

**Sector:** Information Technology  
**Sub-Industry:** Semiconductors

**Summary:** This company develops and supplies custom-designed human interface solutions that enable people to interact with various electronic devices.  
SYNA has an approximate 0.33% weighting in the **S&P SmallCap**

**Quantitative Evaluations**

**S&P Quality Ranking : B+**



**S&P Fair Value Rank: 5-**



Lowest Highest

**Fair Value Calc: \$78.10 (Undervalued)**

**S&P Investability Quotient Percentile**



1 Lowest Highest 100

SYNA scored higher than 86% of all companies for which an S&P Report is available.

**Volatility: Average**



**Technical Evaluation: NEUTRAL**

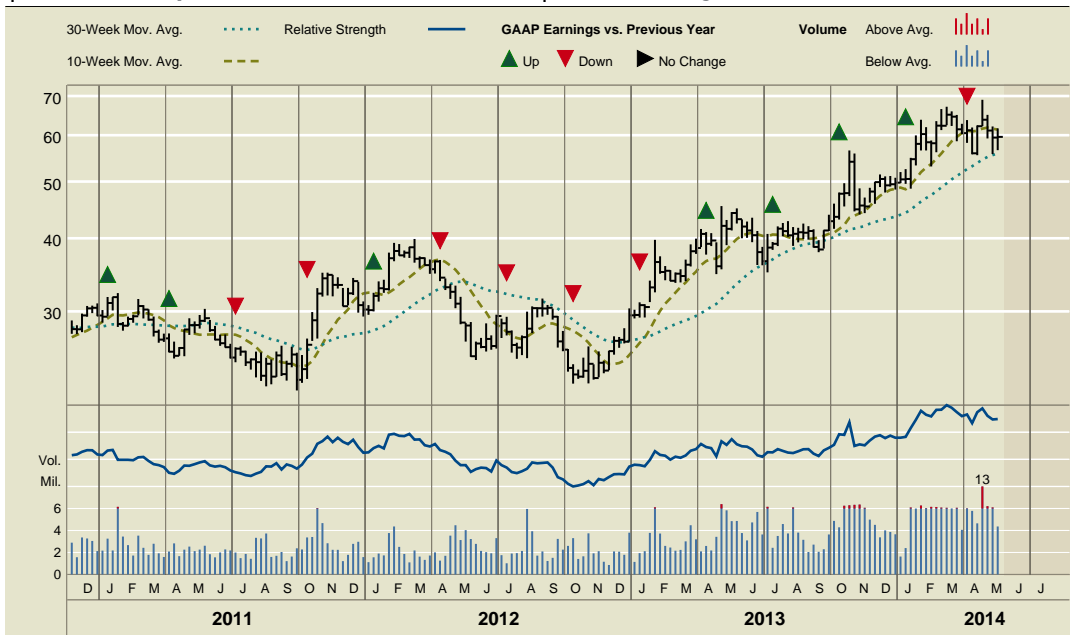
Since May, 2014, the technical indicators for SYNA have been NEUTRAL.

**Relative Strength Rank: Moderate**



1 Lowest Highest 99

**Price as of May 16, 2014: \$59.61** | **52-Week Range: \$69.00 - \$34.98**



Options: ASE, CBOE, Ph

**Investment Strategy**

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

**Sales:** What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

**Net Margin:** As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

**% LT Debt to Capitalization:** A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

**% Return on Equity:** A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

**Key Growth Rates and Averages**

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	21.04	6.97	10.94	19.47
Net Income	82.73	18.65	18.57	20.72

**Ratio Analysis (Average)**

Net Margin	14.91	11.81	11.44	11.27
%LT Debt to Capitalization	0.44	0.56	0.50	15.28
% Return on Equity	21.54	18.87	21.98	20.23

