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at March 29, 2019	65,723	\$ 66	(23)	\$ (330)	\$ 3,798	\$ 1,091,067	\$ (477,576)	\$ 617,025
Stock options exercises	11	—	—	—	—	22	—	22
Vesting of restricted common stock and units	87	—	—	—	—	—	—	—
Issuance of common stock pursuant to employee stock purchase plan	265	—	—	—	—	3,193	—	3,193
Shares repurchased for tax withholdings on equity awards	(31)	—	—	—	—	(446)	—	(446)
Share-based compensation	—	—	—	—	—	2,814	—	2,814
Other comprehensive income, net of tax	—	—	—	—	1,101	—	—	1,101
Net loss	—	—	—	—	—	—	(324,714)	(324,714)
Balance at June 28, 2019	<u>66,055</u>	<u>\$ 66</u>	<u>(23)</u>	<u>\$ (330)</u>	<u>\$ 4,899</u>	<u>\$ 1,096,650</u>	<u>\$ (802,290)</u>	<u>\$ 298,995</u>
	Nine Months Ended							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at September 28, 2018	65,202	\$ 65	(23)	\$ (330)	\$ 2,188	\$ 1,074,728	\$ (407,976)	\$ 668,675
Stock options exercises	23	—	—	—	—	46	—	46
Vesting of restricted common stock and units	632	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	421	—	—	—	—	5,585	—	5,585
Shares repurchased for tax withholdings on equity awards	(223)	—	—	—	—	(3,872)	—	(3,872)
Share-based compensation	—	—	—	—	—	20,163	—	20,163
Other comprehensive income, net of tax	—	—	—	—	2,711	—	—	2,711
Net loss	—	—	—	—	—	—	(394,314)	(394,314)
Balance at June 28, 2019	<u>66,055</u>	<u>\$ 66</u>	<u>(23)</u>	<u>\$ (330)</u>	<u>\$ 4,899</u>	<u>\$ 1,096,650</u>	<u>\$ (802,290)</u>	<u>\$ 298,995</u>

Three Months Ended

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at March 30, 2018	64,728	\$ 65	(23)	\$ (330)	\$ 7,173	\$ 1,057,410	\$ (306,053)	\$ 758,265
Stock option exercises	2	—	—	—	—	7	—	7
Vesting of restricted common stock and units	383	—	—	—	—	—	—	—
Issuance of common stock pursuant to employee stock purchase plan	191	—	—	—	—	3,684	—	3,684
Shares repurchased for tax withholdings on equity awards	(122)	—	—	—	—	(2,827)	—	(2,827)
Share-based compensation	—	—	—	—	—	8,754	—	8,754
Other comprehensive loss, net of tax	—	—	—	—	(3,416)	—	—	(3,416)
Net loss	—	—	—	—	—	—	(85,430)	(85,430)
Balance at June 29, 2018	65,182	\$ 65	(23)	\$ (330)	\$ 3,757	\$ 1,067,028	\$ (391,483)	\$ 679,037

Nine Months Ended

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at September 29, 2017	64,279	\$ 64	(23)	\$ (330)	\$ 2,977	\$ 1,041,644	\$ (266,981)	\$ 777,374
Cumulative effect of ASU 2016-09	—	—	—	—	—	1,018	(1,018)	—
Stock option exercises	22	—	—	—	—	65	—	65
Vesting of restricted common stock and units	883	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	305	—	—	—	—	6,879	—	6,879
Shares repurchased for tax withholdings on equity awards	(307)	—	—	—	—	(6,673)	—	(6,673)
Share-based compensation	—	—	—	—	—	24,095	—	24,095
Other comprehensive loss, net of tax	—	—	—	—	780	—	—	780
Net loss	—	—	—	—	—	—	(123,484)	(123,484)
Balance at June 29, 2018	65,182	\$ 65	(23)	\$ (330)	\$ 3,757	\$ 1,067,028	\$ (391,483)	\$ 679,037

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	June 28, 2019	June 29, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (394,314)	\$ (123,484)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and intangibles amortization	84,612	83,695
Share-based compensation	20,163	24,095
Warrant liability gain	(5,788)	(24,895)
Acquired inventory step-up amortization	—	224
Deferred financing cost amortization	3,046	3,572
Loss on disposition of business	—	34,046
Deferred income taxes	59	(8,502)
Restructuring and impairment related charges	272,873	9,143
Loss on minority equity investment	3,937	7,241
Changes in assets held for sale from discontinued operations	—	(6,266)
Other adjustments, net	395	936
Change in operating assets and liabilities:		
Accounts receivable	29,291	34,769
Inventories	12,298	(1,617)
Prepaid expenses and other assets	1,350	(3,682)
Accounts payable	(3,888)	(11,049)
Accrued and other liabilities	3,164	(1,952)
Income taxes	1,079	(5,058)
Net cash provided by operating activities	<u>28,277</u>	<u>11,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses, net	(375)	—
Purchases of property and equipment	(31,905)	(39,443)
Proceeds from sales and maturities of short-term investments	155,281	85,422
Purchases of short-term investments	(156,061)	(99,363)
Purchases of other investments	—	(5,000)
Sale of business and assets	—	5,000
Proceeds associated with discontinued operations	—	(263)
Net cash used in investing activities	<u>(33,060)</u>	<u>(53,647)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of financing costs	—	(505)
Proceeds from stock option exercises and employee stock purchases	5,631	6,944
Payments on notes payable	(5,163)	(5,163)
Payments of capital leases and assumed debt	(809)	(571)
Repurchase of common stock - tax withholdings on equity awards	(3,872)	(6,673)
Proceeds from financing obligation	—	4,000
Payments of contingent consideration and other	(579)	(478)
Net cash used in financing activities	<u>(4,792)</u>	<u>(2,446)</u>
Foreign currency effect on cash	164	41
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(9,411)</u>	<u>(44,836)</u>
CASH AND CASH EQUIVALENTS — Beginning of period	<u>\$ 94,676</u>	<u>\$ 130,104</u>
CASH AND CASH EQUIVALENTS — End of period	<u>\$ 85,265</u>	<u>\$ 85,268</u>

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated balance sheet at September 28, 2018 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our September 28, 2018 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended September 28, 2018 filed with the SEC on November 16, 2018. We recommend that the financial statements included in this Quarterly Report on Form 10-Q be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for our fiscal year ended September 28, 2018.

Principles of Consolidation—We have one reportable segment, semiconductors and modules. The accompanying consolidated financial statements include our accounts and the accounts of our majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

We have a 52- or 53-week fiscal year ending on the Friday closest to the last day of September. The fiscal years 2019 and 2018 include 52 weeks. To offset the effect of holidays, for fiscal years in which there are 53 weeks, we include the extra week arising in such fiscal years in the first quarter.

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

Revenue Recognition—Substantially all of our revenue is derived from sales of high-performance radio frequency (“RF”), microwave, millimeterwave and lightwave semiconductor solutions into three primary markets: Telecom, Data Centers and Industrial and Defense (“I&D”). Revenue is recognized when a customer obtains control of products or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services. To determine revenue recognition for arrangements within the scope of Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, we perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) we satisfy performance obligations. Sales, value add and other taxes collected on behalf of third parties are excluded from revenue. Our revenue arrangements do not contain significant financing components.

Contracts with our customers principally contain only one distinct performance obligation, which is the sale of products. However, due to multiple products potentially being sold on a single order, we are required to allocate consideration based on the estimated relative standalone selling prices of the promised products.

Periodically, we enter into non-product development and license contracts with certain customers. We generally recognize revenue from these contracts as services are provided based on the terms of the contract. Revenue is deferred for amounts billed or received prior to delivery of the services. Certain contracts may contain multiple performance obligations for which we allocate revenue to each performance obligation on a relative stand-alone selling price.

Our product revenue is recognized when the customer obtains control of the product or services, which generally occurs at a point in time, and is based on the contractual shipping terms of a contract. Non-product revenue is generally recognized over time. For each contract, the promise to transfer the control of the products or services, each of which is individually distinct, is considered to be the identified performance obligation. We provide an assurance type warranty which is not sold separately and does not

represent a separate performance obligation. Therefore, we account for such warranties under ASC 460, *Guarantees*, and the estimated costs of warranty claims are generally accrued as cost of revenue in the period the related revenue is recorded.

We have agreements with certain customers which may include certain rights of return and pricing programs, including returns for aged inventory, stock rotation and price protection which affect the transaction price. Sales to these customers and programs offered are in accordance with terms set forth in written agreements, which require us to assess the potential revenue effects of this variable consideration utilizing the expected value method. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. As such, revenue on sales to customers that include rights of return and pricing programs are recorded net of estimated variable consideration, utilizing the expected value method based on historical sales data. We believe that the judgments and estimates we utilize are reasonable based upon current facts and circumstances, however utilizing different judgments and estimates could result in different amounts.

Practical Expedients and Elections—ASC 606 requires that we disclose the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied as of the reporting periods presented. The guidance provides certain practical expedients that limit this requirement and, therefore, we do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognized at the amount to which we have the right to invoice for services performed. We have elected not to disclose the aggregate amount of transaction prices associated with unsatisfied or partially unsatisfied performance obligations for contracts where these criteria are met.

Our policy is to capitalize any incremental costs incurred to obtain a customer contract, only to the extent that the benefit associated with the costs is expected to be longer than one year. Capitalizable contract costs were not significant both at the date of adoption and as of June 28, 2019.

We account for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products. When shipping and handling costs are incurred after a customer obtains control of the products, we have elected to account for these as costs to fulfill the promise and not as a separate performance obligation. Shipping and handling costs associated with the distribution of products to customers are recorded in costs of revenue generally when the related product is shipped to the customer.

Recent Accounting Pronouncements—Our Recent Accounting Pronouncements are described in the notes to our September 28, 2018 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended September 28, 2018.

Pronouncements Adopted in Fiscal Year 2019

We adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, on September 29, 2018. The FASB subsequently issued several amendments and updates to the new revenue standard. We refer to ASU 2014-09 and its related ASUs as "ASC 606". We applied ASC 606 using the modified retrospective method and elected to apply this initial application of the standard only to contracts that are not completed at the date of initial application. We have analyzed this effect and found the adoption of the new guidance did not have a material impact on our consolidated financial statements as of the adoption date. The reported results for our fiscal year 2019 reflect the application of ASC 606 guidance while the reported results for our fiscal year 2018 were prepared under the guidance of ASC 605, *Revenue Recognition*.

We adopted ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, on September 29, 2018. In February 2018, the FASB issued further amendments to this guidance. This update made amendments to the guidance in GAAP on the classification and measurement of financial instruments. The new standard significantly revised an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. It also amended certain disclosure requirements associated with the fair value of financial instruments. The adoption of this update did not have a material impact on our consolidated financial statements and related disclosures.

We adopted ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, on September 29, 2018. This update addressed debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions and separately identifiable cash flows and application of the predominance principle. The adoption of this update did not have a material impact on our consolidated financial statements and related disclosures.

We adopted ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, on September 29, 2018. This update amended the guidance on recognizing the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Consequently, the amendment eliminated the exception for an intra entity transfer of an asset other than

inventory. The adoption of this updated standard did not have a material impact on our consolidated financial statements and related disclosures.

Pronouncements for Adoption in Subsequent Periods

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASC 842"). The FASB subsequently issued several amendments and updates to the new leasing standard. The new standard increases transparency and comparability among organizations by recognizing right-of-use assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under ASC 842, leases are classified as either operating or finance, based on criteria similar to current lease accounting, but without explicit bright lines. ASC 842 is effective for us as of September 28, 2019, and we intend to apply ASC 842 using the cumulative-effect adjustment on this date, with comparative periods presented in accordance with the previous guidance in ASC 840, *Leases* ("ASC 840"). We intend to use certain targeted transitional approaches that are intended to provide relief in implementing the new standards. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases under ASC 840. We are currently evaluating the impact that the adoption of ASC 842 will have on our consolidated financial statements. This evaluation process includes reviewing all forms of leases and performing a completeness assessment over our lease population to identify any embedded leases with our vendors. We anticipate that due to this new accounting standard, we will recognize additional liabilities and corresponding assets related to our operating leases on our consolidated balance sheet.

2. REVENUE

Disaggregation of Revenue

We disaggregate revenue from contracts with customers by markets and geography, as we believe it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables present our revenue disaggregated by markets and geography (in thousands):

	Three Months Ended		Nine Months Ended	
	6/28/2019	6/29/2018	6/28/2019	6/29/2018
Revenue by Market:				
Industrial & Defense	\$ 46,809	\$ 48,399	\$ 154,563	\$ 132,994
Data Center	17,614	38,911	91,518	116,269
Telecom	43,883	50,562	141,379	169,947
Total	\$ 108,306	\$ 137,872	\$ 387,460	\$ 419,210
	Three Months Ended		Nine Months Ended	
	6/28/2019	6/29/2018	6/28/2019	6/29/2018
Revenue by Geographic Region:				
United States	\$ 52,340	\$ 67,861	\$ 185,172	\$ 197,540
China	27,451	39,016	104,491	115,068
Asia Pacific, excluding China ⁽¹⁾	16,371	17,795	60,384	64,028
Other Countries ⁽²⁾	12,144	13,200	37,413	42,574
Total	\$ 108,306	\$ 137,872	\$ 387,460	\$ 419,210

(1) Asia Pacific represents Taiwan, Japan, Singapore, India, Thailand, South Korea, Australia, Malaysia, New Zealand and the Philippines.

(2) No international country or region represented greater than 10% of the total revenue as of the dates presented, other than China and the Asia Pacific region as presented above.

Contract Balances

We record contract assets or contract liabilities depending on the timing of revenue recognition, billings and cash collections on a contract-by-contract basis. Our contract liabilities primarily relate to deferred revenue, including advance consideration received from customers for contracts prior to the transfer of control to the customer, and therefore revenue is recognized upon delivery of products and services.

The following table presents the changes in contract liabilities during the nine months ended June 28, 2019 (in thousands):

	June 28, 2019	September 28, 2018	\$ Change	% Change
Contract liabilities	\$ 10,685	\$ 7,757	\$ 2,928	38%

As of June 28, 2019, approximately \$8.3 million of our contract liabilities were recorded as other long-term liabilities on our balance sheet with the remainder recorded as deferred revenue. The increase in contract liabilities during the nine months ended June 28, 2019 was primarily from the deferral of revenue for funds received prior to when certain of our customers obtain control of the product or services, partially offset by the March 29, 2019 recognition of \$7.0 million associated with a license contract.

During the three and nine months ended June 28, 2019, we recognized the following net sales as a result of changes in the contract liabilities balance (in thousands):

	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
	<u>June 28, 2019</u>	<u>June 28, 2019</u>
Net revenue recognized in the period from:		
Amounts included in contract liabilities at the beginning of the period	\$ 59	\$ 7,640

3. DIVESTED BUSINESS AND DISCONTINUED OPERATIONS

Divested Business

On May 10, 2018, we completed the sale and transfer of certain assets associated with our Japan-based long-range optical subassembly business (the "LR4 Business"), pursuant to an Asset Purchase and Intellectual Property License Agreement, dated April 30, 2018 (the "LR4 Agreement"). The LR4 Agreement provided that the buyer would pay us \$5.0 million within 30 days following the closing of the transactions contemplated by the LR4 Agreement, provide us with the opportunity to supply components and pay us further amounts to be determined for inventory and fixed assets within 60 days of receipt of required Chinese government approvals. As of September 28, 2018, \$7.4 million had been recorded as other current assets and \$4.8 million had been recorded as assets held for sale, as the assets had not been transferred to the buyer as of September 28, 2018.

As a result of the transaction, during fiscal year 2018 we recorded a loss on disposal of \$34.3 million associated with the LR4 Business as other expense, comprised of expected proceeds of \$17.2 million, subject to receipt of required Chinese government approvals, less the carrying value of assets sold, primarily including customer relationship intangible assets of \$27.7 million, inventory of \$13.7 million, fixed assets of \$7.6 million and goodwill of \$2.6 million. The transaction did not meet the criteria of discontinued operations. We also entered into a transition services agreement (the "LR4 TSA") with the buyer, pursuant to which we agreed to incur up to \$2.0 million of operating expenses for certain ongoing administrative services to support the buyer for up to six months after the closing of the transaction. During the three and nine months ended June 28, 2019, we have incurred no expenses associated with the LR4 TSA. During the three and nine months ended June 29, 2018, we incurred \$0.4 million of expenses associated with the LR4 TSA.

As of June 28, 2019, we have \$14.0 million of receivables, net of a \$0.3 million reserve, associated with the LR4 Agreement recorded as other current assets, which includes \$11.9 million of additional consideration, net of tax, and \$1.5 million associated with the LR4 TSA.

Discontinued Operations

On October 27, 2017, we entered into a purchase agreement to sell the Compute business. In consideration for the transfer and sale of the Compute business, we received an equity interest in the buyer, a privately held limited liability company ("Compute"), valued at approximately \$36.5 million, and representing less than 20.0% of Compute's total outstanding equity. The operations of the Compute business were accounted for as discontinued operations through the date of divestiture.

We also entered into a transition services agreement (the "Compute TSA"), pursuant to which we agreed to perform certain primarily general and administrative functions on Compute's behalf during a migration period and for which we are reimbursed for costs incurred. During the three months ended June 28, 2019, we received no reimbursements under the Compute TSA. During the nine months ended June 28, 2019, we received \$0.1 million of reimbursements under the Compute TSA, which was recorded as a reduction of our general and administrative expenses. During the three and nine months ended June 29, 2018, we received \$1.0 million and \$3.5 million, respectively, of reimbursements under the Compute TSA.

The accompanying consolidated statements of operations include the following operating results related to these discontinued operations (in thousands):

	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
	<u>June 29, 2018</u>	<u>June 29, 2018</u>
Revenue	\$ —	\$ —
Cost of revenue	—	(596)
Gross profit	—	596
Operating expenses:		
Research and development	175	4,873
Selling, general and administrative	45	1,560
Total operating expenses	220	6,433
Loss from operations	(220)	(5,837)
Loss before income taxes	(220)	(5,837)
Income tax provision	—	—
Loss from discontinued operations	<u>\$ (220)</u>	<u>\$ (5,837)</u>
Cash flow from operating activities	(29)	(10,356)

4. INVESTMENTS

Our short-term investments are invested in corporate bonds and commercial paper, and are classified as available-for-sale. The amortized cost, gross unrealized holding gains or losses, and fair value of our investments by major investment type as of June 28, 2019 and September 28, 2018 are summarized in the tables below (in thousands):

	<u>June 28, 2019</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Holding Gains</u>	<u>Gross Unrealized Holding Losses</u>	<u>Aggregate Fair Value</u>
Corporate bonds	\$ 29,235	\$ 128	\$ (120)	\$ 29,243
Commercial paper	71,306	4	(33)	71,277
Total short-term investments	<u>\$ 100,541</u>	<u>\$ 132</u>	<u>\$ (153)</u>	<u>\$ 100,520</u>
	<u>September 28, 2018</u>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Holding Gains</u>	<u>Gross Unrealized Holding Losses</u>	<u>Aggregate Fair Value</u>
Corporate bonds	\$ 28,731	\$ —	\$ (460)	\$ 28,271
Commercial paper	69,966	—	(16)	69,950
Total short-term investments	<u>\$ 98,697</u>	<u>\$ —</u>	<u>\$ (476)</u>	<u>\$ 98,221</u>

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

	<u>June 28, 2019</u>	<u>September 28, 2018</u>
Less than 1 year	\$ 73,078	\$ 70,200
Over 1 year	27,442	28,021
Total short-term investments	<u>\$ 100,520</u>	<u>\$ 98,221</u>

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

Other Investments— As of June 28, 2019, we held two non-marketable equity investments classified as other long-term investments.

One of these is an investment in a Series B preferred stock ownership of a privately held manufacturing corporation with preferred liquidation rights over other equity shares. As the equity securities do not have a readily determinable fair value and do not qualify for the practical expedient under ASC 820 we have elected to account for this investment at cost less any impairment. As of June 28, 2019 and September 28, 2018, the cost of this investment was \$5.0 million. We evaluate this investment for impairment at each balance sheet date, and through June 28, 2019, no impairment has been recorded for this investment.

