
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 July 30, 2017
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 1-6395

SEMTECH CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-2119684
(I.R.S. Employer
Identification No.)

200 Flynn Road, Camarillo, California, 93012-8790
(Address of principal executive offices, Zip Code)

Registrant's telephone number, including area code: (805) 498-2111

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth 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"/> (Do not check if a smaller reporting company)	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 ☒

Number of shares of Common Stock, \$0.01 par value per share, outstanding at August 25, 2017: 66,198,680

SEMTECH CORPORATION
INDEX TO FORM 10-Q
FOR THE QUARTER ENDED JULY 30, 2017

<u>PART I - FINANCIAL INFORMATION</u>	<u>4</u>
<u>ITEM 1. Financial Statements</u>	<u>6</u>
<u>ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>32</u>
<u>ITEM 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>42</u>
<u>ITEM 4. Controls and Procedures</u>	<u>42</u>
<u>PART II – OTHER INFORMATION</u>	<u>43</u>
<u>ITEM 1. Legal Proceedings</u>	<u>43</u>
<u>ITEM 1A. Risk Factors</u>	<u>43</u>
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>43</u>
<u>ITEM 3. Defaults Upon Senior Securities</u>	<u>43</u>
<u>ITEM 4. Mine Safety Disclosures</u>	<u>43</u>
<u>ITEM 5. Other Information</u>	<u>44</u>
<u>ITEM 6. Exhibits</u>	<u>45</u>

Unless the context otherwise requires, the use of the terms "Semtech," "the Company," "we," "us" and "our" in this Quarterly Report on Form 10-Q refers to Semtech Corporation and its consolidated subsidiaries. This Quarterly Report on Form 10-Q may contain references to the Company's trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q, including logos, artwork and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other company.

Special Note Regarding Forward-Looking and Cautionary Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on our current expectations, estimates and projections about our operations, industry, financial condition, performance, results of operations, and liquidity. Forward-looking statements are statements other than historical information or statements of current condition and relate to matters such as future financial performance, future operational performance, the anticipated impact of specific items on future earnings, and our plans, objectives and expectations. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "estimate," "should," "will," "designed to," "projections," or "business outlook," or other similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that could cause actual results and events to differ materially from those projected.

Potential factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to:

- fluctuation in the Company's future results;*
- downturns in the business cycle;*
- reduced demand for the Company's products, including due to global economic conditions and potential changes in economic policy;*
- business interruptions;*
- the Company's reliance on a limited number of suppliers and subcontractors for components and materials;*
- potentially insufficient liability insurance if the Company's products are found to be defective;*
- obsolete inventories as a result of changes in demand and change in life cycles for the Company's products;*
- the Company's inability to successfully develop and sell new products;*
- lengthy and expensive product qualification processes without any assurance of product sales;*
- the Company's products failing to meet industry standards;*
- the Company's inability to protect intellectual property rights;*
- the Company suffering losses if its products infringe the intellectual property rights of others;*
- the Company's need to commit resources to product production prior to receipt of purchase commitments;*
- increased business risk resulting from significant business with foreign customers;*
- the Company's foreign currency exposures;*
- potential increased tax liabilities and effective tax rate if the Company needs to repatriate funds held by foreign subsidiaries;*
- export restrictions and laws affecting the Company's trade and investments;*
- the Company's inability to adequately compete against larger, more established entities;*
- increased competition due to industry consolidation;*
- the loss of any one of the Company's significant customers;*
- volatility of customer demand;*
- termination of a contract by a distributor;*
- the Company's failure to maintain effective internal control over financial reporting and disclosure controls and procedures;*