**Revenues/Earnings Data** Fiscal year ending Jun. 30

Revenues (Million \$)	2014	2013	2012	2011	2010	2009
1Q	222.6	127.0	133.5	153.2	119.6	115.9
2Q	205.8	143.0	145.5	159.6	133.3	141.5
3Q	204.3	163.3	131.7	142.4	116.2	100.6
4Q	--	230.2	137.6	143.4	145.8	115.3
Year	--	663.6	548.2	598.5	514.9	473.3

Earnings per Share (\$)	2014	2013	2012	2011	2010	2009
1Q	1.00	0.18	0.39	0.52	0.27	0.39
2Q	0.48	0.33	0.51	0.50	0.35	0.60
3Q	-1.12	1.07	0.33	0.38	0.33	0.17
4Q	--	1.29	0.36	0.40	0.54	0.36
Year	--	2.89	1.57	1.80	1.50	1.53

**Next earnings report expected: Early August**

Historical GAAP earnings are as reported.

**Key Stock Statistics**

Average Daily Volume	<b>1.667 mil.</b>	Beta	<b>1.23</b>
Market Capitalization	<b>\$1.964 Bil.</b>	Trailing 12 Month EPS	<b>\$1.59</b>
Institutional Holdings (%)	<b>115</b>	12 Month P/E	<b>37.5</b>
Shareholders of Record	<b>140</b>	Current Yield (%)	<b>Nil</b>

Value of \$10,000 Invested five yrs Ago : **\$19,639**

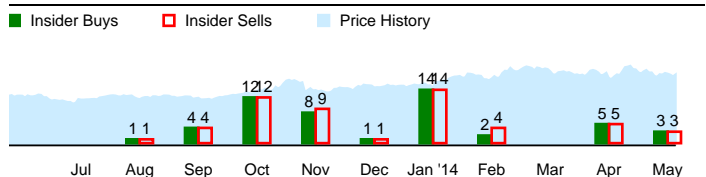
**Please read the required disclosures and Reg. AC certification on the last page of this report.**

This report was prepared by Standard & Poor's Quantitative Services.

**Wall Street Opinions/Average (Mean) Opinion: Buy/Hold**

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	8	57	6	4
Buy/Hold	4	29	4	5
Hold	1	7	1	1
Weak Hold	1	7	1	1
Sell	0	0	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>14</b>	<b>100</b>	<b>12</b>	<b>11</b>

**Insider Moves**



**Dividend Data**

No Dividend Data Available

**Company Financials** Fiscal year ending Jun. 30

Per Share Data & Valuation Ratios (\$)	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Tangible Book Value	14.66	11.10	10.10	8.37	6.33	2.23	5.27	4.37	3.77	2.86
Cash Flow	3.21	1.87	2.11	1.74	1.71	0.89	0.66	0.37	0.87	0.34
Earnings	2.89	1.57	1.80	1.50	1.53	0.79	0.63	0.34	0.87	0.32
Dividends	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	56.50	39.89	34.94	33.95	40.94	36.95	41.15	20.89	27.46	26.67
Prices:Low	29.29	22.58	21.97	23.82	16.35	13.85	15.17	12.38	10.02	8.88
P/E Ratio:High	20	25	19	23	27	47	66	61	32	83
P/E Ratio:Low	10	14	12	16	11	18	24	36	12	28

**Income Statement Analysis (Million \$)**

Revenue	664	548	599	515	473	361	267	185	208	133
Operating Income	111	78.2	83.4	70.6	75.8	53.0	32.6	22.0	53.4	21.5
Depreciation	10.9	10.4	11.2	8.68	6.34	3.80	2.35	2.51	1.06	1.01
Interest Expense	0.02	0.02	0.02	2.40	1.24	1.82	1.95	1.94	1.15	0.13
Pretax Income	102	68.6	73.5	60.3	65.8	48.8	38.4	25.5	58.3	20.9
Effective Tax Rate	2.75%	21%	13%	12%	17%	36%	31%	46%	35%	38%
Net Income	98.9	54.1	63.8	53.0	54.3	31.1	26.5	13.7	38.0	13.0