In addition, we have a minority investment of less than 20.0% in the outstanding equity of Compute that was acquired in conjunction with the divestiture of the Compute business during the fiscal quarter ended December 29, 2017. We contributed net assets valued at approximately \$36.5 million in exchange for this equity interest. This investment value is updated quarterly based on our proportionate share of the losses or earnings of Compute, as well as any changes in Compute's equity, utilizing the equity method. During the three and nine months ended June 28, 2019 we recorded income of \$5.0 million and losses of \$3.9 million, respectively, associated with this investment as other income (expense) in our consolidated statements of operations. During the three and nine months ended June 29, 2018, we recorded losses of \$3.1 million and \$7.2 million, respectively, associated with this investment. As of June 28, 2019 and September 28, 2018, the carrying value of this investment was \$22.2 million and \$26.1 million, respectively.

5. FAIR VALUE

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

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

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

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

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

We measure certain assets and liabilities at fair value on a recurring basis such as our financial instruments and derivatives. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the three and nine months ended June 28, 2019.

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

	June 28, 2019			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 241	\$ 241	\$ —	\$ —
Commercial paper	71,277	—	71,277	—
Corporate bonds	29,243	—	29,243	—
Total assets measured at fair value	\$ 100,761	\$ 241	\$ 100,520	\$ —
Liabilities				
Common stock warrant liability	7,341	—	—	7,341
Total liabilities measured at fair value	\$ 7,341	\$ —	\$ —	\$ 7,341

	September 28, 2018			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	\$ 253	\$ 253	\$ —	\$ —
Commercial paper	69,950	—	69,950	—
Corporate bonds	28,271	—	28,271	—
Total assets measured at fair value	\$ 98,474	\$ 253	\$ 98,221	\$ —
Liabilities				
Contingent consideration	\$ 585	\$ —	\$ —	\$ 585
Common stock warrant liability	13,129	—	—	13,129
Total liabilities measured at fair value	\$ 13,714	\$ —	\$ —	\$ 13,714

As of June 28, 2019 and September 28, 2018, the fair value of the common stock warrants has been estimated using a Black-Scholes option pricing model.

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

The quantitative information utilized in the fair value calculation of our Level 3 liabilities is as follows:

Liabilities	Valuation Technique	Unobservable Input	Inputs	
			June 28, 2019	September 28, 2018
Contingent consideration	Discounted cash flow	Discount rate	N/A	9.2%
		Probability of achievement	N/A	90%
		Timing of cash flows	N/A	1 month
Warrant liability	Black-Scholes model	Volatility	73.4%	60.7%
		Discount rate	1.84%	2.81%
		Expected life	1.5 years	2.2 years
		Exercise price	\$14.05	\$14.05
		Stock price	\$15.13	\$20.60
		Dividend rate	—%	—%

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

	September 28, 2018	Net Realized/Unrealized Losses (Gains) Included in Earnings	Purchases and Issuances	Sales and Settlements	June 28, 2019
	Contingent consideration	\$ 585	\$ 65	\$ —	\$ (650)
Common stock warrant liability	\$ 13,129	\$ (5,788)	\$ —	\$ —	\$ 7,341
	September 29, 2017	Net Realized/Unrealized Gains Included in Earnings	Purchases and Issuances	Sales and Settlements	June 29, 2018
	Contingent consideration	\$ 1,679	\$ (469)	\$ —	\$ (700)
Common stock warrant liability	\$ 40,775	\$ (24,895)	\$ —	\$ —	\$ 15,880

6. INVENTORIES

Inventories, consist of the following (in thousands):

	June 28, 2019	September 28, 2018
Raw materials	\$ 60,958	\$ 71,408
Work-in-process	13,949	13,466
Finished goods	35,639	37,963
Total inventory, net	<u>\$ 110,546</u>	<u>\$ 122,837</u>

7. PROPERTY, PLANT AND EQUIPMENT

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

	June 28, 2019	September 28, 2018
Construction in process	\$ 29,288	\$ 49,661
Machinery and equipment	172,934	174,638
Leasehold improvements	13,449	14,984
Furniture and fixtures	3,683	2,306
Computer equipment and software	18,616	17,317
Capital lease assets	47,096	19,380
Total property and equipment	<u>\$ 285,066</u>	<u>\$ 278,286</u>
Less accumulated depreciation and amortization	(145,686)	(128,363)
Property and equipment, net	<u>\$ 139,380</u>	<u>\$ 149,923</u>

Depreciation and amortization expense related to property, plant and equipment for the three and nine months ended June 28, 2019 was \$7.3 million and \$22.4 million, respectively. Depreciation and amortization expense related to property, plant and equipment for the three and nine months ended June 29, 2018 was \$7.7 million and \$23.0 million, respectively. Accumulated depreciation on capital lease assets as of June 28, 2019 and September 28, 2018 was \$4.7 million and \$3.2 million, respectively.

During the three months ended June 28, 2019, we entered into a plan to sell certain equipment with a net carrying value of \$5.1 million. As of June 28, 2019, the assets had not yet been sold and are recorded as assets held for sale. During July 2019, we completed the sale of these assets and did not incur a gain or loss on the sale.

8. DEBT

As of June 28, 2019, we are party to a credit agreement dated as of May 8, 2014 with a syndicate of lenders and Goldman Sachs Bank USA ("Goldman Sachs"), as administrative agent (as amended on February 13, 2015, August 31, 2016, March 10, 2017, May 19, 2017, May 2, 2018 and May 9, 2018, the "Credit Agreement").

As of June 28, 2019, the Credit Agreement consisted of term loans with an aggregate principal amount of \$700.0 million ("Term Loans") and a revolving credit facility with an aggregate borrowing capacity of \$160.0 million (the "Revolving Facility"). The Revolving Facility will mature in November 2021 and the Term Loans will mature in May 2024 and bear interest at: (i) for LIBOR loans for any interest period, a rate per annum equal to the LIBOR rate as determined by the administrative agent, plus an applicable margin of 2.25%; and (ii) for base rate loans, a rate per annum equal to the greater of (a) the prime rate quoted in the print edition of the Wall Street Journal, Money Rates Section, (b) the federal funds rate plus one-half of 1.00% and (c) the LIBOR rate applicable to a one-month interest period plus 1.00% (but, in each case, not less than 1.00%), plus an applicable margin of 1.25%.

All principal amounts outstanding and interest rate information as of June 28, 2019, for the Credit Agreement were as follows (in thousands, except rate data):

	Principal Outstanding	LIBOR Rate	Margin	Effective Interest Rate
Term loans	\$674,693	2.44%	2.25%	4.69%

As of June 28, 2019, approximately \$8.7 million of deferred financing costs remain unamortized, of which \$8.0 million is related to the Term Loans and is recorded as a direct reduction of the recognized debt liabilities in our accompanying consolidated balance sheet, and \$0.7 million is related to the Revolving Facility and is recorded in other long-term assets in our accompanying consolidated balance sheet.

The Term Loans and Revolving Facility are secured by a first priority lien on substantially all of our assets and provide that we must comply with certain financial and non-financial covenants.

The Term Loans are payable in quarterly principal installments of approximately \$1.7 million on the last business day of each calendar quarter, with the remainder due on the maturity date. In the event that we divest a business, the net cash proceeds of the divestment are generally required, subject to certain exceptions, to be applied to repayment of outstanding Term Loans except to the extent we reinvest such proceeds in assets useful for our business within 18 months of receiving the proceeds. If we enter into a binding agreement to reinvest such proceeds within 18 months of receiving them, we have until the later of 18 months following our receipt of the proceeds and 6 months following the date of such agreement to complete the reinvestment.

As of June 28, 2019, we had \$160.0 million of borrowing capacity under our Revolving Facility.

As of June 28, 2019, the following remained outstanding on the Term Loans (in thousands):

Principal balance	\$ 674,693
Unamortized discount	(3,717)
Unamortized deferred financing costs	(8,045)
Total term loans	<u>\$ 662,931</u>
Current portion	6,885
Long-term, less current portion	<u>\$ 656,046</u>

As of June 28, 2019, the minimum principal payments under the Term Loans in future fiscal years were as follows (in thousands):

2019 (remainder of fiscal year)	\$ 1,722
2020	6,885
2021	6,885
2022	6,885
2023	6,885
Thereafter	645,431
Total	<u>\$ 674,693</u>

The fair value of the Term Loans was estimated to be approximately \$602.2 million as of June 28, 2019, and was determined using Level 2 inputs, including a quoted rate from a bank.

9. CAPITAL LEASE AND FINANCING OBLIGATIONS

Corporate Facility Financing Obligation

On December 28, 2016, we entered into three lease agreements including: (1) a 20 year leaseback of a facility located at 100 Chelmsford Street, (2) a 20 year build-to-suit lease arrangement for the construction and subsequent lease back of a new facility located at 144 Chelmsford Street, and (3) a 14 year building lease renewal of an adjacent facility at 121 Hale Street (collectively, the "Lowell Leases"). We account for the Lowell Leases as a single unit of accounting under the financing method. As of October 1, 2018, the construction of the facility at 144 Chelmsford Street was completed, the building was placed in service and the associated lease term commenced.

We calculated a lease obligation based on the future minimum lease payments discounted at 7.2% as of October 1, 2018. The discount rate represents the estimated incremental borrowing rate over the lease term of 20 years. The minimum lease payments are recorded as interest expense and in part as a payment of principal reducing the lease obligation. The real property assets in the transaction remain on the consolidated balance sheets and continue to be depreciated over the remaining useful lives. As of June 28, 2019 and September 28, 2018, the outstanding lease obligations associated with the Lowell Leases included in leases payable in the consolidated balance sheets, were \$28.3 million and \$28.3 million, respectively.

Additionally, we have certain capital equipment lease obligations, of which \$1.9 million and \$1.2 million was outstanding as of June 28, 2019 and September 28, 2018, respectively.

As of June 28, 2019, future minimum payments under capital lease obligations were as follows (in thousands):

Fiscal year ending:	Amount
2019 (remainder of fiscal year)	\$ 847
2020	3,384
2021	3,304
2022	2,661
2023	2,563
Thereafter	42,247
Total minimum capital lease payments	55,006
Less amount representing interest	(26,433)
Present value of net minimum capital lease payments	\$ 28,573

10. IMPAIRMENTS

During the fiscal quarter ended June 28, 2019, we initiated a plan to strategically realign, streamline and improve our operations, including reducing our workforce and exiting certain product offerings and research and development facilities. See *Note 15 - Restructurings*, for additional information about the June 2019 restructuring plan. These activities led us to reassess our previous estimates for expected future revenue growth. We performed impairment analyses to determine whether our goodwill and long-lived assets, comprised of definite-lived intangible assets and property, plant and equipment, were recoverable. Based on the estimated undiscounted cash flow assessment for long-lived assets, we determined that for an asset group, the cash flows were not sufficient to recover the carrying value of the long-lived assets over their remaining useful lives. Accordingly, we recorded impairment charges of \$217.5 million and \$33.2 million to our customer relationship intangible assets and technology intangible assets, respectively, in the fiscal quarter ended June 28, 2019, based on the difference between the fair value and the carrying value of the long-lived assets. We will continue to monitor for events or changes in business circumstances that may indicate that the remaining carrying value of the asset group may not be recoverable. We used the income approach to determine the fair value of the definite-lived intangible assets and the cost approach to determine the fair value of its property, plant and equipment.

Additionally, in connection with the June 2019 restructuring plan, we determined that certain intangible assets would be abandoned and would not have a future benefit. Accordingly, we recorded impairment charges of \$2.4 million and \$3.9 million to our customer relationship intangible assets and technology intangible assets, respectively, during the quarter ended June 28, 2019.

During the three months ended June 28, 2019, we determined that an asset recorded as construction in process would not be able to be placed in service as a productive asset, and therefore had no fair value. Accordingly, we recorded an impairment charge of \$7.1 million for this asset during the three months ended June 28, 2019.

During the nine months ended June 29, 2018, we recorded impairment charges of \$6.6 million related to property and equipment and other assets designated for future use with one of our customers, Zhongxing Telecommunications Equipment Corporation ("ZTE").

See *Note 15 - Restructurings* for information related to property and equipment impaired as part of our restructuring actions.

11. INTANGIBLE ASSETS

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

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Cost of revenue	\$ 8,139	\$ 8,594	\$ 24,074	\$ 24,913
Selling, general and administrative	13,723	13,081	38,115	35,827
Total	\$ 21,862	\$ 21,675	\$ 62,189	\$ 60,740

Intangible assets consist of the following (in thousands):

	June 28, 2019	September 28, 2018
Acquired technology	\$ 179,682	\$ 251,673
Customer relationships	245,870	518,234
Trade name	3,400	3,400
Total	\$ 428,952	\$ 773,307
Less accumulated amortization	(235,194)	(260,522)
Intangible assets — net	\$ 193,758	\$ 512,785

Our trade name is an indefinite-lived intangible asset.

A summary of the activity in intangible assets and goodwill, which includes the impairment of \$344.6 million of gross intangible assets, is as follows (in thousands):

	Intangible Assets				
	Total Intangible Assets	Acquired Technology	Customer Relationships	Trade Name	Goodwill
Balance at September 28, 2018	\$ 773,307	\$ 251,673	\$ 518,234	\$ 3,400	\$ 314,076
Currency translation adjustment	270	270	—	—	611
Impairments of intangible assets	(344,625)	(72,261)	(272,364)	—	—
Balance at June 28, 2019	\$ 428,952	\$ 179,682	\$ 245,870	\$ 3,400	\$ 314,687

In connection with the impairment of certain customer relationships and acquired technology intangible assets, we revised the useful lives of these intangible assets to reflect the estimated period over which these assets are expected to contribute to future cash flows. As of June 28, 2019, the weighted-average amortization periods for our customer relationships and acquired technology are 9 years and 7 years, respectively. See *Note 10 - Impairments*, for additional information related to the impairment of our intangible assets.

As of June 28, 2019, our estimated amortization of our intangible assets in future fiscal years was as follows (in thousands):

	2019 Remaining	2020	2021	2022	2023	Thereafter	Total
Amortization expense	\$ 12,530	50,330	46,213	33,433	26,048	21,804	\$ 190,358

Accumulated amortization for acquired technology and customer relationships were \$129.1 million and \$106.1 million, respectively, as of June 28, 2019, and \$140.0 million and \$120.5 million, respectively, as of September 28, 2018.

12. STOCKHOLDERS' EQUITY

We have authorized 10 million shares of \$0.001 par value preferred stock and 300 million shares of \$0.001 par value common stock as of June 28, 2019 and September 28, 2018, respectively.

Common Stock Warrants—In March 2012, we issued warrants to purchase 1,281,358 shares of common stock for \$14.05 per share. The warrants expire on December 21, 2020, or earlier as per the terms of the agreement, including immediately following consummation of a sale of all or substantially all assets or capital stock or other equity securities, including by merger, consolidation, recapitalization or similar transactions. We do not currently have sufficient registered and available shares to immediately satisfy a request for registration, if such a request were made. As of June 28, 2019, no exercise of the warrants had occurred, and no request had been made to register the warrants or any underlying securities for resale by the holders.

We are recording the estimated fair values of the warrants as a long-term liability in the accompanying consolidated financial statements with changes in the estimated fair value being recorded in the accompanying statements of operations. See *Note 5 - Fair Value* for additional information related to the fair value of our warrant liability.

13. EARNINGS (LOSS) PER SHARE

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

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Numerator:				
Loss from continuing operations	\$ (324,714)	\$ (85,210)	\$ (394,314)	\$ (117,647)
Loss from discontinued operations	—	(220)	—	(5,837)
Net loss	\$ (324,714)	\$ (85,430)	\$ (394,314)	\$ (123,484)
Warrant liability gain	(1,927)	—	(5,788)	(24,895)
Net loss attributable to common stockholders	\$ (326,641)	\$ (85,430)	\$ (400,102)	\$ (148,379)
Denominator:				
Weighted average common shares outstanding-basic	65,858	64,920	65,555	64,598
Dilutive effect of warrants	87	—	166	600
Weighted average common shares outstanding-diluted	65,945	64,920	65,722	65,198
Loss per share-basic:				
Continuing operations	\$ (4.93)	\$ (1.31)	\$ (6.01)	\$ (1.82)
Discontinued operations	0.00	0.00	0.00	(0.09)
Net loss to common stock holders per share-basic	\$ (4.93)	\$ (1.32)	\$ (6.01)	\$ (1.91)
Loss per share-diluted:				
Continuing operations	\$ (4.95)	\$ (1.31)	\$ (6.09)	\$ (2.19)
Discontinued operations	0.00	0.00	0.00	(0.09)
Net loss to common stock holders per share-diluted	\$ (4.95)	\$ (1.32)	\$ (6.09)	\$ (2.28)

As of June 28, 2019, we had warrants outstanding which were reported as a liability on the consolidated balance sheet. During the three and nine months ended June 28, 2019 and the nine months ended June 29, 2018, we recorded \$1.9 million, \$5.8 million and \$24.9 million of warrant gains, respectively, associated with adjusting the fair value of the warrants in the consolidated statements of operations primarily as a result of changes in our stock price. When calculating earnings per share, we are required to adjust for the dilutive effect of outstanding common stock equivalents, including adjustment to the numerator for the dilutive effect of contracts that must be settled in stock. During the three and nine months ended June 28, 2019 and the nine months ended June 29, 2018, we adjusted the numerator by the warrant gains of \$1.9 million, \$5.8 million and \$24.9 million, respectively, and the denominator by the incremental shares of 86,746, 166,318 and 600,192, respectively, under the treasury stock method. The table above excludes the effects of 80,046 and 129,599 shares for the three and nine months ended June 28, 2019, respectively, and 724,886 and 422,584 shares for the three and nine months ended June 29, 2018, respectively, of potential shares of common stock issuable upon exercise of stock options, warrants, restricted stock and restricted stock units, as applicable, as the inclusion would be antidilutive.

14. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to commercial disputes, employment issues, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigations. Any such claims may lead to future litigation and material damages and defense costs. We were not involved in any material pending legal proceedings during the fiscal quarter ended June 28, 2019.

15. RESTRUCTURINGS

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

The following is a summary of the restructuring charges incurred for the three and nine months ended June 28, 2019 and June 29, 2018 under these restructuring plans (in thousands):

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Employee related expenses	\$ 5,135	\$ 4	\$ 6,742	\$ 2,796
Facility related expenses	3,752	98	10,305	3,506
Total restructuring charges	<u>\$ 8,887</u>	<u>\$ 102</u>	<u>\$ 17,047</u>	<u>\$ 6,302</u>

The following is a summary of the costs incurred for the nine months ended June 28, 2019 (in thousands):

Balance as of September 28, 2018	\$ 89
Current period expense	17,047
Charges paid/settled	(11,956)
Balance as of June 28, 2019	<u>\$ 5,180</u>

Long Beach, Belfast and Sydney Plan

During the fiscal quarter ended December 29, 2017, we initiated plans to restructure and close our facility in Long Beach, California and to close our facilities in Belfast, United Kingdom and Sydney, Australia. The operations from the Long Beach facility were consolidated into our other California locations in order to achieve operational synergies. The Belfast and Sydney facilities were closed as we discontinued certain product development activities that were performed in those locations. This action is complete, and no further costs will be incurred.

Ithaca Plan

During the fiscal quarter ended September 28, 2018, we initiated a plan to exit certain production and product lines, primarily related to certain production facilities located in Ithaca, New York. For these facilities, we incurred restructuring charges of \$0.2 million in the three months ended June 28, 2019, including \$0.1 million of employee-related costs. We incurred \$5.5 million in the nine months ended June 28, 2019, including \$1.5 million of employee-related costs and \$4.0 million of facility-related costs. We do not expect to incur material restructuring costs during the remainder of fiscal year 2019 as we complete this restructuring action.

Design Facilities Plan

During the fiscal quarter ended March 29, 2019, we committed to a plan to exit certain design facilities and activities. We incurred restructuring reimbursements and charges of \$(0.3) million and \$2.5 million in the three and nine months ended June 28, 2019, respectively, under this plan. We do not expect to incur material restructuring costs during the remainder of fiscal year 2019 as we complete this restructuring action.