- government regulations and other standards, including those that impose operational and reporting requirements;
- the Company's failure to comply with applicable environmental regulations;
- compliance with conflict minerals regulations;
- increase in the Company's cost of doing business as a result of having to comply with the codes of conduct of certain of the Company's customers and suppliers;
- changes in tax law, including effective tax rates, and review by taxing authorities;
- taxation of Company sales in non-U.S. jurisdictions;
- the Company's limited experience with government contracting;
- potential government investigations and inquiries;
- loss of the Company's key personnel;
- risks associated with companies the Company has acquired in the past and may acquire in the future and the Company's ability to successfully integrate acquired businesses and benefit from expected synergies;
- the Company may be required to recognize additional impairment charges;
- loss of value of investments in entities not under our control;
- the Company may not receive accurate, complete or timely financial information from entities for which the Company is required to consolidate such information;
- the Company may be adversely affected by new accounting pronouncements;
- the Company's ability to generate cash to service its debt obligations;
- restrictive covenants in the Company's credit agreement which may restrict its ability to pursue its business strategies;
- the Company's reliance on certain critical information systems for the operation of its business;
- costs associated with the Company's indemnification of certain customers, distributors and other parties;
- the Company's share price could be subject to extreme price fluctuations;
- the impact on the Company's common stock price if securities or industry analysts do not publish reports about the Company's business or adversely change their recommendations regarding the Company's common stock;
- anti-takeover provisions in the Company's organizational documents could make an acquisition of the Company more difficult; and
- the Company is subject to litigation risks which may be costly to defend

Additionally, forward-looking statements should be considered in conjunction with the cautionary statements contained in this Quarterly Report on Form 10-Q, including, without limitation, information under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and additional factors that accompany the related forward-looking statements in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the fiscal year ended January 29, 2017 including, without limitation information under the caption "Risk Factors", in other filings with the Securities and Exchange Commission ("SEC"), and in material incorporated herein and therein by reference. In light of the significant risks and uncertainties inherent in the forward-looking information included herein that may cause actual performance and results to differ materially from those predicted, any such forward-looking information should not be regarded as representations or guarantees by the Company of future performance or results, or that its objectives or plans will be achieved, or that any of its operating expectations or financial forecasts will be realized. Reported results should not be considered an indication of future performance. Investors are cautioned not to place undue reliance on any forward-looking information contained herein, which reflect management's analysis only as of the date hereof. Except as required by law, the Company assumes no obligation to publicly release the results of any update or revision to any forward-looking statement that may be made to reflect new information, events or circumstances after the date hereof or to reflect the occurrence of unanticipated or future events, or otherwise.

In addition to regarding forward-looking statements with caution, you should consider that the preparation of the consolidated financial statements requires us to draw conclusions and make interpretations, judgments, assumptions and estimates with respect to certain factual, legal, and accounting matters. Our financial statements might have been materially impacted if we had reached different conclusions or made different interpretations, judgments, assumptions or estimates.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

SEMTECH CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (in thousands, except per share data) (unaudited)

	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net sales	\$ 153,127	\$ 135,911	\$ 296,929	\$ 267,056
Cost of sales	60,891	54,136	119,778	106,757
Gross profit	92,236	81,775	177,151	160,299
Operating costs and expenses:				
Selling, general and administrative	39,237	32,824	72,823	66,538
Product development and engineering	27,432	26,325	53,415	51,497
Intangible amortization	6,675	6,328	12,961	12,731
Loss on disposition of business operations	—	—	375	—
Changes in the fair value of contingent earn-out obligations	—	(129)	—	(162)
Restructuring charges	—	—	429	—
Total operating costs and expenses	73,344	65,348	140,003	130,604
Operating income	18,892	16,427	37,148	29,695
Interest expense, net	(2,029)	(2,037)	(4,075)	(3,967)
Non-operating expense, net	(204)	(136)	(836)	(181)
Income before taxes	16,659	14,254	32,237	25,547
Provision for taxes	4,095	5,276	7,852	9,681
Net income	<u>\$ 12,564</u>	<u>\$ 8,978</u>	<u>\$ 24,385</u>	<u>\$ 15,866</u>
Earnings per share:				
Basic	\$ 0.19	\$ 0.14	\$ 0.37	\$ 0.24
Diluted	\$ 0.19	\$ 0.14	\$ 0.36	\$ 0.24
Weighted average number of shares used in computing earnings per share:				
Basic	65,763	65,299	65,801	65,222
Diluted	67,470	65,905	67,421	65,723

The accompanying notes are an integral part of these unaudited consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net income	\$ 12,564	\$ 8,978	\$ 24,385	\$ 15,866
Other comprehensive income, net:				
Unrealized gain (loss) on foreign currency cash flow hedges	810	(1,235)	993	743
Realized gain on foreign currency cash flow hedges	(203)	(371)	(256)	(458)
Unrealized gain on convertible debt	—	—	750	—
Release of realized gain on convertible debt	(750)	—	(750)	—
Change in unrealized gain on interest rate cap	—	—	—	85
Change in employee benefit plans	22	—	43	—
Other comprehensive (loss) income, net	(121)	(1,606)	780	370
Comprehensive income	\$ 12,443	\$ 7,372	\$ 25,165	\$ 16,236