**Balance Sheet & Other Financial Data (Million \$)**

Cash	355	305	247	210	192	147	265	38.7	72.2	59.5
Current Assets	560	446	374	335	295	240	338	293	273	128
Total Assets	691	542	456	415	376	306	373	331	311	133
Current Liabilities	150	106	92.8	106	136	50.5	38.1	34.8	38.2	21.2
Long Term Debt	2.31	2.31	2.31	2.31	Nil	125	125	127	3.30	1.50
Common Equity	522	397	340	287	221	114	208	167	145	109
Total Capital	524	399	342	289	287	239	335	294	148	111
Capital Expenditures	48.5	10.4	11.6	9.07	9.31	7.07	5.81	3.07	13.8	0.91
Cash Flow	110	64.6	75.0	61.6	60.7	34.9	28.9	16.2	39.0	14.0
Current Ratio	3.8	4.2	4.0	3.2	2.2	4.8	8.9	8.4	7.2	6.0
% Long Term Debt of Capitalization	0.4	0.6	0.7	0.8	Nil	51.7	37.5	43.1	2.2	1.4
% Net Income of Revenue	14.9	9.9	10.7	10.3	11.5	8.6	10.0	7.4	18.2	9.7
% Return on Assets	16.1	10.9	14.7	13.4	15.9	9.2	7.5	4.3	17.1	11.0
% Return on Equity	21.5	14.7	20.4	20.9	32.4	19.3	14.2	8.8	29.9	13.3

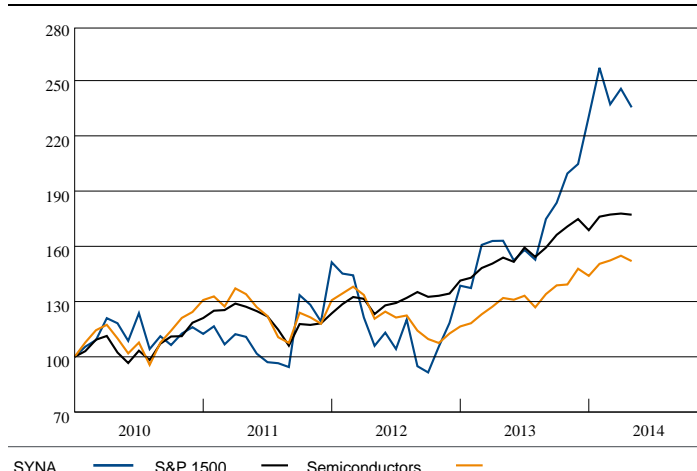
Data as orig. rept;d; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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Pres & CEO: R. A. Bergman  
Dir: R. A. Bergman, J. D. Buchanan, N. C. Chan, K. B. Geeslin, R. J. Knittel,  
F. F. Lee, R. L. Sanguini, J. L. Whims  
Treas, Secy, CFO, Chief Acctg Officer & SVP: K. A. Bayless  
COO: H. C. Wong

SVP, Secy & General Counsel: J. McFarland  
Investor Contact: Jennifer Jarman(415-217-7722)  
Founded: 1986  
Domicile: Delaware  
Employees: 852

**Stock Performance**



	Company(%)	Industry(%)	S&P 1500(%)
YTD Return	15.0	2.8	1.3
One Year Return	39.1	16.1	13.8
Three Year Return (% Annualized)	26.8	4.0	12.1
Five Year Return (% Annualized)	14.5	15.1	16.7
Value of \$10,000 Invested 5 Years Ago	\$19,639	\$20,242	\$21,676

**Sub-Industry Outlook**

We have a positive fundamental outlook for the semiconductors sub-industry for the next 12 months. We think stabilizing economic conditions resulted in revenue growth in excess of 3% last year, up from a decline of about 3% in 2012, and we forecast 4% growth in 2014. Following a weak 2012 end and a mixed 2013, we see sequentially improving sales through the year. We expect a fairly lean inventory supply chain to leave the supply-demand balance even to slightly favorable for inventory replenishment, which should contribute to potential upside as demand improves.