2019 Plan

During the fiscal quarter ended June 28, 2019, we committed to a plan to strategically realign, streamline and improve certain of our business and operations, including reducing our workforce by approximately 250 employees and exiting seven development facilities in France, Japan, the Netherlands, Florida, Massachusetts, New Jersey and Rhode Island. Additionally, we will no longer invest in the design and development of optical modules and subsystems for Data Center applications. We incurred restructuring charges of \$9.0 million in the three months ended June 28, 2019 under this plan, including \$4.9 million of employee-related costs, \$4.0 million of impairment expense for fixed assets that will be disposed of and \$0.1 million of other costs. We expect to incur restructuring costs of approximately \$2.9 million to \$3.9 million through fiscal year 2020 as we complete this restructuring action, including approximately \$2.2 million of employee-related costs and \$1.7 million of facility-related costs.

16. SHARE-BASED COMPENSATION

Stock Plans

As of June 28, 2019, we had 14.7 million shares available for issuance under our 2012 Omnibus Incentive Plan (as Amended and Restated) (the “2012 Plan”) and 3.4 million shares available for issuance under our Employee Stock Purchase Plan. Under the 2012 Plan, we have the ability to issue incentive stock options (“ISOs”), non-statutory stock options (“NSOs”), performance based non-statutory stock options, stock appreciation rights, restricted stock awards (“RSAs”), restricted stock units (“RSUs”), performance-based restricted stock units (“PRSUs”), performance shares and other equity-based awards to employees, directors and outside consultants. The ISOs and NSOs must be granted at a price per share not less than the fair value of our common stock on the date of grant. Options granted to date primarily vest based on certain market-based and performance-based criteria. Options granted generally have a term of four years to seven years. Certain of the share-based awards granted and outstanding as of June 28, 2019 are subject to accelerated vesting upon a change in control of the Company.

Share-Based Compensation

The following table shows a summary of share-based compensation expense included in the Condensed Consolidated Statements of Operations for the three and nine months ended June 28, 2019 and June 29, 2018 (in thousands):

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Cost of revenue	\$ 651	\$ 1,019	\$ 2,165	\$ 2,881
Research and development	2,517	3,785	6,540	10,422
Selling, general and administrative	(353)	3,950	11,458	10,792
Total share-based compensation expense	\$ 2,815	\$ 8,754	\$ 20,163	\$ 24,095

During the three months ended June 28, 2019, we assessed the potential vesting of the outstanding PRSU awards against the performance conditions. Based on this analysis, we determined that the probability of achieving certain performance conditions was lower than previously expected. As such, we reduced the estimated share-based compensation associated with these awards, which resulted in a cumulative adjustment of \$4.7 million for these awards.

As of June 28, 2019, the total unrecognized compensation costs related to ISOs, RSAs and RSUs, including awards with time-based and performance-based vesting was \$62.7 million, which we expect to recognize over a weighted-average period of 3.0 years. As of June 28, 2019, total unrecognized compensation cost related to our Employee Stock Purchase Plan was \$1.1 million.

Stock Options

A summary of stock option activity for the nine months ended June 28, 2019 is as follows (in thousands, except per share amounts and contractual term):

	Number of Shares	Weighted-Average Exercise Price per Share	Weighted- Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Options outstanding - September 28, 2018	1,408	\$ 32.05		
Granted	585	15.44		
Exercised	(23)	2.00		
Forfeited, canceled or expired	(1,207)	35.43		
Options outstanding - June 28, 2019	763	\$ 14.86	4.30	\$ 892
Options vested and expected to vest - June 28, 2019	763	14.86	4.30	892
Options exercisable - June 28, 2019	188	\$ 13.11	1.50	\$ 706

Aggregate intrinsic value represents the difference between our closing stock price on June 28, 2019 and the exercise price of outstanding, in-the-money options. During the nine months ended June 28, 2019, there were 22,795 options exercised. The total intrinsic value of options exercised was \$0.1 million and \$0.3 million for the three and nine months ended June 28, 2019, respectively, and \$0.7 million for the nine months ended June 29, 2018. There were no stock options exercised in the three months ended June 29, 2018.

Stock Options with Market-based Vesting Criteria

We grant non-qualified stock options that are subject to vesting only upon the market price of our underlying public stock closing above a certain price target within seven years of the date of grant. Share-based compensation expense is recognized regardless of the number of awards that are earned based on the market condition and is recognized on a straight-line basis over the estimated service period. If the required service period is not met for these options, then the share-based compensation expense would be reversed. In the event that our common stock achieves the target price per share based on a 30-day trailing average prior to the end of the estimated service period, any remaining unamortized compensation cost will be recognized.

We granted 585,000 market-based stock options during the nine months ended June 28, 2019, at a weighted average grant date fair value of \$7.47 per share, or \$4.4 million. These options have a weighted average exercise price of \$15.44.

These non-qualified stock options with market based vesting conditions were valued using a Monte Carlo simulation model. The weighted average Monte Carlo input assumptions used for calculating the fair value of these market-based stock options are as follows:

	Nine Months Ended June 28, 2019
Risk-free interest rate	2.8%
Expected term (years)	3.91
Expected volatility rate	51.9%
Target price	\$53.87

During the nine months ended June 28, 2019, we canceled 1,122,500 performance-based stock options with a concurrent grant of 748,328 PRSUs for 13 employees, which was accounted for as a modification. The incremental compensation cost resulting from the modification was \$8.2 million, and will be recognized as share-based compensation expense over the requisite service period of three years for the new PRSU awards.

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

A summary of RSAs, RSUs and PRSUs activity for the nine months ended June 28, 2019 is as follows:

	Number of RSAs, RSUs and PRSUs (in thousands)	Weighted- Average Grate Date Fair Value	Aggregate Intrinsic Value (in thousands)
Balance at September 28, 2018	1,872	\$ 34.15	\$ 38,452
Granted	2,916	18.18	
Vested and released	(632)	35.43	
Forfeited, canceled or expired	(743)	27.37	
Balance at June 28, 2019	3,413	\$ 21.74	\$ 51,646

RSAs, RSUs and PRSUs that vested during the nine months ended June 28, 2019 and June 29, 2018 had fair value of \$10.9 million and \$19.2 million, respectively, as of the vesting date.

We granted 200,000 market-based PRSUs during the three months ended June 28, 2019, at a weighted average grant date fair value of \$17.65 per share, or \$3.5 million. These awards were valued using a Monte Carlo simulation model subject to vesting based on the total shareholder return of our underlying public stock in comparison to a peer group of companies in the Nasdaq Composite Index. Share-based compensation expense is recognized based on the grant date fair value of the awards of \$3.5 million subject to the market condition. If the required service period is not met for these awards, then the share-based compensation expense would be reversed. The Monte Carlo input assumptions used for calculating the fair value of these market-based performance RSUs are as follows:

	Nine Months Ended
	June 28, 2019
Risk free interest rate	1.9%
Years to maturity	3.33
Expected volatility rate	61.5%

17. INCOME TAXES

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

Income tax expense was \$0.3 million for the nine months ended June 28, 2019, compared to a benefit of \$11.2 million for the nine months ended June 29, 2018. The difference between the U.S. federal statutory income tax rate of 21% for the three and nine months ended June 28, 2019 was primarily driven by the continuation of a full valuation allowance against any benefit associated with U.S. losses and income taxed in foreign jurisdictions at generally lower tax rates. The difference between the blended U.S. federal statutory income tax rate of 24.5% for the three and nine months ended months ended June 29, 2018 and our effective income tax rate was primarily driven by the continuation of a full valuation allowance against any benefit associated with U.S. losses and income taxed in foreign jurisdictions at generally lower tax rates.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making this determination, we consider available positive and negative evidence and factors that may impact the valuation of our deferred tax asset including results of recent operations, future reversals of existing taxable temporary differences, projected future taxable income, and tax-planning strategies. A significant piece of objective negative evidence evaluated was the cumulative U.S. loss initially incurred over the three-year period ended March 31, 2017, which we believe limited our ability to consider other subjective evidence, such as our projections for future growth. Significant negative objective evidence in the form of adjusted cumulative losses in the U.S. over the three-year period ended June 28, 2019 resulted in our continued determination that there was not sufficient objectively verifiable positive evidence to offset this negative objective evidence and we concluded that a full valuation allowance was still appropriate for our U.S. deferred tax assets.

All earnings of foreign subsidiaries, other than our M/A-COM Technology Solutions International Limited Cayman Islands subsidiary ("Cayman Islands subsidiary"), are considered indefinitely reinvested for the periods presented. During the three months ended March 29, 2019, we changed our position for our Cayman Islands subsidiary to no longer have its earnings permanently reinvested. During the fiscal quarter ended June 28, 2019, we finalized our fiscal 2018 tax return, including the calculation of the

one-time deemed repatriation of gross foreign earnings and profits, totaling \$156.8 million, which resulted in approximately \$86.7 million in U.S. taxable income for the year ended September 28, 2018. As we have recorded a full valuation allowance for this period, the adjusted one-time deemed repatriation will continue to have no impact on our tax expense. The actual tax loss for the year ended September 28, 2018 has fully offset this one-time deemed repatriation of taxable income resulting in no additional cash tax payments.

The balance of the unrecognized tax benefits as of June 28, 2019 and September 28, 2018 was \$1.0 million and \$0.3 million, respectively. The increase of \$0.7 million in unrecognized tax benefits during the nine months ended June 28, 2019 was all recognized during the fiscal quarter ended December 28, 2018 and resulted from finalizing the transition tax impact relating to the one-time deemed repatriation of gross foreign earnings and profits for the year ended September 28, 2018. In finalizing the transition tax, we identified certain tax accounting method changes that were required to compute the correct transition tax, yet the tax law prohibited adopting these methods without filing for and receiving Internal Revenue Service ("IRS") permission to change our method. The increase in transition tax related to these non-automatic method changes requiring IRS approval was \$0.7 million and represents the increase in our FIN 48 reserve balance to \$1.0 million as of December 28, 2018 and June 28, 2019. Out of the total reserve balance of \$1.0 million, \$0.3 million, if recognized, will reduce income tax expense.

It is also our policy to recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the fiscal quarters ended June 28, 2019 and September 28, 2018, we did not make any accrual or payment of interest and penalties due to our net operating loss carryforward position within the U.S.

On December 22, 2017, the U.S. Congress enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act enacted a wide range of changes to the U.S. corporate income tax system, many of which differ significantly from the provisions of the previous U.S. tax law. The Tax Act also transitions international taxation from a worldwide system with deferral to a modified territorial system and includes base erosion prevention measures on non-U.S. earnings, which has the effect of subjecting certain earnings of our foreign subsidiaries to U.S. taxation as global intangible low-taxed income. These changes became effective in our fiscal year beginning September 29, 2018.

18. RELATED PARTY TRANSACTIONS

Cadence Design Systems, Inc. ("Cadence") provides us with certain engineering licenses on an ongoing basis. Geoffrey Ribar, who joined our board of directors on March 22, 2017, served as an officer of Cadence through September 30, 2017 and served as a Senior Advisor to Cadence until March 31, 2018. During the nine months ended June 29, 2018 we made payments to Cadence of \$4.1 million subsequent to Mr. Ribar joining our board of directors and prior to March 31, 2018.

19. SUPPLEMENTAL CASH FLOW INFORMATION

As of June 28, 2019 and June 29, 2018, we had \$6.2 million and \$2.8 million, respectively, in unpaid amounts related to purchases of property and equipment included in accounts payable and accrued liabilities during each period. These amounts have been excluded from the payments for purchases of property and equipment in the accompanying condensed consolidated statements of cash flows until paid.

During the nine months ended June 28, 2019 and June 29, 2018, we capitalized \$1.5 million and \$16.5 million, respectively, of net construction costs relating to the 144 Chelmsford Street facility, of which \$0.3 million and \$10.8 million, respectively, were accounted for as a non-cash transaction as the costs were paid by the developer.

During the nine months ended June 28, 2019, we capitalized an additional \$1.5 million of equipment under capital leases, which were accounted for as non-cash transactions. During the nine months ended June 29, 2018, no additional capital leases were recorded.

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

	Nine Months Ended	
	June 28, 2019	June 29, 2018
Cash paid for interest	\$ 25,675	\$ 21,804
Cash (refunded) paid for income taxes	\$ (1,713)	\$ 3,435

20. GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION

We have one reportable operating segment that designs, develops, manufactures and markets semiconductors and modules. The determination of the number of reportable operating segments is based on the chief operating decision maker's use of financial information for the purposes of assessing performance and making operating decisions. In evaluating financial performance and making operating decisions, the chief operating decision maker primarily uses consolidated revenue, gross profit and operating loss. We are currently evaluating our internal reporting structure and the potential impact of any changes on our segment reporting.

For information about our revenue in different geographic regions, based upon customer locations, see *Note 2 - Revenue*. Information about our long-lived assets in different geographic regions is presented below (in thousands):

Long-Lived Assets by Geographic Region	As of	
	June 28, 2019	September 28, 2018
United States	\$ 114,326	\$ 122,888
Asia Pacific ⁽¹⁾	16,820	24,702
Other Countries ⁽²⁾	8,234	2,333
Total	<u>\$ 139,380</u>	<u>\$ 149,923</u>

(1) Asia Pacific represents Taiwan, India, Japan, Thailand, South Korea, Singapore, Malaysia, the Philippines, Vietnam and China.

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

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

Revenue	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Customer A	17%	14%	15%	12%

Accounts Receivable	June 28, 2019	September 28, 2018
Customer A	23%	19%
Customer B	13%	26%

No other customer represented more than 10% of revenue or accounts receivable in the periods presented in the accompanying consolidated financial statements. For the three and nine months ended June 28, 2019, our top ten customers represented 54% and 54%, respectively, of total revenue, and for the three and nine months ended June 29, 2018, our top ten customers represented 59% and 55% of total revenue, respectively.

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

The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended September 28, 2018 filed with the United States Securities and Exchange Commission ("SEC") on November 16, 2018.

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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Cautionary Note Regarding Forward-Looking Statements

This Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this Quarterly Report on Form 10-Q contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make other written and oral communications from time to time that contain such

statements. Forward-looking statements include statements as to industry trends and our future expectations and other matters that do not relate strictly to historical facts. These statements are often identified by the use of words such as “anticipates,” “believes,” “could,” “continue,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “targets,” “will,” “would” and similar expressions or variations. These statements are based on management’s beliefs and assumptions as of the date of this Quarterly Report on Form 10-Q, based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled “Risk Factors” in this Quarterly Report on Form 10-Q, our Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2019 filed with the SEC on May 8, 2019, our Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2018 filed with the SEC on February 6, 2019, and our Annual Report on Form 10-K for the fiscal year ended September 28, 2018 filed with the SEC on November 16, 2018. We caution the reader to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

MACOM designs and manufactures semiconductor products for Data Center, Telecommunications and Industrial and Defense (“I&D”) applications. Headquartered in Lowell, Massachusetts, MACOM has more than 65 years of application expertise, with silicon, gallium arsenide and indium phosphide fabrication, manufacturing, assembly and test, and operational facilities throughout North America, Europe and Asia. MACOM is certified to the ISO9001 international quality standard and ISO14001 environmental management standard.

We design, develop and manufacture differentiated, high-value products for customers who demand high performance, quality and reliability. We offer a broad portfolio of thousands of standard and custom devices, which include integrated circuits (“IC”), multi-chip modules (“MCM”), power pallets and transistors, diodes, amplifiers, switches and switch limiters, passive and active components and complete subsystems, across dozens of product lines serving over 8,000 customers in three primary markets. Our semiconductor products are electronic components that our customers incorporate into their larger electronic systems, such as, wireless basestations, high capacity optical networks, active antenna arrays, radar, magnetic resonance imaging systems (“MRI”) and test and measurement. Our primary markets are: (1) Telecom, which includes carrier infrastructure like long-haul/metro, 5G and FTTx/PON; (2) Data Centers, enabled by our broad portfolio of analog ICs and photonic components for high speed optical module customers; and (3) I&D, which includes military and commercial radar, RF jammers, electronic countermeasures, communication data links, satellite communications and multi-market applications, which include industrial, medical, test and measurement and scientific applications.

Description of Our Revenue

Revenue. Substantially all of our revenue is derived from sales of high-performance RF, microwave, millimeterwave and lightwave products. MACOM sells and distributes products globally via a sales channel comprised of a direct field sales force, authorized sales representatives and distribution representatives. Our sales team is trained across all of our products to give our customers insights into our entire portfolio.

Periodically, we enter into non-product development and license contracts with certain customers. We generally recognize revenue from these contracts as services are provided based on the terms of the contract. Revenue is deferred for amounts billed or received prior to delivery of the services. Certain contracts may contain multiple performance obligations for which we allocate revenue to each performance obligation on a relative stand-alone selling price.

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

- engaging early with our lead customers to develop products and solutions that can be driven across multiple growth markets;
- leveraging our core strength and leadership position in standard, catalog products that service all of our end applications;
- increasing content of our semiconductor solutions in our customers’ systems through cross-selling of our more than 60 product lines;
- introducing new products through internal development with market reception that command higher prices based on the application of advanced technologies, added features, higher levels of integration and improved performance; and
- continued growth in the market for high-performance analog and optical semiconductors in our three primary markets in particular.

Our core strategy is to develop and innovate high-performance products that address our customers' technical challenges in our primary markets: Telecom, Data Center and I&D. While sales in any or all of our primary markets may slow or decline from period to period, over the long-term we generally expect to benefit from our strength in these markets.

We expect our revenue in the Telecom market to be driven by 5G, with continued upgrades and expansion of communications equipment to support mobile computing devices such as smartphones and tablets, increasing adoption of bandwidth rich services.

We expect our revenue in the Data Center market to be driven by the adoption of cloud-based components and the migration to an application centric architecture, which we expect will drive adoption of higher speed, 100G and higher speed optical and photonic wireless links.

We expect our revenue in the I&D market to be driven by the broad product portfolio we offer that services applications such as test and measurement, satellite communications, civil and military radar, industrial, scientific and medical applications. Growth in this market is subject to changes in governmental programs and budget funding, which is difficult to predict. We expect revenue in this market to be further supported by growth in applications for our multi-market catalog products.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements. The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and could be material if our actual or expected experience were to change unexpectedly. On an ongoing basis, we re-evaluate our estimates and judgments.

We base our estimates and judgments on our historical experience and on other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates and material effects on our operating results and financial position may result. The accounting policies which our management believes involve the most significant application of judgment or involve complex estimation, are inventories and associated reserves; goodwill and intangibles asset valuations and associated impairment assessments; revenue reserves; warranty reserves; and share-based compensation valuations.

For additional information related to these and other accounting policies refer to *Note 2 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements included in Item 8 of Part II, "Financial Statements and Supplementary Data," of our 2018 Annual Report on Form 10-K for the fiscal year ended September 28, 2018 and *Note 1 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Results of Operations

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

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Revenue	\$ 108,306	\$ 137,872	\$ 387,460	\$ 419,210
Cost of revenue ^{(1) (2)}	74,478	89,703	219,678	244,486
Gross profit	\$ 33,828	\$ 48,169	\$ 167,782	\$ 174,724
Operating expenses:				
Research and development ⁽¹⁾	42,708	48,240	128,593	131,487
Selling, general and administrative ^{(1) (3)}	41,920	42,471	126,437	119,393
Impairment charges ⁽²⁾	264,086	—	264,086	6,575
Restructuring charges ⁽⁴⁾	8,887	102	17,047	6,302
Total operating expenses	\$ 357,601	\$ 90,813	\$ 536,163	\$ 263,757
Loss from operations	\$ (323,773)	\$ (42,644)	\$ (368,381)	\$ (89,033)
Other (expense) income				
Warrant liability gain (expense) ⁽⁵⁾	1,927	(6,728)	5,788	24,895
Interest expense	(8,967)	(8,039)	(27,142)	(23,249)
Other expense ⁽⁶⁾	4,777	(37,281)	(4,233)	(41,413)
Total other expense, net	\$ (2,263)	\$ (52,048)	\$ (25,587)	\$ (39,767)
Loss before income taxes	(326,036)	(94,692)	(393,968)	(128,800)
Income tax (benefit) expense	(1,322)	(9,482)	346	(11,153)
Loss from continuing operations	\$ (324,714)	\$ (85,210)	\$ (394,314)	\$ (117,647)
Loss from discontinued operations ⁽⁷⁾	—	(220)	—	(5,837)
Net loss	\$ (324,714)	\$ (85,430)	\$ (394,314)	\$ (123,484)

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

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
(a) Intangible amortization expense:				
Cost of revenue	\$ 8,139	\$ 8,594	\$ 24,074	\$ 24,913
Selling, general and administrative	13,723	13,081	38,115	35,827
(b) Share-based compensation expense:				
Cost of revenue	\$ 651	\$ 1,019	\$ 2,165	\$ 2,881
Research and development	2,517	3,785	6,540	10,422
Selling, general and administrative	(353)	3,950	11,458	10,792

- (2) The three and nine months ended June 28, 2019 include impairment charges of \$264.1 million for impairment of customer relationship and acquired technology intangible assets as well as equipment. The nine months ended June 29, 2018 includes impairment and inventory charges of \$6.6 million and \$2.5 million, respectively, related to property and equipment, other assets and inventory designated for future use with one of our customers, Zhongxing Telecommunications Equipment Corporation ("ZTE"), as well as inventory charges of \$16.2 million associated with certain production and product line exits during the three months ended June 29, 2018.
- (3) Includes specific litigation costs of \$0.2 million incurred in the nine months ended June 28, 2019, and \$1.0 million and \$2.5 million incurred in the three and nine months ended June 29, 2018, respectively, primarily related to a now settled lawsuit against Infineon Technologies Americas Corporation and Infineon Technologies AG. See Note 14 - Commitments and Contingencies to our Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended September 28, 2018 for additional information.
- (4) See Note 15 - Restructurings for additional information.
- (5) Represents changes in the fair value of common stock warrants recorded as liabilities and adjusted each reporting period to fair value.