The accompanying notes are an integral part of these unaudited consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	July 30, 2017	January 29, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 277,854	\$ 297,134
Accounts receivable, less allowances of \$9,028 and \$8,230, respectively	61,220	51,441
Inventories	74,975	65,872
Prepaid taxes	3,564	5,563
Other current assets	21,217	18,418
Total current assets	438,830	438,428
Non-current assets:		
Property, plant and equipment, net of accumulated depreciation of \$169,241 and \$161,236, respectively	118,740	108,910
Deferred tax assets	6,341	5,493
Goodwill	346,575	329,703
Other intangible assets, net	75,112	61,773
Other assets	75,784	67,235
TOTAL ASSETS	\$ 1,061,382	\$ 1,011,542
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 34,868	\$ 41,960
Accrued liabilities	65,843	54,524
Deferred revenue	13,230	12,059
Current portion - long-term debt	14,452	14,432
Total current liabilities	128,393	122,975
Non-current liabilities:		
Deferred tax liabilities	8,879	6,881
Long term debt, less current portion	219,293	226,524
Other long-term liabilities	64,916	49,899
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, \$0.01 par value, 250,000,000 shares authorized, 78,136,144 issued and 65,833,267 outstanding and 78,136,144 issued and 65,793,083 outstanding, respectively	785	785
Treasury stock, at cost, 12,302,877 shares and 12,343,061 shares, respectively	(257,634)	(253,107)
Additional paid-in capital	406,960	390,938
Retained earnings	490,304	467,941
Accumulated other comprehensive loss	(514)	(1,294)
Total stockholders' equity	639,901	605,263
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,061,382	\$ 1,011,542

The accompanying notes are an integral part of these unaudited consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended	
	July 30, 2017	July 31, 2016
Cash flows from operating activities:		
Net income	\$ 24,385	\$ 15,866
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	23,093	23,887
Accretion of deferred financing costs and debt discount	289	332
Deferred income taxes	380	9,495
Share-based compensation and warrant costs	28,810	11,804
Loss on disposition of business operations and assets	424	66
Earn-out liabilities	—	(162)
Contingencies	45	(66)
Corporate owned life insurance, net	554	513
<i>Changes in assets and liabilities:</i>		
Accounts receivable, net	(9,490)	(12,821)
Inventories	(9,423)	1,374
Other assets	(1,099)	(10,855)
Accounts payable	(9,132)	3,170
Accrued liabilities	(6,541)	5,070
Deferred revenue	196	1,182
Income taxes payable	1,328	(4,859)
Other liabilities	2,177	1,471
Net cash provided by operating activities	45,996	45,467
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	6	—
Purchase of property, plant and equipment	(18,952)	(5,348)
Purchase of investments	(7,462)	(1,248)
Acquisitions, net of cash acquired	(17,619)	—
Net cash used in investing activities	(44,027)	(6,596)
Cash flows from financing activities:		
Payments of term loans	(7,500)	(9,374)
Payment for employee share-based compensation payroll taxes	(5,687)	(2,849)
Proceeds from exercise of stock options	2,332	968
Repurchase of outstanding common stock	(10,394)	(539)
Net cash used in financing activities	(21,249)	(11,794)
Net (decrease) increase in cash and cash equivalents	(19,280)	27,077
Cash and cash equivalents at beginning of period	297,134	211,810
Cash and cash equivalents at end of period	\$ 277,854	\$ 238,887
Supplemental disclosure of cash flow information		
Income taxes paid	\$ 3,078	\$ 4,395
Interest paid	\$ 3,490	\$ 3,252
Non-cash items		
Capital expenditures	\$ 1,902	\$ 3,601
Convertible debt	\$ 1,175	\$ 1,444

The accompanying notes are an integral part of these unaudited consolidated financial statements.

SEMTECH CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1: Organization and Basis of Presentation

Nature of Business

Semtech Corporation (together with its consolidated subsidiaries, the "Company" or "Semtech") is a global supplier of high performance analog, mixed-signal semiconductors and advanced algorithms. The end-customers for the Company's products are primarily original equipment manufacturers ("OEMs") that produce and sell electronics.