Based on forecasts from Standard & Poor's Economics, research from industry and trade groups, and our own bottom-up analysis for semiconductor companies within our coverage universe, we see the various end markets performing differently. We see the structural shift toward tablets in the PC sector being the biggest drag on the sub-industry. We believe the communications and consumer end markets will be the strongest, as carrier comments suggest to us an improved spending outlook, and continued growth in smartphones. We believe the automotive sector has some favorable tailwinds despite weak global trends. We think industrial will remain weak. Given the high exposure to this end market, analog semiconductors are particularly exposed to this trend. All of this is against the backdrop of the proliferation of semiconductors across a range of electronic products and markets.

Industry margins continue to be a function of manufacturing utilization and inventory supply-demand imbalances. While companies that outsource manufacturing typically have more

stability in gross margins (a trade-off for capped upside), others that have their own manufacturing see more variability. We believe some companies, especially in analog, maintain higher inventory levels, reducing potential leverage. However, it is becoming clear to us that the cost of moving to leading-edge manufacturing is reaching a tipping point as the cost benefits of moving to more advanced nodes diminishes. Intel believes that a vendor needs to generate two times the amount of revenue generated annually per dollar of R&D. As such, we expect a continued shift toward outsourcing and market share shifts among the companies with sufficient resources to move ahead.

Long term, growth in semiconductors is highly correlated to global GDP, due to changes in inventory levels.

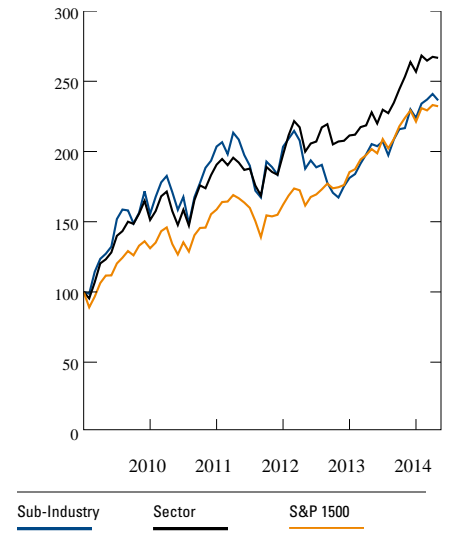
Year to date through April 17, 2014, the S&P Semiconductors sub-industry index increased 5.6%, versus a 0.8% rise for the S&P 1500 Index.