(6) Includes \$5.0 million of income and \$3.9 million of losses for the three and nine months ended June 28, 2019, respectively, and \$3.1 million and \$7.2 million of losses for the three and nine months ended June 29, 2018, respectively, associated with our equity method investment. See *Note 4 - Investments* to our Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information.

(7) See *Note 3 - Divested Business and Discontinued Operations* to our Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information.

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

	Three Months Ended		Nine Months Ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	68.8	65.1	56.7	58.3
Gross profit	31.2	34.9	43.3	41.7
Operating expenses:				
Research and development	39.4	35.0	33.2	31.4
Selling, general and administrative	38.7	30.8	32.6	28.5
Impairment charges	243.8	—	68.2	1.6
Restructuring charges	8.2	0.1	4.4	1.5
Total operating expenses	330.2	65.9	138.4	62.9
Loss from operations	(298.9)	(30.9)	(95.1)	(21.2)
Other (expense) income				
Warrant liability gain (expense)	1.8	(4.9)	1.5	5.9
Interest expense	(8.3)	(5.8)	(7.0)	(5.5)
Other income (expense)	4.4	(27.0)	(1.1)	(9.9)
Total other expense, net	(2.1)	(37.8)	(6.6)	(9.5)
Loss before income taxes	(301.0)	(68.7)	(101.7)	(30.7)
Income tax (benefit) expense	(1.2)	(6.9)	0.1	(2.7)
Loss from continuing operations	(299.8)	(61.8)	(101.8)	(28.1)
Loss from discontinued operations	—	(0.2)	—	(1.4)
Net loss	(299.8)%	(62.0)%	(101.8)%	(29.5)%

Comparison of the Three and Nine Months Ended June 28, 2019 to the Three and Nine Months Ended June 29, 2018

Revenue. Our revenue decreased by \$29.6 million, or 21.4%, to \$108.3 million for the three months ended June 28, 2019, from \$137.9 million for the three months ended June 29, 2018. The decrease in revenue in the three and nine months ended June 28, 2019 is further described by end market in the following paragraphs.

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

	Three Months Ended			Nine Months Ended		
	June 28, 2019	June 29, 2018	% Change	June 28, 2019	June 29, 2018	% Change
Telecom	\$ 43,883	\$ 50,562	(13.2)%	\$ 141,379	\$ 169,947	(16.8)%
Data Center	17,614	38,911	(54.7)%	91,518	116,269	(21.3)%
Industrial & Defense	46,809	48,399	(3.3)%	154,563	132,994	16.2 %
Total	\$ 108,306	\$ 137,872	(21.4)%	\$ 387,460	\$ 419,210	(7.6)%
Telecom	40.5%	36.7%		36.5%	40.5%	
Data Center	16.3%	28.2%		23.6%	27.7%	
Industrial & Defense	43.2%	35.1%		39.9%	31.7%	
Total	100.0%	100.0%		100.0%	100.0%	

In the three and nine months ended June 28, 2019, our Telecom revenues decreased by \$6.7 million, or 13.2%, and \$28.6 million, or 16.8%, respectively, compared to the three and nine months ended June 29, 2018. The decrease was primarily due to the May 2018 sale of our Japan-based long-range optical subassembly business (the "LR4 Business"), lower sales of carrier-based optical semiconductor products to our Asia customer base and lower sales to Huawei Technologies Co., Ltd., and certain of its subsidiaries and affiliates ("Huawei"), as well as products targeting fiber to the home applications.

In the three and nine months ended June 28, 2019, our Data Center market revenue decreased by \$21.3 million, or 54.7%, and \$24.8 million, or 21.3%, respectively, compared to the three and nine months ended June 29, 2018. The decrease in revenue in the three and nine months ended June 28, 2019 was primarily due to decreased revenue from sales of legacy optical products and lasers, partially offset by the recognition of \$7.0 million of licensing revenue during the three months ended March 29, 2019.

In the three and nine months ended June 28, 2019, our I&D market revenue decreased by \$1.6 million, or 3.3%, and increased \$21.6 million, or 16.2%, respectively, compared to the three and nine months ended June 29, 2018. The decrease in the three months ended June 28, 2019 was primarily related to lower sales of certain legacy product lines. The increase in the nine months ended June 28, 2019 was related to higher revenue from sales across the product portfolio.

Gross profit. Gross margin was 31.2% and 43.3% for the three and nine months ended June 28, 2019, respectively, and 34.9% and 41.7% for the three and nine months ended June 29, 2018, respectively. Gross profit was \$33.8 million and \$167.8 million for the three and nine months ended June 28, 2019, respectively, and \$48.2 million and \$174.7 million for the three and nine months ended June 29, 2018, respectively. Gross profit during the three and nine months ended June 28, 2019 was primarily impacted by lower revenue, lower gross profit as a result of the May 2018 sale of our LR4 Business and higher inventory reserves associated with Data Center products, partially offset by the recognition of \$7.0 million of licensing revenue during the three months ended March 29, 2019.

Research and development. Research and development expense decreased by \$5.5 million, or 11.5%, to \$42.7 million, or 39.4% of our revenue, for the three months ended June 28, 2019, compared with \$48.2 million, or 35.0% of our revenue, for the three months ended June 29, 2018. Research and development expense decreased by \$2.9 million, or 2.2%, to \$128.6 million, or 33.2% of our revenue, for the nine months ended June 28, 2019, compared with \$131.5 million, or 31.4% of our revenue, for the nine months ended June 29, 2018. Research and development expense has decreased in the fiscal 2019 period primarily as a result of lower compensation-related costs as well the closure of certain design facilities associated with the June 2019 and Design Facilities restructuring plans.

Selling, general and administrative. Selling, general and administrative expense decreased by \$0.6 million, or 1.3%, to \$41.9 million, or 38.7% of our revenue, for the three months ended June 28, 2019, compared with \$42.5 million, or 30.8% of our revenue, for the three months ended June 29, 2018. Selling, general and administrative expense increased by \$7.0 million, or 5.9%, to \$126.4 million, or 32.6% of our revenue, for the nine months ended June 28, 2019, compared with \$119.4 million, or 28.5% of our revenue, for the nine months ended June 29, 2018. Selling, general and administrative expense decreased in the three months ended June 28, 2019 primarily due to lower share-based compensation offset by other compensation-related costs associated with the June 2019 restructuring plan. Selling, general and administrative expense increased in the nine months ended June 28, 2019 primarily due to higher compensation-related costs and acquisition-related amortization and depreciation, partially offset by the sale of the LR4 Business.

Impairment charges. Impairment charges totaled \$264.1 million in the three and nine months ended June 28, 2019, compared to no impairment charges and \$6.6 million in the three and nine months ended June 29, 2018, respectively. The increase in impairment charges during the three and nine months ended June 28, 2019 was related to the \$257.0 million impairment of

intangible assets, as well as the impairment of \$7.1 million of equipment from construction in process that will not be placed in service. Impairment charges of \$6.6 million for the nine months ended June 29, 2018 relate to impairment of property, equipment and other assets that were designated for future use with ZTE. See *Note 10 - Impairments* for additional information.

Restructuring charges. Restructuring charges totaled \$8.9 million and \$0.1 million for the three months ended June 28, 2019 and June 29, 2018, respectively, and \$17.0 million and \$6.3 million for the nine months ended June 28, 2019 and June 29, 2018, respectively. The restructuring charges during the three and nine months ended June 28, 2019 are primarily for employee-related and facility-related costs for the restructuring of our production facility in Ithaca, New York, as well as the June 2019 announced reduction of our workforce and exit of certain product development and research and design facilities. We expect to incur additional restructuring costs of approximately \$2.9 million to \$3.9 million through fiscal year 2020 as we complete these restructuring actions. We expect annual expense savings of approximately \$50 million dollars once the 2019 Plan is fully implemented. Restructuring charges during the three and nine months ended June 29, 2018 were primarily related to our exit of facilities in Long Beach, California, Belfast, United Kingdom and Sydney, Australia. Refer to *Note 15 - Restructurings* for additional information.

Warrant liability. Our warrant liability resulted in a gain of \$1.9 million and a gain of \$5.8 million for the three and nine months ended June 28, 2019, respectively, compared to an expense of \$6.7 million and a gain of \$24.9 million for the three and nine months ended June 29, 2018, respectively. The differences between periods were driven by changes in the estimated fair value of common stock warrants we issued in December 2010, primarily driven by the change in the underlying price of our common stock, which is recorded as a liability at fair value.

Provision for income taxes. Income tax benefit was \$1.3 million for the three months ended June 28, 2019, compared to a benefit of \$9.5 million for the three months ended June 29, 2018. Income tax expense was \$0.3 million for the nine months ended June 28, 2019, compared to a benefit of \$11.2 million for the nine months ended June 29, 2018. The income tax benefit for the three months ended June 28, 2019 resulted primarily from the losses subject to tax benefits in foreign jurisdictions, and the income tax expense for the nine months ended June 28, 2019 resulted primarily from income subject to tax in foreign jurisdictions. The income tax benefit for the three and nine months ended June 29, 2018 resulted primarily from the partial release of our unrecognized tax benefits and discrete adjustments to our U.S. deferred tax liability.

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three and nine months ended June 28, 2019, was primarily impacted by the continuation of a full valuation allowance against our U.S. deferred tax assets and income taxed in foreign jurisdictions at generally lower tax rates. The difference between the blended U.S. federal statutory tax rate of 24.5% and our effective tax rate for the three and nine months ended June 29, 2018 was also primarily impacted by the continuation of a full valuation allowance against our U.S. deferred tax assets and income taxed in foreign jurisdictions at generally lower tax rates. For additional information refer to *Note 17 - Income Taxes* in this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

The following table summarizes our cash flow activities for the nine months ended June 28, 2019 and June 29, 2018, respectively (in thousands):

	June 28, 2019	June 29, 2018
Cash and cash equivalents, beginning of period	\$ 94,676	\$ 130,104
Net cash provided by operating activities	28,277	11,216
Net cash used in investing activities	(33,060)	(53,647)
Net cash used in financing activities	(4,792)	(2,446)
Foreign currency effect on cash	164	41
Cash and cash equivalents, end of period	\$ 85,265	\$ 85,268

Cash Flow from Operating Activities

Our cash flow from operating activities for the nine months ended June 28, 2019 of \$28.3 million consisted of a net loss of \$394.3 million, plus cash provided by operating assets and liabilities of \$43.3 million, plus adjustments to reconcile our net loss to cash provided by operating activities of \$379.3 million. Adjustments to reconcile our net loss to cash provided by operating activities primarily included impairment related charges of \$272.9 million, depreciation and intangible amortization expense of \$84.6 million and share-based compensation expense of \$20.2 million, partially offset by a warrant liability gain of \$5.8 million. In addition, cash provided by operating assets and liabilities was \$43.3 million for the nine months ended June 28, 2019, primarily driven by a decrease in accounts receivable of \$29.3 million, an increase in accrued and other liabilities of \$3.2 million and a decrease in inventories of \$12.3 million, partially offset by a decrease in accounts payable of \$3.9 million.

Our cash flow from operating activities for the nine months ended June 29, 2018 of \$11.2 million consisted of a net loss of \$123.5 million, plus changes in operating assets and liabilities of \$11.4 million, less adjustments to reconcile our net loss to cash provided by operating activities of \$123.3 million. Adjustments to reconcile our net loss to cash provided by operating activities primarily included depreciation and intangible amortization expense of \$83.7 million, share-based compensation expense of \$24.1 million, loss on disposition of business of \$34.0 million and impairment charges of \$9.1 million, partially offset by a warrant liability gain of \$24.9 million, a change in deferred taxes of \$8.5 million and a change in the net value of assets and liabilities held for sale of \$6.3 million. In addition, cash provided by operating assets and liabilities was \$11.4 million for the nine months ended June 29, 2018, primarily driven by a decrease in accounts receivable of \$34.8 million, partially offset by increases in inventory of \$1.6 million, decreases in accounts payable of \$11.0 million and decreases in accrued and other liabilities of \$2.0 million.

Cash Flow from Investing Activities

Our cash flow used in investing activities for the nine months ended June 28, 2019 consisted primarily of purchases of \$156.1 million of short-term investments and capital expenditures of \$31.9 million, partially offset by proceeds of \$155.3 million related to the sale of short-term investments.

Our cash flow used in investing activities for the nine months ended June 29, 2018 consisted primarily of purchases of \$99.4 million of short-term investments, capital expenditures of \$39.4 million and a \$5.0 million equity investment in a privately held company, partially offset by proceeds of \$85.4 million related to the sale of short-term investments and \$5.0 million from the sale of the LR4 Business.

Cash Flow from Financing Activities

During the nine months ended June 28, 2019, our cash used in financing activities of \$4.8 million was primarily related to \$5.2 million of payments on notes payable and \$3.9 million in purchases of stock associated with employee tax withholdings, partially offset by \$5.6 million of proceeds from stock option exercises and employee stock purchases.

During the nine months ended June 29, 2018, our cash used in financing activities of \$2.4 million was primarily related to \$6.7 million in purchases of stock associated with employee tax withholdings and \$5.2 million of payments on notes payable, partially offset by \$6.9 million of proceeds from stock option exercises and employee stock purchases and \$4.0 million of proceeds from the sale of our corporate headquarters facility.

Liquidity

As of June 28, 2019, we held \$85.3 million of cash and cash equivalents, primarily deposited with financial institutions. Other than the undistributed earnings of our M/A-COM Technology Solutions International Limited Cayman Islands subsidiary, the undistributed earnings of our other foreign subsidiaries are indefinitely reinvested and we do not intend to repatriate such earnings. We believe the decision to reinvest these earnings will not have a significant impact on our liquidity. As of June 28, 2019, cash held by our indefinitely reinvested foreign subsidiaries was \$29.0 million, which, along with cash generated from foreign operations, is expected to be used in the support of international growth and working capital requirements as well as the repayment of certain intercompany loans. As of June 28, 2019, we also held \$100.5 million of liquid short-term investments, and had \$160.0 million in borrowing capacity under our revolving credit facility (the "Revolving Facility").

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

For additional information related to our Liquidity and Capital Resources, see *Note 8 - Debt* to our Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

See *Note 1 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information about recent accounting pronouncements.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 28, 2019.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest rate risk. The primary objectives of our investment activity are to preserve principal, provide liquidity and invest excess cash for an average rate of return. To minimize market risk, we maintain our portfolio in cash and diversified investments, which may consist of corporate and agency bonds, bank deposits, money market funds and commercial paper. Certain interest rates are variable and fluctuate with current market conditions. The risk associated with fluctuating interest rates is limited to this investment portfolio. We believe that a 10% change in interest rates would not have a material impact on our financial position or results of operations. We do not enter into financial instruments for trading or speculative purposes.

Our exposure to interest rate risk also relates to the increase or decrease in the amount of interest expense we must pay on the outstanding debt under the Credit Agreement. The interest rates on our term loans and revolving credit facility are variable interest rates based on our lender's prime rate or a LIBOR rate, in each case plus an applicable margin, which exposes us to market interest rate risk when we have outstanding borrowings under the Credit Agreement. As of June 28, 2019, we had \$674.7 million of outstanding borrowings under the Credit Agreement. Assuming our outstanding debt remains constant under the Credit Agreement for an entire year and the applicable annual interest rate increases or decreases by 1%, our annual interest expense would increase or decrease by \$6.7 million.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of June 28, 2019.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

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

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See *Note 14 - Commitments and Contingencies* to our Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information about our legal proceedings.

ITEM 1A. RISK FACTORS

Our business involves a high degree of risk. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part II, "Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2018 filed with the SEC on February 6, 2019 and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2019 filed with the SEC on May 8, 2019, and Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 28, 2018, which could materially affect our business, financial condition or future results. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes in any of the risk factors described in our Annual Report on Form 10-K for the fiscal year ended September 28, 2018, except as discussed in Part II, "Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2018, as filed with the SEC on February 6, 2019 and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2019 filed with the SEC on May 8, 2019, or as noted below.

The success of our strategic alliances may be subject to significant uncertainty, and we may be substantially reliant upon our partner(s) for the commercial success of the opportunity.

The terms of any strategic alliances may subject us to significant uncertainty regarding the success of such transaction as we may be substantially reliant upon our partner(s) for the commercial success of the opportunity. In addition, any such transactions may also divert our financial resources and management's attention from other important areas of our business. Furthermore, any failure of a transaction to satisfy customer expectations could adversely impact our own relationships with such customers and/or the reputation of our brand. If the transactions do not progress according to our expectations or anticipated timing, our business could be adversely affected and our investment in the transactions may not be successful. If the transactions are not successful, or not as successful as anticipated, we may also never realize the full, or any, benefit of royalty, milestone or other payment terms included in the transaction.

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

We have operations in Europe and Asia and customers around the world. As a result, we are subject to regulatory, geopolitical and other risks associated with doing business outside the U.S. Global operations involve inherent risks, including currency controls, currency exchange rate fluctuations, new or potential international trade agreements, tariffs, required import and export licenses, associated delays and other related international trade restrictions and regulations. Further, there is a risk that language barriers, cultural differences and other factors associated with our international operations may make them more difficult to manage effectively.

The legal system in many of the regions where we conduct business can lack transparency in certain respects relative to that of the U.S. and can accord local government authorities a higher degree of control and discretion over business than is customary in the U.S. This makes the process of obtaining necessary regulatory approvals and maintaining compliance inherently more difficult and unpredictable. In addition, the protection accorded to proprietary technology and know-how under these legal systems may not be as strong as in the U.S., and, as a result, we may lose valuable trade secrets and competitive advantages. The cost of doing business in European jurisdictions can also be higher than in the U.S. due to exchange rates, local collective bargaining regimes and local legal requirements and norms regarding employee benefits and employer-employee relations, in particular. We are also subject to U.S. legal requirements related to our foreign operations, including the Foreign Corrupt Practices Act. Sales to customers located outside the U.S. accounted for 52.1% of our revenue for the fiscal year ended September 28, 2018.