The Company designs, develops and markets a wide range of products for commercial applications, the majority of which are sold into the enterprise computing, communications, high-end consumer and industrial end-markets.

Enterprise Computing: datacenters, passive optical networks, desktops, notebooks, servers, monitors, printers and other computer peripherals.

Communications: base stations, optical networks, carrier networks, switches and routers, cable modems, wireless LAN and other communication infrastructure equipment.

High-End Consumer: handheld products, smartphones, wireless charging, set-top boxes, digital televisions, monitors and displays, tablets, digital video recorders and other consumer equipment.

Industrial: analog and digital video broadcast equipment, automated meter reading, Internet of Things ("IoT"), smart grid, wireless charging, military and aerospace, medical, security systems, automotive, industrial and home automation and other industrial equipment.

Fiscal Year

The Company reports results on the basis of 52 and 53 week periods and ends its fiscal year on the last Sunday in January. The other quarters generally end on the last Sunday of April, July and October. All quarters consist of 13 weeks except for one 14-week period in the fourth quarter of 53-week years. The second quarter of fiscal years 2018 and 2017 each consisted of 13 weeks.

Principles of Consolidation

The accompanying interim unaudited consolidated financial statements have been prepared by the Company, in accordance with accounting principles generally accepted in the United States ("GAAP") and on the same basis as the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended January 29, 2017. In the opinion of the Company, these interim unaudited consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly, in all material respects, the financial position of the Company for the interim periods presented. All intercompany balances have been eliminated. Certain information and footnote disclosures normally included in annual consolidated financial statements have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Because the interim unaudited consolidated financial statements do not include all of the information and notes required by GAAP for a complete set of consolidated financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended January 29, 2017. The results reported in these interim unaudited consolidated financial statements should not be regarded as indicative of results that may be expected for any subsequent period or for the entire year.

The Company's interim unaudited consolidated statements of income are referred to herein as the "Statements of Income." The Company's interim unaudited consolidated balance sheets are referred to herein as the "Balance Sheets" and interim unaudited consolidated statements of cash flows as the "Statements of Cash Flows."

Segment Information

The Company's Chief Executive Officer ("CEO") has been identified as the Chief Operating Decision Maker ("CODM") as defined by guidance regarding segment disclosures (see Note 14 for further discussion). In fiscal year 2016, the Company identified five operating segments in total. Four of the operating segments aggregated into one reportable segment, the Semiconductor Products Group. The remaining operating segment, the Systems Innovation Group (shown as "All others"), could not be aggregated with the other operating segments and did not meet the criteria for a separate reportable segment as defined by the guidance regarding segment disclosure. As a result, the financial activity associated with the Systems Innovation Group was reported separately from the Company's Semiconductor Products Group. This separate reporting was included in the "All others" category. On August 5, 2016, the Company completed its divestiture of its Snowbush Intellectual Property ("Snowbush IP") business (previously part of the Company's Systems Innovation Group) to Rambus Inc. ("Rambus") for a purchase price of \$32.0 million in cash along with the opportunity to receive additional payments from Rambus through 2022 based upon a percentage of sales by Rambus of new products expected to be developed by Rambus from the disposed assets. Therefore, as of January 29, 2017, the Company no longer has a Systems Innovation Group or an "All others" category, resulting in four operating segments that aggregate into one reportable segment, the Semiconductor Products Group.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Recently Adopted Accounting Guidance

In the first quarter of fiscal year 2018, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-09, Improvements to Employee Share-Based Payment Accounting (Topic 718). Under the amended guidance, all excess tax benefits and tax deficiencies will be recognized in the Statements of Income as they occur. This replaced the previous guidance, which required tax benefits that exceed compensation cost ("windfalls") to be recognized in additional paid in capital. It also eliminates the need to maintain a windfall pool, and removes the requirement to delay recognizing a windfall until it reduces current taxes payable. Using the modified retrospective adoption method, in the first quarter of fiscal year 2018, the Company recognized deferred tax assets of \$8.4 million for the windfall tax benefits and also recognized an increase of an equal amount in the valuation allowance against those deferred tax assets. Under the amended guidance, companies can make an accounting policy election to either continue to estimate forfeitures or account for forfeitures as they occur. Upon adoption, the Company elected to account for forfeitures when they occur, on a modified retrospective basis. In the first quarter of fiscal year 2018, a cumulative effect adjustment of \$2.0 million was recorded to retained earnings. The amended guidance also changed the Statements of Cash Flow presentation of excess tax benefits, classifying them as operating activities instead of financing activities, consistent with other cash flows related to income taxes. Further, following the adoption of this updated guidance, there will be additional dilutive effects in earnings per share calculations because excess tax benefits are no longer recognized in additional paid in capital. Due to the valuation allowance maintained against the Company's deferred tax assets, the adoption of this updated guidance did not have a material impact on the Company's consolidated financial statements.