--Angelo Zino, CFA

**Stock Performance**

**GICS Sector: Information Technology**  
**Sub-Industry: Semiconductors**

Based on S&P 1500 Indexes  
Month-end Price Performance as of 4/30/14



**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

**Sub-Industry : Semiconductors Peer Group\***: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
<b>Synaptics Inc</b>	<b>SYNA</b>	<b>1,964</b>	<b>59.61</b>	<b>69.00/34.98</b>	<b>1.23</b>	<b>Nil</b>	<b>37</b>	<b>78.10</b>	<b>B+</b>	<b>86</b>	<b>14.9</b>	<b>0.4</b>
Ambarella Inc	AMBA	691	24.05	36.49/13.16	NA	Nil	28	NA	NR	96	16.3	NA
CSR Plc ADS	CSRE	1,466	35.75	53.90/29.77	1.21	1.4	NM	NA	NR	32	NA	NA
Canadian Solar	CSIQ	1,209	22.07	44.50/7.09	NM	Nil	35	NA	NR	12	2.8	25.9
Cavium Inc	CAVM	2,318	44.08	47.47/30.78	1.39	Nil	NM	36.00	NR	81	NM	NA
EZchip Semiconductor	EZCH	747	25.28	32.79/21.30	0.86	Nil	30	30.50	NR	78	30.6	NA
Himax Technologies ADS	HIMX	593	6.96	16.15/4.76	1.83	3.4	19	NA	NR	45	7.3	NA
Hittite Microwave	HITT	1,732	57.11	67.74/52.36	0.87	1.1	26	55.80	B+	97	25.6	NA
M/A-Com Tech Solutions Hldgs	MTSI	732	16.04	21.70/13.12	NA	Nil	NM	NA	NR	32	8.6	NA
MagnaChip Semiconductor	MX	483	13.09	23.89/12.50	2.12	Nil	3	NA	NR	81	23.6	39.4
Mellanox Technologies	MLNX	1,412	31.69	58.98/30.61	0.73	Nil	NM	53.70	NR	56	NA	NA
Montage Technology Group	MONT	520	19.42	26.70/10.00	NA	Nil	18	NA	NR	94	23.2	NA
Spansion Inc	CODE	1,071	17.82	18.89/9.70	1.05	Nil	NM	20.30	NR	16	NM	38.9
Trina Solar ADS	TSL	751	10.54	18.77/5.00	2.94	Nil	NM	NA	NR	9	NA	11.0
Yingli Green Energy ADP	YGE	437	2.79	8.77/2.65	2.63	Nil	NM	NA	NR	8	NA	68.2

NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

## S&P Analyst Research Notes and other Company News

### May 14, 2014

02:16 pm ET ... SYNAPTICS INC. (SYNA 59.7899) DOWN 0.44, UPDATE: LAKE STREET INITIATES COVERAGE ON SYNAPTICS... In a note released Wednesday, Lake Street Capital analyst JaesonSchmidt initiated coverage on Synaptics (NASDAQ: SYNA) with a Buy rating and announced a \$71 price target. Schmidt began the note commenting, "With a rapidly growing total addressable market driven by proliferation of touch screen devices and an emerging wave of biometric (fingerprint) adoption, a market leading position, and the stock trading at only 10x (ex cash) our FY16 EPS estimate of \$5.03, we think the stock is poised to go higher." The highlights Schmidt has provided as a basis of his po...Acquire Media

### May 14, 2014

02:16 pm ET ... SYNAPTICS INC. (SYNA 59.7899) DOWN 0.44, UPDATE: LAKE STREET INITIATES COVERAGE ON SYNAPTICS WITH A BUY RATING... In a report issued Wednesday, May 14, Lake Street Capital initiated coverage of Synaptics, Inc. (NASDAQ: SYNA) with a Buy rating and \$71 price target. Lake Street Capital analyst Jaeson Schmidt stated, "With a rapidly growing TAM driven by proliferation of touchscreen devices and an emerging wave of biometric (fingerprint) adoption, a market leading position, and the stock trading at only 10x (ex cash) our FY16 EPS estimate of \$5.03, we think the stock is poised to go higher." With past acquisitions of Validity Sensors, a biometric sensor firm, and Palcinian,...Acquire Media

### May 14, 2014

10:47 am ET ... SYNAPTICS INC. (SYNA 59.21) DOWN 1.02, LAKE STREET INITIATES COVERAGE ON SYNAPTICS INCORPORATED AT BUY, ANNOUNCES \$71.0... Lake Street initiates coverage on Synaptics Incorporated(NASDAQ: SYNA) with a Buy rating and a \$71.00 price target. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

### May 8, 2014

08:12 am ET ... SYNAPTICS INC. (SYNA 57.48) UNCHANGED, STIFEL NICOLAUS MAINTAINS BUY ON SYNAPTICS INCORPORATED, RAISES PT TO \$83.00... Stifel Nicolaus maintains Synaptics Incorporated (NASDAQ: SYNA) with a Buy and raises the price target from \$70.00 to \$83.00. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