Sales to customers located in China and the Asia Pacific region typically account for a substantial majority of our overall sales to customers located outside the U.S. We expect that revenue from international sales generally, and sales to China and the Asia Pacific region specifically, will continue to be a material part of our total revenue. Therefore, any financial crisis, trade war or dispute or other major event causing business disruption in international jurisdictions generally, and China and the Asia Pacific region in particular, could negatively affect our future revenues and results of operations. For example, in 2016 the U.S. Department of Commerce, Bureau of Industry and Security (BIS) temporarily blocked exports of U.S. products to Chinese telecommunications original equipment manufacturer (OEM) Zhongxing Telecommunications Equipment Corporation (ZTE). In April 2018, the BIS again blocked exports of U.S. products to ZTE, which were lifted in July 2018. ZTE is under a court-ordered monitorship, which means that if it does not comply with certain requirements similar export control prohibitions could be imposed again. Also, in August 2018, the BIS blocked exports of U.S. products to certain Chinese aerospace customers. Most recently, in January 2019, the U.S. Department of Justice announced criminal charges against Huawei including, but not limited to, attempted theft of trade

secrets, wire fraud and violations of U.S. sanctions related to Iran. On May 16, 2019 the BIS added Huawei and many of its affiliates to the Entity List, which effectively blocks exports of U.S. products to Huawei and the affiliates. A U.S. ban on exports to one or more large OEM customers could materially reduce our revenue and reduce the value of an investment in our common stock. Unlike other types of U.S. government sanctions, the Huawei Entity List prohibitions do not apply to the shipment from outside the United States of certain foreign-made items that are not within the jurisdiction of the export control regulations. We believe that a small number of our foreign-made products are not within the scope of the Entity List prohibitions and we have resumed shipments of them to Huawei from outside the United States. If the U.S. Government is uncertain about whether such items were not subject to U.S. export controls, it could conduct an investigation and, if it is determined that some of the items were subject to U.S. export control jurisdiction, result in costs, fines, or penalties that could have a material impact on our business.

Because the majority of our foreign sales are denominated in U.S. dollars, our products become less price-competitive in countries with currencies that are low or are declining in value against the U.S. dollar. Also, we cannot be sure that our international customers will continue to accept orders denominated in U.S. dollars. If they do not, our reported revenue and earnings will become more directly subject to foreign exchange fluctuations. Some of our customer purchase orders and agreements are governed by foreign laws, which may differ significantly from U.S. laws. As a result, we may be limited in our ability to enforce our rights under such agreements and to collect amounts owed to us.

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

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

Changes in U.S. and international laws, accounting standards, export and import controls and trade policies or the enforcement of, or attempt to enforce, such laws, standards, controls and policies, particularly with regard to China, may adversely impact our business and operating results.

Our future results could be adversely affected by changes in interpretations of existing laws and regulations, or changes in laws and regulations, including, among others, changes in accounting standards, taxation requirements, competition laws, trade laws, import and export restrictions, privacy laws and environmental laws in the U.S. and other countries.

The U.S. government has recently made statements and taken certain actions that have led to, and may lead to further, changes to U.S. and international export and import controls or trade policies, including recently-imposed tariffs affecting certain products exported by a number of U.S. trading partners, including China. In response, many of those trading partners, including China, have imposed or proposed new or higher tariffs on American products. It is unknown whether and to what extent new tariffs (or other new laws or regulations) will be adopted, or the effect that any such actions would have on us or our industry and customers. Any unfavorable government policies on international trade, such as export and import controls, capital controls or tariffs, may affect the demand for our products and services, increase the cost of components, delay production, impact the competitive position of our products or prevent us from being able to sell products in certain countries. If any new export or import controls, tariffs, legislation and/or regulations are implemented or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations. In addition, proceedings to enforce, or the enforcement of, any laws, regulations and policies by the U.S. or other countries, and the resulting response to such actions, may have an adverse effect on our business, financial condition and results of operations.

Our recently announced restructuring initiative may not be successful.

On June 17, 2019, we committed to a restructuring plan designed to streamline and improve our operations. The plan includes the refocusing of certain research and development activities and a reduction in workforce and is expected to provide annual expense savings of approximately \$50.0 million once fully implemented. Our restructuring initiative could result in potential

adverse effects on employee capabilities, our continued ability to recruit, hire, retain and motivate highly-skilled engineering, operations, sales, administrative and managerial and other key personnel, our ability to achieve design wins and our ability to maintain and enhance our customer base. Such events could harm our efficiency and our ability to act quickly and effectively in the rapidly changing technology markets in which we sell our products. In addition, we may be unsuccessful in our efforts to realign our organizational structure and shift our investments. The potential negative impact of a restructuring plan on our employees may limit our ability to meet and satisfy the demands of our customers and, as a result, have a material impact on our business, financial condition and results of operations.

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

Issuer Purchases of Equity Securities

The following table presents information with respect to purchases of common stock we made during the fiscal quarter ended June 28, 2019.

Period	Total Number of Shares (or Units) Purchased ⁽¹⁾	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
March 30, 2019—April 26, 2019	—	\$ —	—	—
April 27, 2019—May 24, 2019	30,862	14.35	—	—
May 25, 2019—June 28, 2019	—	—	—	—
Total	30,862	\$ 14.35	—	—

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

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
3.1	<u>Fifth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on June 2, 2016).</u>
3.2	<u>Third Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on June 2, 2016).</u>
10.1*	<u>Offer of Employment to Stephen G. Daly, dated May 15, 2019.</u>
10.2*	<u>Offer of Promotion to John F. Kober, dated May 23, 2019.</u>
10.3*	<u>General Release Agreement of Robert J. McMullan, dated July 1, 2019.</u>
10.4*	<u>Separation Agreement, by and between John Croteau and MACOM Technology Solutions Inc., dated July 11, 2019.</u>
31.1	<u>Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.</u>
31.2	<u>Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.</u>
32.1	<u>Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

* Management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Dated: August 6, 2019

By: /s/ Stephen G. Daly

Stephen G. Daly

President and Chief Executive Officer

(Principal Executive Officer)

Dated: August 6, 2019

By: /s/ John Kober

John Kober

Senior Vice President and Chief Financial Officer

(Principal Accounting and Principal Financial Officer)

May 15, 2019

Dear Steve:

On behalf of MACOM Technology Solutions Inc., a Delaware corporation (the "Company"), I am pleased to offer you employment with the Company on the terms and conditions set forth in this letter agreement.

1. Position; Location. Your position will be President and Chief Executive Officer of the Company, reporting to the Board of Directors of MACOM Technology Solutions Holdings, Inc. (the "Board"). You will also be appointed the President and Chief Executive Officer of MACOM Technology Solutions Holdings, Inc. ("Parent"). Your principal place of employment will be the Company's headquarters at 100 Chelmsford Street, Lowell, MA. The effective date of your employment will be May 16, 2019 (such date, the "Start Date").

2. At-Will Employment. Your employment with the Company is for no specified period and constitutes "at-will" employment. As a result, you are free to terminate your employment at any time, for any reason or for no reason. Similarly, the Company is free to terminate your employment at any time, for any reason or for no reason. We request that, in the event of a resignation, you give the Company at least two (2) weeks' notice.

3. Compensation.

(a) Base Salary. During your employment, the Company will pay you a salary at a rate equivalent to \$675,000 on an annualized basis, payable in accordance with the Company's standard payroll policies. The first and last payment by the Company to you will be adjusted, if necessary, to reflect a commencement or termination date other than the first or last working day of a pay period.

(b) Annual Bonus. During your employment, you will also be eligible to participate in a Company bonus plan, with a target bonus of 100% of your annualized salary and a maximum bonus potential of up to 200% of your annualized salary, based on Company and/or individual performance targets determined by the Board or the Compensation Committee thereof (the "Compensation Committee"). Any annual bonus earned shall be paid in accordance with the terms of the applicable Company bonus plan.

(c) Director Compensation. You acknowledge and agree that as of the Start Date you shall no longer be entitled to receive compensation under Parent's non-employee director compensation program. With respect to the 6,656 restricted stock units granted to you under the Plan (as defined below) on March 1, 2019 in respect of your service as a member of the Board, a pro rated number of such restricted stock units shall vest on the Start Date, prorated based on the number of days you served as a member of the Board from March 1, 2019 through May 15, 2019.

4. Equity Awards. Subject to your execution of this letter agreement, your commencement of employment with the Company on the Start Date, the receipt of any required approvals by the Board or the Compensation Committee, and your agreement to the terms and conditions and restrictive covenants that may be required as consideration for the equity awards, Parent will grant you pursuant to the Parent's 2012 Omnibus Incentive Plan, as amended and restated (as it may be amended from time to time, the "Plan"):

(a) An award of restricted stock units ("New Hire RSUs") with a grant date value of approximately \$2,000,000, with the number of RSUs subject to such grant determined by dividing such dollar amount by the average closing price of Parent's common stock for the five (5) days immediately prior to the Start Date, which New Hire RSUs shall vest in installments as follows: 20% on the first anniversary of the Start Date and 10% on each six-month anniversary thereafter, such that the New Hire RSUs shall be fully vested on the fifth anniversary of the Start Date, generally subject to your continued employment on each applicable vesting date. The New Hire RSUs will be subject to Parent's standard award agreement for restricted stock units and the Plan. In the event of a termination of your employment with the Company due to your death or by the Company due to your Disability (as such term is defined in the Change in Control Plan (as defined below)), as of immediately prior to the effectiveness of such termination of employment, the New Hire RSUs will immediately vest and settle in full.

(b) An award of 50,000 performance-based restricted stock units ("EPS PSUs"), which EPS PSUs shall be eligible to vest and be earned based on Parent's non-GAAP adjusted earnings per share growth during the performance period applicable to such EPS PSUs, generally subject to your continued employment. The EPS PSUs will be subject to Parent's standard award agreement for performance-based restricted stock units that vest based on earnings per share and the Plan.

(c) An award of an option to purchase 190,000 shares of Parent's common stock, which option shall be eligible to vest and become exercisable as to 100% of the underlying shares if the closing price for Parent's common stock equals or exceeds \$38.37 per share for a period of thirty (30) consecutive trading days, generally subject to your continued employment. The performance-based option will be subject to Parent's standard award agreement for performance-based options and the Plan.

(d) An award of 200,000 performance-based restricted stock units ("TSR PSUs"), which TSR PSUs shall be eligible to vest and be earned based on Parent's relative shareholder return as compared to a peer group of companies listed on the NASDAQ composite index filtered by the Semiconductor, Semiconductor Equipment, and Electronics Equipment, Instruments and Components Sectors over a three-year performance period, generally subject to your continued employment. Such TSR PSUs will be subject to an award agreement evidencing such award and the Plan.

(e) The New Hire RSUs, EPS PSUs, options and TSR PSUs contemplated by this Section 4 will be governed by the terms of the Plan and the applicable award agreements evidencing such awards. In the event of a conflict between the Plan and the award agreements and this Agreement, the Plan and award agreements will control.

5. Severance.

(a) Termination without Cause or For Good Reason.

(i) Our at-will relationship notwithstanding, if the Company terminates your employment with the Company for any reason other than for “Cause” (as defined below) (but which shall not, for the avoidance of doubt, include a termination due to your death or Disability) or you resign for Good Reason (as defined below) (an “Involuntary Termination”), and you sign and deliver to the Company within fifty-two (52) days after such termination of employment and do not revoke within any applicable seven (7)-day revocation period (or other revocation period set forth by the Company ending prior to the sixtieth (60th) day after termination of employment) (such time period being the “Release Deadline Period”) a general release of claims in the Company’s favor in a form and substance acceptable to the Company (the “Release”), then you shall be entitled to receive as severance pay continuation of your monthly base salary, as then in effect and payable in accordance with the Company’s standard payroll policies as in effect on the date of such termination (and in no event less frequently than monthly), for a period of twelve (12) months (such period is hereinafter referred to as the “Severance Period”). Payment of this severance pay shall begin on the first regularly scheduled pay day occurring after your Release becomes effective (i.e., after your Release has been signed and any applicable revocation period has elapsed without your revoking the Release) (the “Payment Commencement Date”); provided, however, that the first such payment shall include any installments of severance pay that you would have received prior to such pay day had your Release been effective on the date of your Involuntary Termination. However, if the Release Deadline Period spans two calendar years, then the Payment Commencement Date will in any event be in the second calendar year. In addition, as of immediately prior to the effectiveness of such Involuntary Termination, the New Hire RSUs will immediately vest and, subject to the Release becoming effective hereunder, settle in full. You shall also be given twelve (12) months’ accelerated vesting credit against any other outstanding time-vesting equity grants (meaning that vesting of any other outstanding equity grants that vest solely based on continued employment or service (which shall not include, for the avoidance of doubt, any awards that vest based on performance vesting conditions) shall be equivalent to the number of such shares subject to such grants that would have vested under the normal vesting schedule of such grants had you remained employed with the Company through the date that is twelve (12) months following the effective date of such Involuntary Termination) and such equity grants, to then extent vested and exercisable, shall be exercisable for one year following such Involuntary Termination, but not past their original term. Payment of any severance benefits hereunder is subject to your compliance with the provisions of Section 6 of this letter agreement and the terms of the ECIA (as defined below).

(ii) Subject to the same conditions applicable to the receipt of any severance payments otherwise payable during the Severance Period as set forth in Section 5(a), the Company will pay you the amount, if any, that would have been paid to you under the Company’s then active bonus plan had you remained employed by the Company for the full bonus plan performance period, based on the actual performance of you and/or the Company, as applicable, against the performance metrics set forth in such bonus plan; provided, however, that any such amount otherwise earned shall be prorated based on the ratio of the number of days you were actually employed by the Company during the bonus plan performance period to the total number of days comprising the bonus plan performance period as a whole. Such prorated bonus, if any, will be paid at the time bonuses are paid to active employees under such then active bonus plan.

(iii) Subject to the same conditions applicable to the receipt of any severance payments otherwise payable during the Severance Period as set forth in Section 5(a), to the extent that you or any of your dependents may be covered under the terms of any medical and dental plans of the Company immediately prior to the termination of your employment and you timely elect to continue coverage under the Company's medical and dental plans pursuant to COBRA, the Company will provide you with reimbursement for premiums for the continuation of such benefits for you and those dependents for the same or equivalent coverages through the end of the Severance Period. The Company is under no obligation to provide reimbursement for special coverages for you that would not be covered by the plans applicable to employees generally. The reimbursement payable to you pursuant to this paragraph shall be reduced by the amount equal to the contributions required from time to time from other employees for equivalent coverages under the Company's medical or dental plans. If and to the extent that you or any of your dependents is or becomes eligible to participate in a medical, dental or other health insurance plan of another employer during the Severance Period, then the reimbursement benefit provided by this paragraph shall be eliminated or commensurately diminished. Notwithstanding the foregoing, if the Company determines that its payment of the premium contributions contemplated by this subsection (c) would subject the Company to any tax or penalty, then the Company may elect to pay to you in any month, in lieu of making such payments on your behalf, a cash payment equal to the Company's cost of the monthly premium contribution for that month in accordance with the Company's standard payroll procedures.

(b) Change in Control Plan. As of the Start Date, you shall be designated as a participant in Parent's Change in Control Plan (as amended from time to time, the "Change in Control Plan"), with a Protected Period ending on the second anniversary of a Change in Control and a multiple of two (2) for the cash Severance Payment payable thereunder (as all such terms are defined in the Change in Control Plan). In no event shall you be entitled to severance benefits under both this letter agreement and the Change in Control Plan. In the event of a termination of employment entitling you to benefits under the Change in Control Plan, you will only be entitled to receive benefits under such plan.

(c) No Duplication. You hereby agree that the severance benefits provided for in this Section 4 or under the Change in Control Plan, to the extent applicable, are the only severance benefits to which you may be entitled in the event of the termination of your employment with the Company, and that such benefits will be reduced dollar for dollar by any severance-related amount the Company is required to pay you by law, corporate policy or other source that would otherwise duplicate any portion of the severance benefits provided herein.

As used herein, "Cause" shall mean (i) an act of dishonesty made by you in connection with your responsibilities as an employee; (ii) your conviction of, or plea of nolo contendere to, a felony, or commission of an act of moral turpitude; (iii) your gross misconduct; or (iv) your (a) material failure to discharge your employment duties or (b) a material breach of this letter agreement or the ECIA (as defined below), in each case of clauses (a) and (b) after you have received a written demand for performance from the Board (or notice of non-performance, where applicable) specifying the breach of employment duties, and your failure to cure such breach (where such breach is curable) within thirty (30) days of the date of such notice from the Board.

As used herein, "Good Reason" shall mean your resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the

following, without your consent: (i) the assignment to you of any duties, or the reduction of your duties, either of which results in a material diminution of your authority, duties, or responsibilities with the Company in effect immediately prior to such assignment, or the removal of you from such position and responsibilities; (ii) a material change in the geographic location at which you must perform services (in other words, the relocation of you to a facility that is more than fifty (50) miles from your then-current work location); and (iii) the failure of the Company to obtain assumption of this agreement by any successor. You agree you will not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for "Good Reason" within thirty (30) days of the initial existence of the grounds for "Good Reason" and a reasonable cure period of not less than thirty (30) days following the date of such notice. To the extent uncured by the Company, you must terminate your employment within thirty (30) days following the end of such cure period in order for such termination of employment to be treated as a termination for "Good Reason" hereunder.

6. Post-Termination Restrictions.

(a) Non-Solicitation of Customers and Other Business Partners. You acknowledge that, as an employee of the Company, you will have access to valuable, proprietary trade secret and other confidential information of the Company in connection with this letter agreement. You acknowledge that such valuable proprietary and confidential information is developed and acquired by the Company on an ongoing basis and you will receive the benefit of access to new and unique information on a continuing basis, and that such information is worthy of protection. To further ensure the confidentiality of the Company's trade secrets and other proprietary information, during the time you are employed by the Company and also during the twelve (12)-month period following the date your employment terminates, regardless of the reason for such termination (such twelve (12)-month period, the "Restricted Period"), you agree that you shall not directly or indirectly (whether for compensation or otherwise), alone or together with others (a) solicit or encourage any customer, client, vendor, supplier or other business partner of the Company or any of its affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer, client, vendor, supplier or other business partner, or any prospective customer, client, vendor, supplier or other business partner of the Company or any of its affiliates, to conduct with anyone else any business or activity which such customer, client, vendor, supplier or other business partner conducts or could conduct, or such prospective customer, client, vendor, supplier or other business partner could conduct, with the Company or any of its affiliates; provided, however, that these restrictions shall apply (y) only with respect to those persons who are or have been a customer, client, vendor, supplier or other business partner of the Company or any of its affiliates at any time within the two (2)-year period immediately preceding the activity restricted by this Section 6(a) or whose business has been solicited on behalf of the Company or any of the affiliates by any of their officers, employees or agents within such two (2)-year period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such person during your employment or other associations with the Company or any of its affiliates, or been introduced to, or otherwise had contact with, such person as a result of your employment or other associations with the Company or any of its affiliates or have had access to confidential information which would assist in your solicitation of such person.

(b) Non-Solicitation of Employees. During the Restricted Period, you agree that you shall not directly or indirectly (whether for compensation or otherwise), alone or together with others, (a) hire or solicit for hiring any employee of the Company or any of its affiliates or seek to persuade any employee of the Company or any of its affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its

affiliates to terminate or diminish its relationship with them. For the purposes of this Section 6(b), an “employee” or an “independent contractor” of the Company or any of its affiliates is any person who was such at any time within the two (2)-year period immediately preceding the activity restricted by this Section 6(b).

(c) Tolling, Scope and Reasonableness. You agree that the periods of time during which you are prohibited by Sections 6(a) and (b) hereof from engaging in such business practices shall be extended by any length of time during which you are in breach of any of such covenants. The covenants contained in this Section 6 shall apply in any country or jurisdiction where the Company and its affiliates had offices or shipped product during the term of your employment with the Company. You and the Company agree that the time, scope and geographic limitations and other particulars of the foregoing covenants are appropriate and reasonable when considered in light of the nature and extent of the business conducted by the Company and your role in the Company.

(d) Remedies. If you commit a breach, or threaten to commit a breach, of any of the provisions of this Section 6, the Company shall have the following rights and remedies, in addition to any and all others rights and remedies of law or in equity, each of which shall be independent of the other and severally enforceable: (i) the right to have the provisions of this letter agreement specifically enforced by any court having equity jurisdiction, including the right to a restraining order, an injunction or other equitable relief, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Company and that money damages will not provide an adequate remedy to it; (ii) the right to an award of the Company’s reasonable attorneys’ fees incurred in enforcing its rights hereunder; and (iii) the right and remedy to require you to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits (hereinafter collectively the “Benefits”) derived or received, directly or indirectly, by you as a result of any transactions constituting a breach of any of the provisions of this letter agreement, and you hereby agree to account for and pay over any such Benefits to the Company. You agree that, in the event that any provision of this agreement is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. You further agree that each of the Company’s affiliates shall have the right to enforce all of your obligations to that affiliate under this agreement, including, without limitation, pursuant to this Section 6. Finally, you agree that no claimed breach of this agreement or other violation of law attributed to the Company, or change in the nature or scope of your employment or other relationship with the Company or any of its affiliates, shall operate to excuse you from the performance of your obligations under this agreement.