Accounting Guidance Issued but Not Adopted as of July 30, 2017

In July 2017, the FASB issued ASU No. 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815). This standard addresses narrow issues identified as a result of the complexity associated with applying GAAP for certain financial instruments with characteristics of liabilities and equity. Part I addresses the complexity of accounting for certain financial instruments with down round features. Part II addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity, because of the existence of pending content in the Accounting Standards Codification ("ASC") that results from the indefinite deferral of accounting requirements concerning mandatorily redeemable financial instruments of certain non-public entities and certain mandatorily redeemable non-controlling interests. The Company does not expect the adoption of this pronouncement to have a material impact on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715). This standard amends the Statements of Income presentation of the components of net periodic benefit cost for defined benefit pension and other post retirement plans. This standard requires companies to: (1) disaggregate the current service cost component from the other components of net periodic benefit cost (the "other components") and present it in the same line items on the Statements of Income as other current compensation costs for related employees and (2) present the other components outside of operating profit. This standard is required to be applied retrospectively and is effective for annual and interim periods beginning after December 15, 2017. The Company does not expect the adoption of this pronouncement to have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles-Goodwill and Other (Topic 350). The pronouncement was issued to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. This pronouncement stipulates that an entity should perform a goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, and will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, with the loss recognized not exceeding the total amount of goodwill allocated to that reporting unit. The amendments in this pronouncement are to be applied on a prospective basis. This guidance will be effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted for interim or annual goodwill impairment tests performed on testing dates after January 31, 2017. The adoption of this pronouncement is not expected to have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805). This standard clarifies the definition of a business to assist entities with evaluating when a set of assets acquired or disposed of should be considered a business. The new standard requires an entity to evaluate if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets; if so, the set would not be considered a business. The new standard also requires a business to include at least one substantive process and narrows the definition of outputs. The new standard is effective for interim and annual periods beginning after December 15, 2017, and may be adopted earlier. The standard would be applied prospectively to any transaction occurring on or after the adoption date. The impact of this standard will be dependent upon the specific facts and circumstances of any applicable future acquisitions or dispositions.

In October 2016, the FASB issued ASU No. 2016-16, Intra-Entity Asset Transfers Other Than Inventory (Topic 740). This accounting standard update is aimed at recognizing the income tax consequences of intra-entity transfers of assets other than inventory when they occur. This removes the exception to postpone recognition until the asset has been sold to an outside party. This ASU will be effective in the first quarter of fiscal year 2020. The standard update is required to be applied on a modified retrospective basis through a cumulative-effect adjustment to the Balance Sheet as of the beginning of the fiscal year of adoption. The Company is currently assessing the impact this pronouncement will have on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (Topic 230). The primary purpose of this ASU is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. This ASU is effective for fiscal years beginning after December 15, 2017. This ASU will be effective for the Company as of the beginning of fiscal year 2019. Early adoption is permitted in any interim or annual period. The Company is continuing to assess the overall impacts of the new standard. The Company does not expect the adoption of this pronouncement to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which will require that substantially all leases be recognized by lessees on their Balance Sheets as a right-of-use asset and corresponding lease liability, including leases currently accounted for as operating leases. The new standard also will result in enhanced quantitative and qualitative disclosures, including descriptions of significant judgments made by management, to provide greater insight into the extent of expense recognized and expected to be recognized from existing leases. The standard requires modified retrospective adoption and will be effective for the Company as of the beginning of fiscal year 2020. The Company expects the valuation of right of use assets and lease liabilities, previously described as operating leases, to be the present value of the Company's forecasted future lease commitments. The Company is continuing to assess the overall impacts of the new standard, including the discount rate to be applied in these valuations.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will require an entity to recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in

exchange for those goods or services. The guidance addresses, in particular, contracts with more than one performance obligation, as well as the accounting for some costs to obtain or fulfill a contract with a customer, and provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. Public entities are required to apply the amendments on either a full- or modified-retrospective basis for annual periods beginning after December 15, 2017 and for interim periods within those annual periods. This update will be effective for the Company beginning in the first quarter of fiscal year 2019. The Company plans to adopt the standard retrospectively with the cumulative effect of initially applying it recognized at the date of initial application ("modified retrospective" approach).