### May 6, 2014

06:28 am ET ... SYNAPTICS INC. (SYNA 61.24) UNCHANGED, IMPERIAL CAPITAL INITIATES COVERAGE ON SYNAPTICS INCORPORATED AT OUTPERFORM, ANN... Imperial Capital initiates coverage on Synaptics Incorporated(NASDAQ: SYNA) with a Outperform rating and a \$70.00 price target. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

### April 25, 2014

UP 0.00 to 64.01... SYNA posts \$0.63 vs. \$0.79 Q3 EPS on 25% revenue rise. Notes Q3 revenue reflects the full quarter of the fingerprint ID business. Capital IQ consensus forecast is \$0.57 EPS, \$192.04M revenue (vs. reported \$204.3M). Needham upgrades to strong buy.

### April 25, 2014

10:18 am ET ... SYNAPTICS INC. (SYNA 68.49) UP 4.48, SYNAPTICS (SYNA) Q3 TOPS ESTIMATES. NEEDHAM UPS TO STRONG BUY, TARGET TO \$100... Analyst Rajvindra Gill tells salesforce SYNA posted significant beat and raised outlook owing to substantial momentum in fingerprint and ongoing strength in its core touch biz. Says over the next 12-24 mos, forecasts fingerprint business could add \$2.50-\$3.00 of incremental EPS, combined with \$3.50-\$4.00 EPS from core touch. Notes over past 2.5 yrs, SYNA has transformed itself: growing from \$589M in sales in FY 11 to a projected \$1.15B in FY 15. Says it's rare to find a semi co. growing 30%-40% y/y with over \$10 net cash/shr trading at 13x fwd P/E (ex-cash). S.Trombino

### April 25, 2014

Synaptics Inc. reported unaudited consolidated earnings results for the third quarter and nine months ended March 31, 2014. For the quarter, the company has posted net revenue of \$204,271,000 against \$163,324,000 a year ago. Operating

loss was \$36,143,000 against income of \$23,661,000 a year ago. Loss before benefit for income taxes was \$35,627,000 against income of \$23,854,000 a year ago. Net loss was \$40,056,000 or \$1.12 per basic and diluted share against income of \$36,446,000 or \$1.07 per diluted share a year ago. Non-GAAP operating income was \$28,368,000 against \$32,393,000 a year ago. Non-GAAP net income was \$23,743,000 or \$0.63 per diluted share against \$27,010,000 or \$0.79 per diluted share a year ago. Third quarter revenue reflects the first full quarter of the fingerprint ID business. For the nine months, the company has posted net revenue of \$632,641,000 against \$433,405,000 a year ago. Operating income was \$33,128,000 against \$46,922,000 a year ago. Income before provision for income taxes was \$34,541,000 against income of \$47,549,000 a year ago. Net income was \$12,217,000 or \$0.33 per diluted share against \$53,613,000 or \$1.58 per diluted share a year ago. Non-GAAP operating income was \$120,753,000 against \$73,491,000 a year ago. Non-GAAP net income was \$100,774,000 or \$2.76 per diluted share against \$57,437,000 or \$1.70 per diluted share a year ago. The company provided revenue guidance for the fourth quarter ending June 2014. The company expects revenue to be in the range of \$275 million to \$295 million, an increase of 20% to 28% over the prior year quarter's record revenue. The company expected non-GAAP cash-based tax rate for the June quarter and the year to remain in the range of 16% to 18%. Non-GAAP net income per diluted share for the June quarter is anticipated to be in the range of \$1.10 to \$1.32 per share.