7. Benefits. During the term of your employment, you will be eligible, provided that you meet the eligibility requirements of the relevant plans and policies, for the Company’s standard employee benefits applicable to employees at your level, including health, dental, vision, life, short and long-term disability insurance. The Company reserves the right to change the benefits it offers or the terms of such benefits from time to time. The Company will provide you with twenty-five (25) paid vacation days per year. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company, and otherwise shall be subject to the policies of the Company, as in effect from time to time.

8. Business Expenses. During the term of your employment with the Company, you shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with your duties hereunder. The Company will reimburse you for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

9. Immigration Laws. This offer of employment is contingent on your providing proper documentation of your identity and authorization to work in the United States under applicable immigration laws, as required by Form I-9 of the US Department of Homeland Security.

10. Employee Confidentiality and Invention Assignment Agreement. As a condition of this offer of employment, you will be required to promptly complete, sign and return the Company's standard form of employee confidentiality and invention assignment agreement (the "ECIA").

11. No Conflicts. In this position, you will be expected to devote your full business time, attention and energies to the performance of your duties with the Company. We also ask that, before signing this letter agreement, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case.

12. Clawback. Any bonuses, incentive or equity based compensation awards granted to you hereunder will be subject to any executive compensation recovery policy adopted by the Company, whether pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or the Nasdaq listing rules or otherwise.

13. Severability. The invalidity or unenforceability of any provision or provisions of this letter agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

14. Withholding. All payments made under this letter agreement shall be reduced by any tax or other amounts required to be withheld by the Company, its successors or any of their respective affiliates under applicable law.

15. Section 409A. The parties intend that this letter agreement and the payments and benefits provided hereunder, including, without limitation, those provided pursuant to Sections 3 and 5 hereof, be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treas. Reg. Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treas. Reg. Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Section 409A of the Code is applicable to this letter agreement, the parties intend that this letter agreement and any payments and benefits thereunder comply with the deferral, payout and other limitations and restrictions imposed under Section 409A of the Code. Notwithstanding anything herein to the contrary, this letter agreement shall be interpreted, operated and administered in a manner consistent with such intentions; provided, however, that in no event shall Parent, the Company or their respective agents, employees, officers, directors, parents, subsidiaries, affiliates or successors be liable for any additional tax, interest or penalty that may be imposed on you pursuant to Section 409A of the Code or for any damages incurred by you as a result of this letter agreement (or the payments or benefits hereunder) failing to comply with, or be exempt from,

Section 409A of the Code. Without limiting the generality of the foregoing, and notwithstanding any other provision of this letter agreement to the contrary:

(a) To the extent Section 409A of the Code is applicable to this letter agreement, a termination of employment shall not be deemed to have occurred for purposes of any provision of this letter agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service,” as defined in Treas. Reg. Section 1.409A-1(h), after giving effect to the presumptions contained therein (and without regard to the optional alternative definitions available therein), and, for purposes of any such provision of this letter agreement, references to “terminate,” “termination,” “termination of employment” and like terms shall mean separation from service;

(b) If at the time your employment hereunder terminates, you are a “specified employee,” as defined in Treas. Reg. Section 1.409A-1(i) and determined using the identification methodology selected by the Company from time to time, or if none, the default methodology, then to the extent necessary to avoid subjecting you to an additional tax or interest under Section 409A of the Code, any and all amounts payable under this letter agreement on account of such termination of employment that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid in a lump sum on the first day of the seventh month following the date on which your employment terminates or, if earlier, upon your death, except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treas. Reg. Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Treas. Reg. Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion), (ii) benefits which qualify as excepted welfare benefits pursuant to Treas. Reg. Section 1.409A-1(a)(5), and (iii) other amounts or benefits that are not subject to the requirements of Section 409A of the Code;

(c) Each payment made under this letter agreement shall be treated as a separate payment and the right to a series of installment payments under this letter agreement shall be treated as a right to a series of separate payments; and

(d) Your right to payment or reimbursement for expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other calendar year, (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense or payment was incurred, and (iii) the right to payment or reimbursement is not subject to liquidation or exchange for any other benefit.

16. General. This letter agreement and the ECIA, when signed by you, set forth the terms of your employment with the Company and supersede any and all prior representations and agreements made to or with you by the Company, any of its predecessors or affiliates, or any of their respective employees or agents, whether written or oral. As a Company employee, you will also be expected to abide by Company rules and regulations, whether set forth in a Company-approved employee handbook or otherwise, that may be modified from time to time. In the event of a conflict between the terms and provisions of this letter agreement and the ECIA, the terms and provisions of the ECIA will control. Any amendment of this letter agreement or any waiver of a right under this letter agreement must be set forth in a writing signed by you and an authorized officer of the Company to be effective. The law of the Commonwealth of Massachusetts will govern this letter agreement. In the event of any dispute or claim

relating to or arising out of our employment relationship, you and the Company agree that we are both waiving any and all rights to a jury trial in connection with such dispute or claim. This letter agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

If the foregoing terms are agreeable, please indicate your acceptance by signing this letter agreement in the space provided below and returning it to me, along with your completed and signed ECIA.

Sincerely,

MACOM Technology Solutions Inc.

By: /s/Ambra R Roth

Name: Ambra R. Roth

Title: Vice President, General Counsel and Secretary

AGREED TO AND ACCEPTED:

By: /s/Stephen G. Daly

Name: Stephen G. Daly

May 23, 2019

John F. Kober

Re: Offer of Promotion

Dear Jack:

On behalf of MACOM Technology Solutions Inc., a Delaware corporation (the “Company”), I am pleased to offer you a promotion to Sr. Vice President and Chief Financial Officer, reporting to Stephen Daly, President and Chief Executive Officer. This is an exempt position and, your principal place of employment will be the Company’s headquarters at 100 Chelmsford Street, Lowell, MA. Subject to the terms and conditions set forth in this letter, the effective date of your employment as Sr. Vice President and Chief Financial Officer (referred to herein as the “Start Date”) will be such date as you and the Company mutually agree in writing.

The terms of this offer of employment are as follows:

1. At-Will Employment. Your employment with the Company is for no specified period and constitutes “at-will” employment. As a result, you are free to terminate your employment at any time, for any reason or for no reason. Similarly, the Company is free to terminate your employment at any time, for any reason or for no reason. We request that, in the event of a resignation, you give the Company at least two (2) weeks’ notice.

2. Compensation. Commencing as of the Start Date, the Company will pay you a salary at a rate of \$13,846.15 per bi-weekly pay period, which is equivalent to \$360,000 on an annualized basis, payable in accordance with the Company’s standard payroll policies. The first and last payment by the Company to you will be adjusted, if necessary, to reflect a commencement or termination date other than the first or last working day of a pay period. You will also be eligible to participate in a Company bonus plan, with a target bonus of 75% of your annualized salary and a maximum bonus potential of up to 150% of your annualized salary, based on Company and/or individual performance targets determined by the Board of Directors (the “Board”) or the Compensation Committee thereof (the “Compensation Committee”). Your eligibility for the target and maximum bonus described in the preceding sentence will begin with the start of the next bonus period, which begins on September 30, 2019 and ends on March 27, 2020. Employees must be employed on the date the payment is actually made in order to receive any payment.

3. Promotion Restricted Stock Unit Award. Subject to your execution of this letter agreement and your commencement of employment as Senior Vice President and Chief Financial Officer on the Start Date, the receipt of any required approvals by the Board or the Compensation Committee, and your agreement to the terms and conditions that may be required as consideration for the equity award, MACOM Technology Solutions Holdings, Inc. (“Parent”) will grant to you pursuant to the Parent’s 2012 Omnibus Incentive Plan,

as amended and restated (as it may be amended from time to time, the “Plan”) an award of restricted stock units (the “Award”). The number of restricted stock units subject to the grant will be determined by dividing \$914,813 by the average closing price of Parent’s common stock for the fifteen (15) trading days immediately prior to the Start Date (rounded down to the nearest whole share). The Award will vest in installments as follows: approximately 26.83% of the total restricted stock units subject to the Award shall vest on May 15, 2020, 29.27% shall vest on May 15, 2021, 29.27% shall vest and on May 15, 2022, and 14.63% shall vest on May 15, 2023, subject in each case to your continued employment with the Company or one of its subsidiaries through such date. The aggregate grant date value of the Award and its vesting schedule may be adjusted by Parent if your Start Date is after June 15, 2019. The Award shall be subject to Parent’s standard award agreement for restricted stock units and the Plan. No right to any common stock of Parent is earned or accrued until such time as vesting occurs, nor does the grant confer any right to continued vesting or employment. Please be advised that upon vesting you will have taxable income and may be required to pay withholdings. Please consult your personal tax advisor to properly plan for related tax liabilities. Any future annual equity awards will be subject to the approval of the Board or the Compensation Committee.

4. Benefits. During the term of your employment, you will be eligible, provided that you meet the eligibility requirements of the relevant plans and policies, for the Company’s standard employee benefits applicable to employees at your level, which currently include Parent’s Employee Stock Purchase Plan, health, dental, vision, life, short and long-term disability insurance and 401(k) plan. The Company reserves the right to change the benefits it offers or the terms of such benefits from time to time. You will continue to accrue paid time off pursuant to the Company’s standard policies, as may be in effect from time to time, at an annual accrual rate of up to 21 days of paid time off per year.

5. Business Expenses. During the term of your employment with the Company, you shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with your duties hereunder. The Company will reimburse you for such expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company’s generally applicable policies.

6. Employee Confidentiality and Invention Assignment Agreement. As a condition of this offer of promotion, you will be required to promptly complete, sign and return the Company’s standard form of employee confidentiality and invention assignment agreement (the “ECIA”).

7. No Conflicts. In this position, you will be expected to devote your full business time, attention and energies to the performance of your duties with the Company. We also require that, before signing this letter agreement, you disclose to the Company any and all agreements relating to your prior employment that may affect your eligibility to be employed by the Company or limit the manner in which you may be employed. It is the Company’s understanding that you have no such agreements or that any such agreements will not prevent you from performing the duties of your position in any respect, and you represent that such is the case.

8. Clawback. Any bonuses, incentive or equity based compensation awards granted to you hereunder will be subject to any executive compensation recovery policy adopted by the Company, whether pursuant to the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or the Nasdaq listing rules or otherwise.

9. Severability. The invalidity or unenforceability of any provision or provisions of this letter agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

10. Withholding. All payments made under this letter agreement shall be reduced by any tax or other amounts required to be withheld by the Company, its successors or any of their respective affiliates under applicable law.

11. Section 409A. The parties intend that this letter agreement and the payments and benefits provided hereunder, including, without limitation, those provided pursuant to Sections 3 and 5 hereof, be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treas. Reg. Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treas. Reg. Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Section 409A of the Code is applicable to this letter agreement, the parties intend that this letter agreement and any payments and benefits thereunder comply with the deferral, payout and other limitations and restrictions imposed under Section 409A of the Code. Notwithstanding anything herein to the contrary, this letter agreement shall be interpreted, operated and administered in a manner consistent with such intentions; provided, however, that in no event shall Parent, the Company or their respective agents, employees, officers, directors, parents, subsidiaries, affiliates or successors be liable for any additional tax, interest or penalty that may be imposed on you pursuant to Section 409A of the Code or for any damages incurred by you as a result of this letter agreement (or the payments or benefits hereunder) failing to comply with, or be exempt from, Section 409A of the Code. Without limiting the generality of the foregoing, and notwithstanding any other provision of this letter agreement to the contrary, each payment made under this letter agreement shall be treated as a separate payment and the right to a series of installment payments under this letter agreement shall be treated as a right to a series of separate payments.

12. General. This letter agreement and the ECIA, when signed by you, set forth the terms of your employment with the Company and supersede any and all prior representations and agreements made to or with you by the Company, any of its predecessors or affiliates, or any of their respective employees or agents, whether written or oral. As a Company employee, you will also be expected to abide by Company rules and regulations, whether set forth in a Company-approved employee handbook or otherwise, that may be modified from time to time. In the event of a conflict between the terms and provisions of this letter agreement and the ECIA, the terms and provisions of the ECIA will control. Any amendment of this letter agreement or any waiver of a right under this letter agreement must be set forth in a writing signed by you and an authorized officer of the Company to be effective. This letter agreement supersedes all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the subject matter hereof, including the letter agreement between you and the Company, dated July 14, 2015. The law of the Commonwealth of Massachusetts will govern this letter agreement. In the event of any dispute or claim relating to or arising out of our employment relationship, you and the Company agree that we are both waiving any and all rights to a jury trial in connection with such dispute or claim. This offer is contingent on satisfactory completion of a SEC background check by our external Auditors.

Congratulations on your promotion. If the foregoing terms are agreeable, please indicate your acceptance by signing this letter agreement in the space provided below and returning it to me, along with your completed and signed ECIA.

Sincerely,

MACOM Technology Solutions Inc.

By: /s/Stephen G. Daly_____
Stephen G. Daly
President and Chief Executive Officer

AGREED TO AND ACCEPTED:

/s/John F. Kober

John F. Kober

Enclosures:
ECIA

CONFIDENTIAL

GENERAL RELEASE AGREEMENT

In consideration for the severance payments and benefits to be provided to me by MACOM Technology Solutions Inc. ("MACOM") as set forth in the attached letter dated June 6, 2019, to which I am not otherwise entitled, I, on behalf of myself and my heirs, spouse, executors, administrators, beneficiaries, personal representatives, agents and assigns, hereby completely release and forever discharge MACOM, its predecessors (including but not limited to Cobham Defense Electronic Systems Corporation and Tyco Electronics Corporation), successors, affiliates, subsidiaries and/or related entities and each of its and their past, present, and future officers, directors, stockholders, agents, employees, attorneys, insurers, employee benefit plans, partners, administrators, agents, trustees, representatives, successors and assigns, each individually and in their formal capacities (collectively with MACOM, the "Releasees") from any and all claims of any and every kind, nature, and character, known or unknown, foreseen or unforeseen, arising from, connected with or related to the dealings between me and any of the Releasees prior to the date of this General Release Agreement (this "Release").

Without limiting the generality of the foregoing, I also specifically release the Releasees from any and all claims arising out of my offer of employment, my employment or other association, or the termination of my employment or other association with any of the Releasees, including but not limited to claims for wrongful discharge, claims related to any contracts of employment, express or implied, claims for breach of privacy, defamation or any other tort, claims for attorneys' fees and costs, claims under the laws of the state or states where I have provided services to any of the Releasees relating to wages and hours, compensation, overtime, commissions and breaks, claims relating to leaves of absence and reasonable accommodation, and claims relating to harassment, discrimination, retaliation and/or civil rights.

This Release also includes, but is not limited to, any and all claims arising under any federal, state and/or municipal law, regulation, ordinance or common law, including but not limited to any claims under Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Family and Medical Leave Act, the Americans With Disabilities Act, the Fair Labor Standards Act, the False Claims Act, the Age Discrimination in Employment Act (the "ADEA"), the Older Workers Benefit Protection Act (the "OWBPA"), the Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act, the Massachusetts Fair Employment Practices Act, the Texas Employment Discrimination Law, the New Jersey Law Against Discrimination, the New Hampshire Law Against Discrimination, the New York Human Rights Act, the Oregon Fair Employment Act, and any other federal, state or local statute, regulation, ordinance or common law. I understand that the only claims that are not covered by this Release are claims expressly exempted by law, such as claims that may arise under the ADEA after the effective date of this Release, unemployment insurance claims or certain workers' compensation claims, or claims exempted by the express terms of a written benefit plan.

I expressly waive and release any rights or benefits that I have or may have under Section 1542 of the California Civil Code, which provides as follows: "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." Thus, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of all Releasees, I expressly acknowledge that this Release is intended to include in its effect, without limitation, all claims which I do not know or suspect to exist in my

favor against the Releasees, or any of them, at the time of execution of this Release, and that this Release contemplates the extinguishment of any such claims.

I agree that I will not file or cause to be filed any claims, actions, lawsuits, or legal proceedings against any of the Releasees involving any matter occurring up to or on the date of this Release or involving any continuing effects of any acts or practices that may have arisen or occurred before the date of this Release. I further agree that I will not participate in a representative capacity, or join or participate as a member of a class, collective or representative action instituted by someone else against any of the Releasees, and will expressly opt-out of any such proceeding. Notwithstanding the foregoing, nothing in this Release shall prohibit me from contacting, filing of claims with, providing information to or participating in any proceeding before the federal Equal Employment Opportunity Commission, Securities and Exchange Commission or any other government agency; provided, however, that I hereby waive any right to recover monetary damages or other personal relief in connection with any such claims or proceedings, with the exception of an award for information provided pursuant to a whistleblower protection law. This Release also does not preclude a court action, claim or other legal proceeding to challenge the validity of this Release. If I file a claim, action, lawsuit or legal proceeding in violation of this paragraph, other than a claim pursuant to the ADEA or the OWBPA, I shall be obligated to return all consideration received for this Release and will be liable for attorney's fees, costs and expenses incurred by the Releasees or their insurer(s) in defending such claim.

This Release and its attachments constitutes the entire agreement between the Releasees and me on the matters addressed in this Release, provided, however, that I shall remain bound by any agreements related to the arbitration of disputes, confidentiality, return of property, non-competition, non-solicitation, no-hire, ownership of inventions, and/or ownership/assignment of intellectual property rights that I signed with respect to any of the Releasees. I have not been influenced to sign this Release by, nor am I relying on, any agreement, representation, statement, omission, understanding, or course of conduct by MACOM or any other Releasee that is not expressly set forth in this Release.

I understand and agree that this Release should not be deemed or construed at any time, or for any purpose, as an admission of any liability or wrongdoing by any Releasee or by me. I also agree that if any provision of this Release is deemed invalid, the remaining provisions will still be given full force and effect. This Release cannot be orally modified, orally revised, or orally rescinded, and can only be amended in a written instrument signed by both me and an authorized representative of MACOM. The terms and conditions of this Release will be interpreted and construed in accordance with the law of the state in which I work.

Before signing this Release, I have obtained sufficient information to intelligently exercise my own judgment about whether to sign it. I acknowledge that MACOM has advised me to consult an attorney before signing this Release. I acknowledge that MACOM has given me twenty-one (21) days in which to consider this Release, and explained to me that if I decide to sign this Release, it should not be dated, signed and returned until after the date that my employment terminates, and if I sign this Release prior to the end of the twenty one (21) day period, I have done so voluntarily and of my own free will. I understand that once I sign this Release, I shall have seven (7) calendar days from the date of my signature to revoke this Release. Notice of revocation must be in writing, and submitted to MACOM within the seven-day period. This Release shall not become effective or enforceable, and severance benefits otherwise payable in respect of this Release shall not become payable, until such revocation period has expired. I acknowledge that the consideration given for this Release is in addition to anything of value to which I was already entitled absent my signing, delivering and not revoking this Release.

Except as otherwise provided by applicable law, at all times following the signing of this Release, I shall not engage in any disparagement or vilification of any Releasee, my employment experience with any Releasee, or any Releasee's products, services, agents, representatives, directors, officers, stockholders, attorneys,

employees, or affiliates, and I represent that I shall refrain from making any false, negative, critical or otherwise disparaging statements, implied or expressed, concerning the management style, methods of doing business, role in the community, treatment of employees or the circumstances and events regarding any separation, with regard to any Releasee. For purposes of this Paragraph, “disparagement” or “disparaging” shall refer to the making of any statements or insinuations, or undertaking any conduct, that would tend to lessen the standing or stature of an institution or person in the eyes of an ordinary citizen. I acknowledge that I further agree to do nothing that would damage any Releasee’s business reputation or good will, nor will I make any statements to the press regarding the Releasees. For the avoidance of doubt, I further acknowledge that I will not make or post any disparaging comments regarding the Releasees in any sort of internet posting or social media forum, such as Facebook, LinkedIn, Twitter, Glassdoor.com, Monster.com, or any similar internet website or online platform. The provisions of this paragraph, however, shall not apply to communications with the Equal Employment Opportunity Commission (“EEOC”) or a state or local anti-discrimination agency, nor shall such provisions (or any provision of this Release) prohibit me from reporting possible violations of federal law or regulation to any government agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. I expressly acknowledge and agree that if I engage in any conduct in violation of this section, I shall be obligated to return the consideration received under this Release and will be liable for attorneys’ fees and costs incurred by MACOM or its insurer(s) in enforcing their rights under this paragraph, as well as any actual damages suffered by MACOM as a result of my conduct. The Release shall otherwise remain in full force and effect.