The Company's assessment has identified a change in revenue recognition timing on the Company's component sales made to certain distributors where revenues are currently deferred and not recognized until the distributor sells the components to the distributor's customers. The Company expects to recognize revenue when the Company delivers or "sells into" the distributor rather than deferring recognition until the distributor sells the components or "sells through" to the end customer.

On the date of initial application, the Company will remove the deferred net revenue on component sales made to certain distributors through a cumulative adjustment to retained earnings. The Company expects the revenue deferral to be offset by the acceleration of revenue recognition as control of the product transfers to its customer.

As the Company continues its assessment, it is also identifying and preparing to implement changes to accounting policies, business processes and internal controls to support the new accounting and disclosure requirements.

Note 2: Acquisitions

AptoVision Technologies Inc.

On July 1, 2017, the Company acquired AptoVision Technologies Inc. ("AptoVision"), a privately-held provider of uncompressed, zero-frame latency, video-over-IP solutions addressing the pro audio visual ("Pro AV") market. The unique combination of AptoVision's advanced algorithms for real-time, full bandwidth video transmission over IP networks, and Semtech's industry leading high-speed signal integrity and chip development expertise is expected to enable the adoption of Software Defined Video over Ethernet ("SDVoE") accelerating this natural progression in the evolution of video transport.

Under the terms of the share purchase agreement, the Company acquired all of the outstanding equity interest in AptoVision for a cash payment of \$17.6 million at closing, net of acquired cash, and a commitment to pay additional contingent consideration of up to a maximum of \$47.0 million over three years if certain goals are achieved in each of the earn out periods. The fair value of the additional contingent consideration (the "AptoVision Earn-out") is estimated to be \$17.0 million (see Note 6), of which \$8.5 million is presented under "Accrued liabilities" and \$8.5 million is presented under "Other long-term liabilities" in the Balance Sheets. Acquisition related transaction costs of \$0.9 million are presented under "Selling, general and administrative" expense in the Statements of Income. Acquisition-related transaction costs are not included as a component of consideration transferred, but are accounted for as an expense in the period in which the costs are incurred.

AptoVision met the definition of a business and is accounted for under the acquisition method of accounting in accordance with the FASB's ASC Topic 805, Business Combinations. The consideration to acquire AptoVision was preliminarily allocated to the acquired tangible and intangible assets and assumed liabilities of AptoVision based on their respective estimated fair values as of the acquisition date. A summary of the preliminary allocation is as follows:

(in thousands)	Estimated Useful Life	July 30, 2017
Finite-lived intangible asset - Developed Technology	6-7 years	\$ 20,000
Finite-lived intangible asset - Customer Relationships	3 years	4,000
Indefinite-lived intangible asset - in-process research and development ("IPR&D")		2,300
Goodwill		16,872
Other (liabilities) assets, net		(8,553)
Total consideration		\$ 34,619

The fair value of the developed technology rights acquired was determined by estimating the probability-weighted net cash flows attributable to these rights discounted to present value using a discount rate that represents the estimated rate that market participants would use to value this intangible asset. The developed technology rights acquired relate to AptoVision's BlueRiver™ platform.

The fair value of the customer relationships was determined by estimating the amount that would be required currently to replace the customers from lead generations to product shipment.

The IPR&D primarily relates to an assumed license agreement that had been executed in close proximity to the acquisition date. The investment in the license approximates fair value.

The \$16.9 million excess of the acquisition consideration over the fair value of the assets acquired and liabilities assumed was allocated to goodwill. The goodwill resulted from expected synergies and other benefits from the transaction. The Company expects that all such goodwill will be deductible for tax purposes.