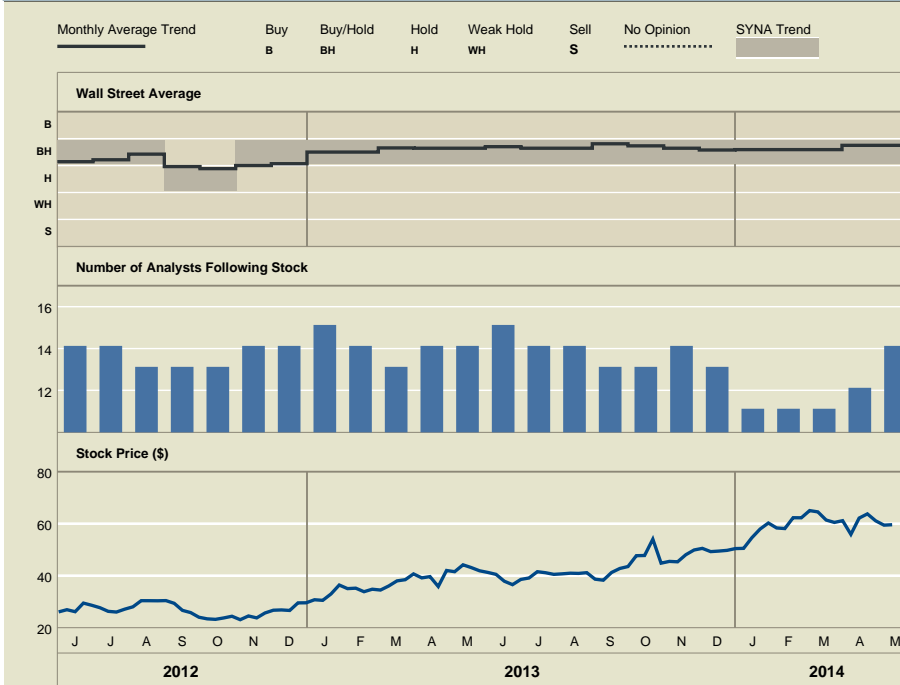
### January 24, 2014

UP 0.00 to 56.81... SYNA posts \$0.48 vs \$0.33 Q2 EPS on 44% higher sales. Cites strong Y/Y revenue growth in touchscreen and touchpad products.

### January 24, 2014

11:17 am ET ... SYNAPTICS INC. (SYNA 59.61) UP 2.8, SYNAPTICS (SYNA) POSTS Q2. PACIFIC CREST RAISES ESTS, TARGET, KEEPS OUTPERFORM... Analyst John Vinh tells salesforce SYNA reported solid Q2 results with revenue of \$205.8M beating his \$194M/Street's \$201.7M forecasts, \$0.95 EPS (excl. impact of Validity acquisition) topping his \$0.80, Street's \$0.88 estimates. While SYNA posted solid results and guidance, believes co.'s expectation to reach accretion on the Validity acquisition in the June quarter, two quarters ahead of original expectations, was the most notable indication that a SYNA fingerprint sensor has been designed into the Samsung GS5. Raises \$58 price target to \$70. M.Morrow

## Analysts' Recommendations



Of the total 27 companies following SYNA, 14 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	8	57	6	4
Buy/Hold	4	29	4	5
Hold	1	7	1	1
Weak Hold	1	7	1	1
Sell	0	0	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>14</b>	<b>100</b>	<b>12</b>	<b>11</b>