I represent and warrant that I have returned all MACOM property and Confidential Information (as defined in the MACOM Confidentiality and Invention Assignment Agreement in Connection with Severance attached hereto, which I am signing concurrently with this Release) to MACOM, and that I neither possess nor will use any such MACOM property or Confidential Information after the date of this Release. The provisions of this paragraph, however, shall not apply to communications with the EEOC or a state or local anti-discrimination agency, nor shall such provisions prohibit me from reporting possible violations of federal law or regulation to any government agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. I further understand that, pursuant to 18 USC Section 1833(b), I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, I understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

I have read this Release, and I understand all of its terms. I further acknowledge and agree that I have signed this Release voluntarily, without coercion, and with full knowledge of its significance. I am of sound mind and competent to manage my legal, personal and business affairs and enter into a binding agreement in this regard, and am not currently prevented from doing so by the effects of any intoxicant, drug, medication, health condition or other influence.

I agree that any breach of this Release may result in irreparable injury to the Releasees for which there is no adequate remedy at law and that in the event of such a breach, the Releasees in addition to any other rights

or remedies that they may have, shall be entitled to a temporary restraining order and/or preliminary or permanent injunction, restraining me from violations of this Release. I also agree that if I violate this Release, the Releasees will be entitled any damages arising from such breach and shall also be entitled to recover their costs and expenses, including attorneys' fees, that are incurred in enforcing their rights under this Release. Each Releasee shall have an independent right to enforce the terms of this Release against me, without need of any consent or other action by any other Releasee.

I acknowledge that MACOM may have a legal obligation to report the terms of this Release to the federal government pursuant to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA). I represent and warrant that no Medicare or Medicaid liens, claims, demands, subrogated interests, or causes of action of any nature or character exist or have been asserted arising from or related to my employment with MACOM or arising from any claim released above. I further agree that I and not the Releasees shall be responsible for satisfying all such liens, claims, demands, subrogated interests, or cause of action that may exist or have been asserted or that may in the future exist or be asserted.

[Remainder of Page Intentionally Left Blank]

EMPLOYEE'S ACCEPTANCE OF RELEASE

I have carefully read, fully understand, and voluntarily agree to all of the terms of this Release in exchange for the severance benefits to which I would not otherwise be entitled.

7/1/19 /s/Robert McMullan
Date Signature

Robert McMullan
Printed Name

Attachments:
Letter Regarding Benefits on Termination
MACOM Confidentiality and Invention Assignment Agreement in Connection with Severance

BY HAND

July 10, 2019

John Croteau

Dear John:

The purpose of this letter agreement (this "Agreement") is to confirm the terms of your transition from employment with MACOM Technology Solutions Inc. (the "Company").

1. **Transition Period and Separation Date.**

(a) Effective as of May 15, 2019 (the "Transition Date") your role as President and Chief Executive Officer of the Company terminated, provided that you will remain employed by the Company as a senior advisor to provide certain transition services to the Company through the date that your employment terminates (the "Separation Date"). Provided that you comply in full with your obligations hereunder, it is expected that the Separation Date will be July 12, 2019. The period beginning on the Transition Date and concluding on the Separation Date is hereinafter referred to as the "Transition Period". The Company may terminate your employment at any time before and during the Transition Period upon notice to you.

(b) During the Transition Period, you will continue to receive your base salary, payable at the rate in effect as of the date hereof, and to participate in all employee benefit plans of the Company accordance with the terms of those plans, except that you will not continue to accrue vacation time. During the Transition Period, you shall continue to abide by Company policies and be available on an on-call basis to support the business's key deliverables as requested by the Company or the Board of Directors of MACOM Technology Solutions Holdings, Inc. (the "Board") from time to time, including without limitation, transitioning all of your responsibilities, relationships, and files to the new President and Chief Executive Officer and other Company designees. You will not incur any business expenses during the Transition Period without the advance approval of the Board.

(c) Effective as of the Transition Date, you will be deemed to have resigned from any and all positions and offices that you hold (as applicable) with the Company or any of its Affiliates, other than your continued employment as a senior advisor through the Transition Period, without any further action required therefor (collectively, the "Resignations"). The Company, on its own behalf and on behalf of its Affiliates, hereby accepts the Resignations as of the Transition Date. For purposes of this Agreement, "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company.

2. **Final Salary and Vacation Pay.** You will receive, on the Separation Date, pay for all work you have performed for the Company through the Separation Date, to the extent not previously paid, as well as pay, at your final base rate of pay, for all vacation days you have earned but not used, determined in

accordance with Company policy and as reflected on the books of the Company. You will receive the payments described in this Section 2 regardless of whether or not you elect to sign this Agreement.

3. **Severance Benefits.** In consideration of your execution of this Agreement, the ECIA (as defined below), and the Supplemental Release (as defined below), as well as your continued compliance with the Continuing Obligations (as defined in Section 6(a) below):

(a) The Company will pay you the severance payments and related benefits to which you are entitled pursuant to Sections 4(a) and 4(c) of the Letter from the Company to you dated September 6, 2012 regarding Offer of Employment with the Company (the "Employment Agreement" and attached hereto as Exhibit A), which include the following:

1. your current annual base salary, for a period of twelve (12) months following the Separation Date (such period, the "Severance Period" and such payments, the "Severance Payments"); and
2. to the extent that you or any of your dependents may be covered under the terms of any medical and dental plans of the Company immediately prior to the termination of your employment and you timely elect to continue coverage under the Company's medical and dental plans pursuant to COBRA, the Company will provide you with reimbursement (or payment in an equivalent amount) for premiums for the continuation of such benefits for you and those dependents for the same or equivalent coverages through the end of the Severance Period (the "Health Continuation Payments" and, together with the Severance Payments, the "Severance Benefits"). The Company is under no obligation to provide reimbursement for special coverages for you that would not be covered by the plans applicable to employees generally. The reimbursement payable to you pursuant to this paragraph shall be reduced by the amount equal to the contributions required from time to time from other employees for equivalent coverages under the Company's medical or dental plans. If and to the extent that you or any of your dependents is or becomes eligible to participate in a medical, dental or other health insurance plan of another employer during the Severance Period, then the reimbursement benefit provided by this paragraph shall be eliminated or commensurately diminished. Notwithstanding the foregoing, in the event that the Company's payment of the Health Continuation Payments would subject the Company to any tax or penalty under the Patient Protection and Affordable Care Act (as amended from time to time, the "ACA") or Section 105(h) of the Internal Revenue Code of 1986, as amended ("Section 105(h)"), or applicable regulations or guidance issued under the ACA or Section 105(h), you and the Company agree to work together in good faith, consistent with the requirements for compliance with or exemption from Section 409A of the Internal Revenue Code of 1986, as amended, to restructure such benefit.

(b) Pursuant to Section 3(a) of the Employment Agreement, your First Grant as defined in the Employment Agreement) has fully vested as of the date hereof. As of the Separation Date you shall be given twelve (12) months' accelerated vesting credit against any other outstanding equity grants the vesting of which is based solely on continued employment or service (such that the vesting of any other time-based outstanding equity grants shall be equivalent to the number of such shares that would have vested under the

normal vesting schedule of such grants had you remained employed with the Company through the date that is twelve (12) months following the Separation Date), and such equity grants, to the extent exercisable, shall be exercisable for one year following the Separation Date. You acknowledge and agree that, as of the Separation Date, all outstanding equity grants the vesting and/or exercisability of which is based on the attainment of performance metrics and all other equity awards that are not vested as of such date (after giving effect to the accelerated vesting provided in this subsection (b)) shall terminate with no consideration due to you. Except as expressly provided in the foregoing, all equity granted to you by the Company shall be governed by the applicable plan and any agreements or other requirements applicable to such equity.

(c) You acknowledge and agree that, notwithstanding the Employment Agreement, you are not entitled to any pro-rated portion or other amount in respect of your annual bonus (if any) for the fiscal year 2019 and that, as of the Separation Date, you shall cease to participate in any annual bonus plan and shall not be paid any amounts thereunder on or following the Separation Date.

(d) The Severance Payments and Health Continuation Payments will be made in accordance with the Company's regular payroll schedule, and will begin on the first regularly scheduled Company payday occurring after the date that the Supplemental Release takes effect (i.e., after your Supplemental Release has been signed and any applicable revocation period has elapsed without your revoking the Supplemental Release); provided, however, that the first such payment shall include any installments of Severance Payments and Health Continuation Payments that you would have received prior to such pay day had your Supplemental Release been effective on the date of your termination of employment.

4. **Acknowledgement of Full Payment and Withholding.** You acknowledge and agree that the payments provided under Section 2 of this Agreement are in complete satisfaction of any and all compensation or benefits due to you from the Company or any of its Affiliates, whether for services provided to the Company or otherwise, through the Separation Date. You further acknowledge that, except as expressly provided hereunder, no further compensation or benefits are owed or will be provided to you by the Company or any of its Affiliates. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law and all other lawful deductions authorized by you.

5. **Status of Employee Benefits, Paid Time Off, and Expenses.**

(a) Except for any right you may have to continue your participation and that of your eligible dependents in the Company's group health plans under the federal law known as "COBRA" or similar applicable law, and subject to the Health Continuation Payments, your participation in all employee benefit plans of the Company will end as of the Separation Date in accordance with the terms of those plans. You will not continue to earn paid time off after the Transition Date, but will be entitled to continued health coverage benefits consistent with your current plan enrollments through the Separation Date. You will receive information about your COBRA continuation rights under separate cover.

(b) On or before the Separation Date, you must submit your final expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement, and, in accordance with Company policy, reasonable substantiation and documentation for the same. The Company will reimburse you for any such authorized and documented expenses within thirty (30) days of receiving such statement pursuant to its regular business practice.

6. **Continuing Obligations, Confidentiality and Non-Disparagement.**

(a) You acknowledge that you continue to be bound by Sections 5 and 11 of the Employment Agreement, and the Employee Confidentiality and Invention Assignment Agreement (the "ECIA"), which is attached hereto as Exhibit B and which must be executed by you as a condition to your

receipt of severance (collectively, the “Continuing Obligations”). The obligation of the Company to provide you with payments or benefits under Section 3 of this Agreement, and your right to retain the same, is expressly conditioned upon your continued full performance of your obligations hereunder and of the Continuing Obligations.

(b) You agree that you will continue to protect Confidential Information, as defined herein, and that you will never, directly or indirectly, use or disclose it, except as required by applicable law. For purposes of this Agreement, “Confidential Information” means any and all information of the Company or any of its Affiliates that is not generally known to the public, together with any and all information received by the Company or any of its Affiliates from any third party with any understanding, express or implied, that the information would not be disclosed.

(c) You agree that you will not disclose, directly or by implication, this Agreement or any of its terms or provisions, except to members of your immediate family and to your legal and tax advisors, and then only on condition that they agree not to further disclose this Agreement or any of its terms or provisions to others.

(d) During the Transition Period and following the Separation Date, you agree (i) to cooperate with the Company and its Affiliates hereafter with respect to all matters arising during or related to your employment, including but not limited to all matters in connection with any governmental investigation, litigation or regulatory or other proceeding which may have arisen or which may arise following the signing of this Agreement and (ii) to be reasonably available to assist with the transition of your duties and business relationships to Company designees as may be requested by the Company from time to time. The Company will reimburse you for any reasonable expenses incurred in rendering such cooperation and approved by the Company in advance.

(e) For the avoidance of doubt, (i) nothing contained in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency or entity, concerning matters relevant to such governmental agency or entity and (ii) you will not be held criminally or civilly liable under any federal or state trade secret law for disclosing a trade secret (y) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or (z) in a complaint or other document filed under seal in a lawsuit or other proceeding; provided, however, that notwithstanding this immunity from liability, you may be held liable if you unlawfully access trade secrets by unauthorized means.

7. **Return of Company Documents and Other Property.** In signing this Agreement, you agree that you will return to the Company, on or before the Separation Date, any and all documents, materials and information (whether in hardcopy, on electronic media or otherwise) related to the business of the Company and its Affiliates (whether present or otherwise), and all keys, access cards, credit cards, computer hardware and software, telephones and telephone-related equipment and all other property of the Company or any of its Affiliates in your possession or control. Further, you agree that you will not retain any copy or derivation of any documents, materials or information (whether in hardcopy, on electronic media or otherwise) of the Company or any of its Affiliates. Recognizing that your employment with the Company will be terminating on the Separation Date, you agree that you will not, following the Separation Date, for any purpose, attempt to access or use any computer or computer network or system of the Company or any of its Affiliates, including without limitation the electronic mail system. Further, you agree to disclose to the Company, on or before the Separation Date, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, all information which you have password-protected on any computer equipment, network or system of the Company or any of its Affiliates.

8. **General Release and Waiver of Claims.**

(a) In exchange for your continued engagement during the Transition Period and the payments and benefits provided to you under Section 3 of this Agreement, to which you would not otherwise be entitled, on your own behalf and that of your heirs, executors, administrators, beneficiaries, personal representatives and assigns, you agree that this Agreement shall be in complete and final settlement of any and all causes of action, rights and claims, whether known or unknown, accrued or unaccrued, contingent or otherwise, that you have had in the past, now have, or might now have, in any way related to, connected with or arising out of your employment, its termination, your other associations with the Company, its predecessors (including but not limited to Cobham Defense Electronic Systems Corporation and Tyco Electronics Corporation), successors, affiliates, subsidiaries and/or related entities and each of its and their past, present, and future officers, directors, stockholders, agents, employees, attorneys, insurers, employee benefit plans, partners, administrators, agents, trustees, representatives, successors and assigns, each individually and in their formal capacities (collectively with the Company, the “Releasees”) from any and all claims of any and every kind, nature, and character, known or unknown, foreseen or unforeseen, arising from, connected with or related to the dealings between you and any of the Releasees prior to the date of this Agreement. Without limiting the generality of the foregoing, you also specifically release the Releasees from any and all claims arising out of your offer of employment, your employment or other association, or the termination of your employment or other association with any of the Releasees, including but not limited to claims for wrongful discharge, claims related to any contracts of employment, express or implied, claims for breach of privacy, defamation or any other tort, claims for attorneys’ fees and costs, claims under the laws of the state or states where you have provided services to any of the Releasees relating to wages and hours, compensation, overtime, commissions and breaks, claims relating to leaves of absence and reasonable accommodation, and claims relating to harassment, discrimination, retaliation and/or civil rights. This general release of claims also includes, but is not limited to, any and all claims arising under any federal, state and/or municipal law, regulation, ordinance or common law, including but not limited to any claims under Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Family and Medical Leave Act, the Americans With Disabilities Act, the Fair Labor Standards Act, the False Claims Act, the Age Discrimination in Employment Act (the “ADEA”), the Older Workers Benefit Protection Act (the “OWBPA”), the Worker Adjustment and Retraining Notification Act, the Massachusetts Fair Employment Practices Act, and any other federal, state or local statute, regulation, ordinance or common law. You understand that the only claims that are not covered by this general release of claims are claims expressly exempted by law, such as claims that may arise under the ADEA after the effective date of this Agreement, unemployment insurance claims or certain workers’ compensation claims, or claims exempted by the express terms of a written benefit plan. You agree that you will not file or cause to be filed any claims, actions, lawsuits, or legal proceedings against any of the Releasees involving any matter occurring up to or on the date of this Agreement or involving any continuing effects of any acts or practices that may have arisen or occurred before the date of this Agreement. You further agree that you will not participate in a representative capacity, or join or participate as a member of a class, collective or representative action instituted by someone else against any of the Releasees, and will expressly opt-out of any such proceeding. Notwithstanding the foregoing, nothing in this Agreement shall prohibit you from contacting, filing of claims with, providing information to or participating in any proceeding before the federal Equal Employment Opportunity Commission, Securities and Exchange Commission or any other government agency; provided, however, that you hereby waive any right to recover monetary damages or other personal relief in connection with any such claims or proceedings, with the exception of an award for information provided pursuant to a whistleblower protection law. This Agreement also does not preclude a court action, claim or other legal proceeding to challenge the validity of this release of claims. If you file a claim, action, lawsuit or legal proceeding in violation of this paragraph, other than a claim pursuant to the ADEA or the OWBPA, you shall be obligated to return all consideration received for

this Agreement and will be liable for attorney's fees, costs and expenses incurred by the Releasees or their insurer(s) in defending such claim.

(b) Nothing in this Agreement shall be construed to prohibit you from filing a charge with or participating in any investigation or proceeding conducted by the federal Equal Employment Opportunity Commission or a comparable state or local agency; provided, however, that you hereby agree to waive your right to recover monetary damages or other personal relief in any such charge, investigation or proceeding, or in any related complaint or lawsuit, filed by you or by anyone else on your behalf.

(c) This Agreement, including the general release and waiver of claims set forth in this Section 8, and the Supplemental Release, create legally binding obligations, and the Company and its Affiliates therefore advise you to consult an attorney before signing this Agreement or the Supplemental Release. In signing this Agreement, you give the Company and its Affiliates assurance that you have signed it voluntarily and with a full understanding of its terms; that you have had sufficient opportunity of not less than twenty-one (21) days before signing it, to consider its terms and to consult with an attorney, if you wished to do so, or to consult with any other of those persons to whom reference is made in Section 6(c) above; and that you have not relied on any promises or representations, express or implied, that are not set forth expressly in this Agreement.

(d) You agree to sign the general release and waiver of claims in the form attached hereto as Exhibit C (the "Supplemental Release") within seven (7) days following the Separation Date, which will be at least twenty-one (21) days following the date of your initial receipt of a copy of this Agreement and the Supplemental Release. You further agree that a signed and unrevoked Supplemental Release is an express condition to your receipt and retention of the severance benefits described in Section 3 above. You agree that you have had not less than twenty-one (21) days from the date of your initial receipt of the Supplemental Release to consider the terms of the Supplemental Release and to consult with an attorney, if you wish to do so, or to consult with any other of those persons to whom reference is made in Section 6(c) of this Agreement. You may not sign the Supplemental Release before the Separation Date.

9. **Miscellaneous.**

(a) This Agreement, including the Supplemental Release, constitutes the entire agreement between you and the Company or any of its Affiliates, and supersedes all prior and contemporaneous communications, agreements and understandings, whether written or oral, with respect to your employment, its termination and all related matters, excluding only the Continuing Obligations and, with respect to any outstanding equity, any applicable award agreements and plan documents, in each case which shall remain in full force and effect in accordance with their terms, except as expressly modified herein.

(b) This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized representative of the Company. The captions and headings in this Agreement are for convenience only, and in no way define or describe the scope or content of any provision of this Agreement.

(c) This Agreement may be executed in counterparts, each of which together shall constitute a single agreement. A signed agreement transmitted by facsimile, electronically in .pdf format or by similar means shall be treated as an original.

(d) This is a Massachusetts contract and shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to any conflict of laws principles that would result in the application of the laws of another jurisdiction. You agree to submit to the exclusive

jurisdiction of the courts of and in the Commonwealth of Massachusetts in connection with any dispute arising out of this Agreement.

[Signature page immediately follows.]

If the terms of this Agreement are acceptable to you, please sign, date and return it to me within twenty-one (21) days following the date hereof. You may revoke this Agreement at any time during the seven (7)-day period immediately following the date of your signing by notifying me in writing of your revocation within that period, and this Agreement shall not become effective or enforceable until that seven (7)-day revocation period has expired. If you do not revoke this Agreement, then, on the eighth (8th) day following the date that you signed it, this Agreement shall take effect as a legally binding agreement between you and the Company on the basis set forth above. You agree that if there have been any changes to a prior version of this Agreement (material or immaterial), the 21-day consideration period will not be reset.

Sincerely,
MACOM Technology Solutions Inc.