The purchase price allocation for the AptoVision acquisition is preliminary and will be finalized upon collection of information regarding the fair values of assets acquired and liabilities assumed. The fair value estimates for the assets acquired and liabilities assumed were based upon preliminary calculations and valuations. The Company's estimates and assumptions are subject to change as additional information is obtained during the measurement period (up to one year from the acquisition date). The primary areas that are not yet finalized relate to certain tangible assets and liabilities acquired, identifiable intangible assets and tax related items. The Company expects to complete the purchase price allocation for its acquisition of AptoVision in the third quarter of fiscal 2018.

Net revenues and earnings attributable to AptoVision since the acquisition date were not material. Pro forma results of operations have not been presented as AptoVision's annual financial results are not material to the Company's consolidated financial results.

Triune Systems, L.L.C

On March 4, 2015, the Company acquired Triune Systems, L.L.C. ("Triune"), a privately-held supplier of isolated switching, wireless charging and power management platforms targeted at, among other things, high and low power, high efficiency applications. Under the terms of the purchase agreement, the Company acquired all of the outstanding equity interest in Triune for a guaranteed minimum purchase price of \$45.0 million consisting of \$35.0 million in cash paid at closing, with an additional cash consideration of \$10.0 million of which \$9.5 million was paid in September 2015 and \$0.5 million was paid in the second quarter of fiscal year 2017.

Subject to achieving certain future financial goals ("Triune Earn-out"), up to \$70.0 million of contingent consideration will be paid over three years if certain net revenue targets are achieved starting in fiscal year 2016 and ending in fiscal year 2018. An additional payment of up to \$16.0 million will be paid after fiscal year 2018 if certain cumulative net revenue and contribution margin targets are achieved.

The Triune Earn-out targets for fiscal year 2017 were not met and the Company does not expect the fiscal year 2018 targets to be achieved. The fair value of the Triune Earn-out liability was zero as of both July 30, 2017 and January 29, 2017, respectively. (See Notes 6 and 12).

Note 3: Earnings per Share

The computation of basic and diluted earnings per common share was as follows:

(in thousands, except per share amounts)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net income	\$ 12,564	\$ 8,978	\$ 24,385	\$ 15,866
Weighted average common shares outstanding - basic	65,763	65,299	65,801	65,222
Dilutive effect of stock options and restricted stock units	1,707	606	1,620	501
Weighted average common shares outstanding - diluted	67,470	65,905	67,421	65,723
Basic earnings per common share	\$ 0.19	\$ 0.14	\$ 0.37	\$ 0.24
Diluted earnings per common share	\$ 0.19	\$ 0.14	\$ 0.36	\$ 0.24
Anti-dilutive shares not included in the above calculations	254	1,466	385	1,774

Basic earnings per common share is computed by dividing income available to common stockholders by the weighted-average number of shares of common stock outstanding during the reporting period. Diluted earnings per common share incorporates the incremental shares issuable, calculated using the treasury stock method, upon the assumed exercise of non-qualified stock options, the vesting of restricted stock units and performance unit awards if the conditions have been met.

Note 4: Share-Based Compensation

Financial Statement Effects and Presentation. The following table summarizes pre-tax share-based compensation included in the Statements of Income for the three and six months ended July 30, 2017 and July 31, 2016.

(in thousands)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Revenue offset	\$ 3,197	\$ —	\$ 8,477	\$ —
Cost of sales	281	372	845	749
Selling, general and administrative	10,055	4,183	15,611	8,036
Product development and engineering	1,992	1,542	3,877	3,019
Share-based compensation	\$ 15,525	\$ 6,097	\$ 28,810	\$ 11,804
Net change in share-based compensation capitalized into inventory	\$ —	\$ (13)	\$ (414)	\$ (18)

Warrant. On October 5, 2016, the Company issued a warrant (the "Warrant") to Comcast Cable Communications Management LLC ("Comcast") to purchase up to 1,086,957 shares (the "Warrant Shares") of the common stock of Semtech Corporation. The Warrant was issued by the Company to Comcast in connection with an agreement between the parties regarding the intended trial deployment by Comcast of a low-power wide-area Network ("LPWAN") in the United States, based on the Company's LoRa® devices and wireless radio frequency technology. The Warrant is accounted for as equity and the cost is recognized as an offset to net sales over the respective performance period. The Warrant consists of five performance tranches. The cost associated with each tranche is recognized based on the fair value at each reporting date until vesting which is the measurement date. For both the three-and six-month periods ended July 30, 2017, the revenue offset reflects the cost associated with the Comcast Warrant.