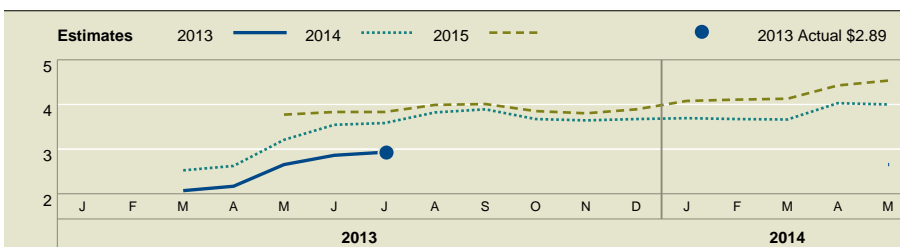
## Wall Street Consensus Opinion

**BUY/HOLD**

## Companies Offering Coverage

Arete Research Services LLP  
Blaylock Robert Van  
Brigantine Advisors  
CLSA Americas LLC  
Capstone Investments  
Caris & Company  
Collins Stewart LLC  
Cowen and Company, LLC  
Craig-Hallum Capital Group LLC  
Dougherty & Company LLC  
Gleacher & Company, Inc.  
Imperial Capital  
JP Morgan  
Jefferies LLC  
Kaufman Bros., L.P.  
Lake Street Capital Markets, LLC  
Lazard Capital Markets  
Maxim Group  
Mizuho Securities USA, Inc.  
Needham & Company  
Oppenheimer & Co. Inc.  
Pacific Crest Securities  
Rodman & Renshaw, LLC  
Sterne Agee & Leach Inc.  
Stifel, Nicolaus & Co., Inc.  
ThinkEquity LLC  
Thomas Weisel Equity Research

## Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2015	4.56	5.23	4.15	14	13.1
2014	4.02	4.14	3.79	13	14.8
<b>2015 vs. 2014</b>	<b>▲ 13%</b>	<b>▲ 26%</b>	<b>▲ 9%</b>	<b>▲ 8%</b>	<b>▼ -11%</b>
Q4'15	1.25	1.49	1.04	11	47.7
Q4'14	1.23	1.30	1.16	12	48.5
<b>Q4'15 vs. Q4'14</b>	<b>▲ 2%</b>	<b>▲ 15%</b>	<b>▼ -10%</b>	<b>▼ -8%</b>	<b>▼ -2%</b>

## Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that SYNA will earn \$4.02. For the 3rd quarter of fiscal year 2014, SYNA announced earnings per share of \$-1.12, representing -28% of the total annual estimate. For fiscal year 2015, analysts estimate that SYNA's earnings per share will grow by 13% to \$4.56.

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

## Glossary

### Quantitative Evaluations

The quantitative evaluations covered in this report and described below are derived from proprietary arithmetic models. The quantitative model focuses on a shorter-term horizon and is designed to capture current information such as performance, market conditions and certain risk factors. The objectives and inputs to the model are static and should be viewed as reflective of current trends and market conditions at the time of each update and may take a shorter-term view of a company than the qualitative report on the same company.

### S&P Capital IQ Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

### S&P Capital IQ Fair Value Rank

Using S&P Capital IQ's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

### Funds From Operations (FFO)

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

### S&P Capital IQ Fair Value Calculation

The Fair Value formula uses forward EPS estimates to calculate a company's projected return on equity. A stock's "Fair Value" is then derived by comparing its current valuation relative to the company's projected ROE relative to historical valuations versus ROE for the company, industry, and a benchmark index.

### Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P Capital IQ proprietary measures.

### S&P Capital IQ's Rationale:

#### Synaptics Inc

	Raw Score	Max Value
Proprietary S&P Measures	20	115
Technical Indicators	18	40
Liquidity/Volatility Measures	20	20
Quantitative Measures	53	75
<b>IQ Total</b>	<b>111</b>	<b>250</b>

### Volatility

Rates the volatility of the stock's price over the past year.

### Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P Capital IQ's models apply special technical methods and formulas to identify and project price trends for the stock.

### Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P Capital IQ's universe on a rolling 13-week basis.

### Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard and Poor's in collaboration with Morgan Stanley Capital International (MSCI). Under the GICS structure, companies are classified in one of 154 sub-industries, which are grouped into 68 industries, 24 industry groups, and 10 economic sectors (consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, telecom services, and utilities). This four-tier structure accommodates companies across the world and facilitates sector analysis and investing.

### Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

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### STARS Stock Reports:

#### S&P Capital IQ Global STARS Distribution as of March 31, 2014

Ranking	North America	Europe	Asia	Global
Buy	35.4%	35.8%	41.9%	36.2%
Hold	52.3%	43.3%	54.3%	51.0%
Sell	12.3%	20.9%	3.8%	12.8%
Total	100%	100%	100%	100%

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