By: /s/Ambra Roth

Name: Ambra R. Roth
Title: Vice President, General Counsel and Secretary

Accepted and agreed:

Signature: /s/John Croteau
John Croteau

Date: 7/11/19

Attachments:

Letter Regarding Benefits on Termination

Exhibit A
[Employment Agreement]

Exhibit B

MACOM TECHNOLOGY SOLUTIONS INC. EMPLOYEE CONFIDENTIALITY AND INVENTION ASSIGNMENT AGREEMENT IN CONNECTION WITH SEVERANCE

This Agreement is made in connection with termination of my employment with MACOM Technology Solutions Inc. or any of its corporate parents, affiliates or subsidiaries (for the purposes of this Agreement only, and not as to any other aspect of the employment relationship between me and my direct employer, MACOM Technology Solutions Inc. and its corporate parents, affiliates and subsidiaries, including any predecessor or successor company of any of the foregoing, are individually and collectively known herein as "MACOM"). In exchange for the severance benefits provided to me by MACOM on the terms described in the letter and General Release Agreement discussed in Section 16 below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, I agree as follows:

1. **MACOM Confidential Information.** "MACOM Confidential Information" is all information (whether or not patentable or copyrightable or protectable as trade secret) owned, possessed, developed, created or discovered by MACOM that is non-public, confidential and proprietary in nature, and includes, but is not limited to, data, know-how, manufacturing methods, formulas, algorithms, computer programs, processes, designs, sketches, photographs, plans, drawings, product concepts, improvements, specifications, samples, reports, laboratory notebooks, vendor names, customer and prospective customer names, distributor names, cost and pricing information, market definitions, business plans, marketing plans, financial plans, customer and prospective customer development information and strategies, business development opportunities, sales methods, inventions, trade secrets, ideas, research and development activities and plans and employee and/or personnel information, including compensation, skill and areas of expertise. MACOM Confidential Information shall not include information that has been or is: (a) developed independently by a third party without the benefit of or reference to MACOM Confidential Information; (b) lawfully obtained from a third party without restriction; or (c) publicly available without breach of any confidentiality agreement, including this one. I acknowledge and recognize that at no time did I have any expectation of privacy with respect to MACOM's networks, telecommunications systems or information processing systems (including, without limitation, stored computer files, electronic mail messages and voice messages), and that my activity and any files or messages on or using any of those systems would be monitored at any time, without notice, for the business purposes of MACOM.
2. **Obligation of Confidentiality.** Except as permitted under Section 3 below, I agree both during and after my employment with MACOM, I have kept and will continue to keep MACOM Confidential Information secret, for so long as MACOM Confidential Information does not fall into any of the exceptions listed in the second to last sentence of Section 1 above. I agree not to disclose, record or in any way make use of MACOM Confidential Information for so long as such exceptions do not apply to such MACOM Confidential Information. I also agree that I have not recorded, copied or removed or otherwise transmitted MACOM Confidential Information from MACOM's premises, networks, equipment or possession without the written consent of an authorized MACOM representative. Further, I agree to keep secret any third party information, including, but not limited to, information received by MACOM from customers, prospective customers and suppliers, to which I have been given access that is covered by a confidentiality agreement between MACOM and the third party, adhering to the terms of the agreement between MACOM and the third party. I agree to take all reasonable measures and precautions to continue to safeguard MACOM's Confidential Information. In the event of any disclosure of MACOM Confidential Information to any person who is not authorized by MACOM to access such Confidential Information (including but not limited to, any deliberate, accidental or inadvertent disclosure by any means, and any loss or theft of any device containing MACOM Confidential Information or which was used at any time to access MACOM Confidential Information), I further agree to (a) inform MACOM of the disclosure immediately, and in any event within 24 hours, and (b) to take all reasonable steps and cooperate with MACOM to limit and mitigate the possible harm to MACOM from the exposure and to obtain a return of the Confidential Information.
3. **Protected Rights.** Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall prohibit me from reporting possible violations of law or regulation to any government agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of any law or regulation. I further understand that, pursuant to 18 USC Section 1833(b), I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, I understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose

the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (ii) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. I further understand that nothing in this Agreement limits my ability to file a charge or complaint with, communicate with, cooperate with or otherwise participate in any investigation or proceeding that may be conducted by any government agency. This Agreement does not limit my right to receive an award for information provided by me to any government agency.

4. **MACOM Property.** All MACOM Confidential Information, as well as all patents, patent rights, copyrights, copyrightable works, trade secret rights, trademark rights and other rights (including, without limitation, intellectual property rights) anywhere in the world related to MACOM Confidential Information, is, and shall be, the sole and exclusive property of MACOM. I hereby assign to MACOM any and all rights, title and interest I may have or acquire in such MACOM Confidential Information and related rights as works made for hire. To the extent I have not already done so, I agree to immediately deliver all MACOM Confidential Information, including all copies or computer records thereof, along with any other MACOM property, to MACOM on or before my last day of employment with MACOM and I further agree not to make any written or other record of such Confidential Information nor to make use of such Confidential Information.
5. **Conflicts.** I represent and warrant that at all times during the term of my employment by MACOM I have refrained from performing any work or services for any third person or concern, including self-employment, with respect to any matter that relates or related to or conflicts or conflicted with MACOM business, without the prior written consent of an authorized MACOM representative.
6. **Inventions.** I agree that all inventions, including, but not limited to, new discoveries, concepts, inventions and developments, as well as improvements, modifications, enhancements and derivative works, and all know-how, processes, techniques, formulas, ideas, circuits, designs, trademarks, trade secrets and copyrightable works ("Inventions") which resulted or result from work performed by me: (a) on behalf of MACOM (whether or not conducted at MACOM's facilities, during work hours, or using MACOM's assets); (b) which relate at the time of conception or reduction to practice of the Invention to MACOM's business, or actual or demonstrably anticipated research or development of MACOM; or (c) that result in whole or in part from reference or access to MACOM Confidential Information or property (collectively, the "MACOM Inventions") shall be the sole and exclusive property of MACOM, which shall own all right, title and interest in and to all MACOM Inventions to the fullest extent possible under applicable law. I have disclosed to my immediate supervisor all MACOM Inventions that I, either solely or jointly with others, have made, authored, discovered, developed, conceived and/or reduced to practice during my employment with MACOM and I hereby agree to disclose promptly and in writing, to the individual designated by MACOM or to my immediate supervisor, any such MACOM Inventions that I, either solely or jointly with others, make, author, discover, develop, conceive and/or reduce to practice in the future. I hereby assign and agree to assign to MACOM or its designee, without further consideration, my entire right and interest in and to all MACOM Inventions, whether presently existing or created or discovered in the future, including all rights to obtain, register and enforce patents, copyrights, mask work rights and other intellectual property protection for such MACOM Inventions as works made for hire. I agree to execute all documents reasonably necessary to perfect such intellectual property rights and the assignment of those rights to MACOM or its designee. I further agree to assist MACOM (at MACOM's expense) in obtaining, protecting and/or enforcing patents, copyrights or other forms of Inventions and MACOM Confidential Information. I hereby irrevocably designate and appoint MACOM as my agent and attorney-in-fact to act for and in my behalf to execute and file any document, and to do all other lawfully permitted acts to further the purposes of the foregoing with the same legal force and effect as if executed by me.
7. **Excluded Inventions.** Attached is a list of all inventions which have been conceived and/or reduced to practice by me prior to my employment by MACOM and which I desire to exclude from this Agreement. If no list is attached to this Agreement, no inventions exist to be excluded at the time of the signing of this Agreement.
8. **Restricted Materials.** I represent that my performance of all the terms of this Agreement, and as an employee of MACOM, has not breached any agreement, oral or written, to keep in confidence any confidential or proprietary information, knowledge, data or material ("Third Party Proprietary Information") acquired by me in confidence or in trust prior to or during my employment by MACOM. I have not disclosed to MACOM, nor induced MACOM to use, any Third Party Proprietary Information belonging to any previous employers or others, nor have I violated any agreement with, or the rights of, any third party. I have not used, in the furtherance of MACOM's business, any Third Party Proprietary Information that belongs to any previous employer or other third party (including any developments or inventions that I have created and assigned to a third party).
9. **Non-Solicitation and Non-Interference.** I agree that for a period of twelve (12) months after the date of the termination of my employment with MACOM ("Termination Date"), I shall not, directly or indirectly, either on my own behalf or on behalf of any other person or entity (i) solicit, recruit or encourage any of the employees of MACOM to leave the employ of MACOM,

or (ii) hire or cause to be hired any person who was an employee of MACOM at any time during the year preceding the termination of my employment. I further agree that for a period of twelve (12) months after the Termination Date, I shall not, directly or indirectly, either on my own behalf or on behalf of any other person or entity, encourage or attempt to encourage any current, past or prospective MACOM customer, partner or vendor to: (i) diminish or discontinue their business or potential business with MACOM, (ii) refrain from doing business with MACOM, (iii) do business with a business that competes with MACOM, or (iv) violate any agreement with MACOM.

10. No Contract of Employment. I agree that this Agreement is not a contract of employment, and no rights to employment, continued employment, advancement or reassignment are hereby created. I also understand that my employment with MACOM was at-will, which means that either I or MACOM could have terminated the relationship with or without cause, at any time, without notice, for any or no reason, and nothing in this Agreement alters the nature of that relationship.
11. Governing Law; Waiver. This Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts. The failure of MACOM to enforce its rights under this Agreement at any time shall not be construed as a waiver of such rights.
12. Severable Provisions. In the event any one or more of the provisions, or portions thereof, contained or referenced in this Agreement shall for any reason be invalid, illegal or unenforceable, such circumstances shall not affect any other provision hereof and this Agreement shall continue in full force and effect and be construed as if such provision, to the extent that it is invalid, illegal or unenforceable, had never been contained herein.
13. Reformation of Provisions. Should any court of competent jurisdiction determine that any provision of this Agreement is unenforceable, the parties agree that the court should modify the provision to the minimum extent necessary to render said provision enforceable.
14. Attorneys' Fees and Remedies. Unless expressly provided otherwise, each right and remedy in this Agreement is in addition to any other right or remedy, at law or in equity, and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy. I agree that my obligations hereunder are necessary and reasonable in order to protect MACOM and its business, that monetary damages would be inadequate to compensate MACOM for any breach of any covenant or agreement set forth herein, that any such violation or threatened violation will cause irreparable injury to MACOM and that, in addition to any other remedies that may be available, in law, in equity or otherwise, MACOM shall be entitled to obtain injunctive relief against the breach or threatened breach of this Agreement or the continuation of any such breach, without the necessity of proving actual damages or posting a bond. I also agree that if I violate this Agreement, MACOM will be entitled to any damages arising from such breach, and MACOM shall also be entitled to recover its costs and expenses, including attorneys' fees that MACOM incurs, in enforcing its rights under this Agreement.
15. Assignability. MACOM may assign its rights hereunder in connection with a transfer of all or any part of its business operations or otherwise to any affiliate, subsidiary, parent or successor of MACOM; however, any corporate parents, subsidiaries or affiliates of MACOM, which are benefited by this Agreement, may enforce this Agreement without need for any assignment of this Agreement.
16. Entire Agreement. This Agreement, along with the General Release Agreement signed by me and the letter describing the severance arrangements offered to me by MACOM in connection with the termination of my employment, constitutes the entire agreement between the parties related to the subject matter herein. No future agreement or understanding may modify or supplement this Agreement, unless confirmed in writing and signed by me and a duly authorized representative of MACOM.

I acknowledge that MACOM regards the safeguarding of MACOM Confidential Information, the confidential information of third parties that MACOM receives in confidence, and MACOM Inventions to be vital to MACOM's interests. I further acknowledge that MACOM is relying on me to honor this duty to protect such MACOM Confidential Information and Inventions MACOMs and MACOM business opportunities. Accordingly, by signing this Agreement I express my intent to be legally bound by the terms hereof.

I hereby represent and warrant that I have not committed any act or engaged in any conduct prior to my signing of this Agreement that would violate the provisions hereof, and I acknowledge that MACOM is relying upon this representation and warranty in agreeing to provide me with severance benefits.

John Croteau

Employee's Name (Print)

Employee Number

/s/ John Croteau

Employee's Signature

7/11/2019

Date

/s/ Ambra Roth

MACOM Authorized Agent

7/11/2019

Date

Exhibit C
Supplemental Release

GENERAL RELEASE AGREEMENT

In consideration for the severance payments and benefits to be provided to me by MACOM Technology Solutions Inc. ("MACOM") as set forth in the attached letter dated July 10, 2019, to which I am not otherwise entitled, I, on behalf of myself and my heirs, spouse, executors, administrators, beneficiaries, personal representatives, agents and assigns, hereby completely release and forever discharge MACOM, its predecessors (including but not limited to Cobham Defense Electronic Systems Corporation and Tyco Electronics Corporation), successors, affiliates, subsidiaries and/or related entities and each of its and their past, present, and future officers, directors, stockholders, agents, employees, attorneys, insurers, employee benefit plans, partners, administrators, agents, trustees, representatives, successors and assigns, each individually and in their formal capacities (collectively with MACOM, the "Releasees") from any and all claims of any and every kind, nature, and character, known or unknown, foreseen or unforeseen, arising from, connected with or related to the dealings between me and any of the Releasees prior to the date of this General Release Agreement (this "Release").

Without limiting the generality of the foregoing, I also specifically release the Releasees from any and all claims arising out of my offer of employment, my employment or other association, or the termination of my employment or other association with any of the Releasees, including but not limited to claims for wrongful discharge, claims related to any contracts of employment, express or implied, claims for breach of privacy, defamation or any other tort, claims for attorneys' fees and costs, claims under the laws of the state or states where I have provided services to any of the Releasees relating to wages and hours, compensation, overtime, commissions and breaks, claims relating to leaves of absence and reasonable accommodation, and claims relating to harassment, discrimination, retaliation and/or civil rights.

This Release also includes, but is not limited to, any and all claims arising under any federal, state and/or municipal law, regulation, ordinance or common law, including but not limited to any claims under Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Family and Medical Leave Act, the Americans With Disabilities Act, the Fair Labor Standards Act, the False Claims Act, the Age Discrimination in Employment Act (the "ADEA"), the Older Workers Benefit Protection Act (the "OWBPA"), the Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act, the Massachusetts Fair Employment Practices Act, the Texas Employment Discrimination Law, the New Jersey Law Against Discrimination, the New Hampshire Law Against Discrimination, the New York Human Rights Act, the Oregon Fair Employment Act, and any other federal, state or local statute, regulation, ordinance or common law. I understand that the only claims that are not covered by this Release are claims expressly exempted by law, such as claims that may arise under the ADEA after the effective date of this Release, unemployment insurance claims or certain workers' compensation claims, or claims exempted by the express terms of a written benefit plan.

For the purpose of implementing a full and complete release and discharge of all Releasees, I expressly acknowledge that this Release is intended to include in its effect, without limitation, all claims which I do not know or suspect to exist in my favor against the Releasees, or any of them, at the time of execution of this Release, and that this Release contemplates the extinguishment of any such claims.

I agree that I will not file or cause to be filed any claims, actions, lawsuits, or legal proceedings against any of the Releasees involving any matter occurring up to or on the date of this Release or involving any continuing

effects of any acts or practices that may have arisen or occurred before the date of this Release. I further agree that I will not participate in a representative capacity, or join or participate as a member of a class, collective or representative action instituted by someone else against any of the Releasees, and will expressly opt-out of any such proceeding. Notwithstanding the foregoing, nothing in this Release shall prohibit me from contacting, filing of claims with, providing information to or participating in any proceeding before the federal Equal Employment Opportunity Commission, Securities and Exchange Commission or any other government agency; provided, however, that I hereby waive any right to recover monetary damages or other personal relief in connection with any such claims or proceedings, with the exception of an award for information provided pursuant to a whistleblower protection law. This Release also does not preclude a court action, claim or other legal proceeding to challenge the validity of this Release. If I file a claim, action, lawsuit or legal proceeding in violation of this paragraph, other than a claim pursuant to the ADEA or the OWBPA, I shall be obligated to return all consideration received for this Release and will be liable for attorney's fees, costs and expenses incurred by the Releasees or their insurer(s) in defending such claim.

This Release and the letter attached hereto constitutes the entire agreement between the Releasees and me on the matters addressed in this Release, provided, however, that I shall remain bound by the Continuing Obligations (as defined in the attached letter). I have not been influenced to sign this Release by, nor am I relying on, any agreement, representation, statement, omission, understanding, or course of conduct by MACOM or any other Releasee that is not expressly set forth in this Release.

I understand and agree that this Release should not be deemed or construed at any time, or for any purpose, as an admission of any liability or wrongdoing by any Releasee or by me. I also agree that if any provision of this Release is deemed invalid, the remaining provisions will still be given full force and effect. This Release cannot be orally modified, orally revised, or orally rescinded, and can only be amended in a written instrument signed by both me and an authorized representative of MACOM. The terms and conditions of this Release will be interpreted and construed in accordance with the law of the state in which I work.

Before signing this Release, I have obtained sufficient information to intelligently exercise my own judgment about whether to sign it. I acknowledge that MACOM has advised me to consult an attorney before signing this Release. I acknowledge that MACOM has given me twenty-one (21) days in which to consider this Release, and explained to me that if I decide to sign this Release, it should not be dated, signed and returned until after the date that my employment terminates, and if I sign this Release prior to the end of the twenty one (21) day period, I have done so voluntarily and of my own free will. I understand that once I sign this Release, I shall have seven (7) calendar days from the date of my signature to revoke this Release. Notice of revocation must be in writing, and submitted to MACOM within the seven-day period. This Release shall not become effective or enforceable, and severance benefits otherwise payable in respect of this Release shall not become payable, until such revocation period has expired. I acknowledge that the consideration given for this Release is in addition to anything of value to which I was already entitled absent my signing, delivering and not revoking this Release.

I represent and warrant that I have returned all MACOM property and Confidential Information (as defined in the agreement attached hereto) to MACOM, and that I neither possess nor will use any such MACOM property or Confidential Information after the date of this Release. The provisions of this paragraph, however, shall not apply to communications with the EEOC or a state or local anti-discrimination agency, nor shall such provisions prohibit me from reporting possible violations of federal law or regulation to any government agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. I further understand that, pursuant to 18

USC Section 1833(b), I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (a) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, I understand that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

I have read this Release, and I understand all of its terms. I further acknowledge and agree that I have signed this Release voluntarily, without coercion, and with full knowledge of its significance. I am of sound mind and competent to manage my legal, personal and business affairs and enter into a binding agreement in this regard, and am not currently prevented from doing so by the effects of any intoxicant, drug, medication, health condition or other influence.

I acknowledge that MACOM may have a legal obligation to report the terms of this Release to the federal government pursuant to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA). I represent and warrant that no Medicare or Medicaid liens, claims, demands, subrogated interests, or causes of action of any nature or character exist or have been asserted arising from or related to my employment with MACOM or arising from any claim released above. I further agree that I and not the Releasees shall be responsible for satisfying all such liens, claims, demands, subrogated interests, or cause of action that may exist or have been asserted or that may in the future exist or be asserted.

[Remainder of Page Intentionally Left Blank]

EMPLOYEE'S ACCEPTANCE OF RELEASE

I have carefully read, fully understand, and voluntarily agree to all of the terms of this Release in exchange for the severance benefits to which I would not otherwise be entitled.

[TO BE SIGNED ON OR WITHIN 7 DAYS AFTER SEPARATION DATE]

7/15/2019 /s/ John Croteau
Date Signature

John Croteau
Printed Name

CERTIFICATION OF THE PRESIDENT AND CEO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen G. Daly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ Stephen G. Daly

Stephen G. Daly

President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF THE CFO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Kober, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2019

/s/ John Kober

John Kober

SVP and Chief Financial Officer

(Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MACOM Technology Solutions Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephen G. Daly, as President and Chief Executive Officer of the Company, and John Kober, as SVP and Chief Financial Officer of the Company, each hereby certifies, pursuant to and solely for the purpose of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

Date: August 6, 2019

By: /s/ Stephen G. Daly

Stephen G. Daly

President and Chief Executive Officer

(Principal Executive Officer)

By: /s/ John Kober

John Kober

SVP and Chief Financial Officer

(Principal Financial Officer)