Performance-Based Restricted Stock Units. The Company grants performance-based restricted stock units to select employees. The performance-based restricted stock units are valued as of the measurement date and expense is recognized on a straight line basis for the awards expected to vest based on the probability of attainment of the performance condition for each separately vesting portion of the award.

In the first quarter of fiscal year 2018, the Company granted 215,857 performance-based restricted stock units that have a pre-defined market condition, a service condition and are accounted for as equity awards. The market condition is determined based upon the Company's total stockholder return ("TSR") benchmarked against the TSR of the S&P SPDR Semiconductor ETF (NYSE:XSD) over a one, two and three year performance period (one-third of the awards vesting each performance period). The fiscal year 2018 award recipients must be employed for the entire performance period and be an active employee at the time of vesting of the awards. The Company used a Monte Carlo simulation to determine the grant-date fair value for these awards, which takes into consideration the possible outcomes pertaining to the TSR market condition. The grant-date fair value per unit of the awards granted in the first quarter of fiscal year 2018 for each one, two and three year performance period is \$38.01, \$39.76 and \$40.89, respectively. At July 30, 2017, the market metrics associated with the outstanding awards issued in fiscal year 2018 is expected to be met at a level which would result in a grant at 105.8% of target.

The significant increase in share-based compensation included in selling, general and administrative, for the three-and six-month periods ended July 30, 2017, resulted from much higher levels of performance-based compensation. Specifically, performance-based compensation for the three-month period ended July 30, 2017 was \$5.0 million higher than for the three-month period ended July 31, 2016. Performance-based compensation for the six-month period ended July 30, 2017 was \$7.4 million higher than for the six-month period ended July 31, 2016.

Note 5: Investments

Cash and cash equivalents includes investments in money market funds that are valued based on the net asset value of the funds. The cash equivalents consist primarily of money market funds that are Level 1 measurements. The investments in these funds were \$10.1 million and \$16.9 million as of July 30, 2017 and January 29, 2017, respectively.

The following table summarizes the Company's available-for-sale securities:

(in thousands)	July 30, 2017			January 29, 2017		
	Market Value	Adjusted Cost	Gross Unrealized Gain	Market Value	Adjusted Cost	Gross Unrealized Gain
Convertible debt	\$ 1,175	\$ 1,175	\$ —	\$ 1,425	\$ 1,425	\$ —
Other current assets	\$ 1,175	\$ 1,175	\$ —	\$ 1,425	\$ 1,425	\$ —

The following table summarizes the maturities of the Company's available-for-sale securities:

(in thousands)	July 30, 2017		January 29, 2017	
	Market Value	Adjusted Cost	Market Value	Adjusted Cost
Within 1 year	\$ 1,175	\$ 1,175	\$ 1,425	\$ 1,425
After 1 year through 5 years	—	—	—	—
Other current assets	\$ 1,175	\$ 1,175	\$ 1,425	\$ 1,425

Unrealized gains and losses are the result of fluctuations in the market value of the Company's available-for-sale securities and are included in "Accumulated other comprehensive income" within the Balance Sheets. During the second quarter of fiscal year 2018, the Company recognized \$0.8 million of previously unrealized gain on its convertible debt investment.

The Company's available-for-sales securities consist of an investment in a convertible debt instrument issued by a privately-held company and is included in "Other current assets" within the Balance Sheets.

The Company currently has a \$21.0 million investment, including \$5.0 million of restricted deposits, in a private entity that is accounted for at cost and included in "Other assets" within the Balance Sheets. As part of its investment, the Company received a call option that allows the Company to purchase all of the outstanding equity of the entity. The call option, which was out-of-the-money at inception, is exercisable until June 30, 2018.

Note 6: Fair Value Measurements

Instruments Measured at Fair Value on a Recurring Basis

Financial assets and liabilities measured and recorded at fair value on a recurring basis were presented within the Company's Balance Sheets as follows:

(in thousands)	Fair Value as of July 30, 2017				Fair Value as of January 29, 2017			
	Total	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)
Financial assets:								
Cash equivalents	\$ 10,097	\$ 10,097	\$ —	\$ —	\$ 16,945	\$ 16,945	\$ —	\$ —
Derivative financial instruments	1,326	—	1,326	—	326	—	326	—
Convertible debt	1,175	—	—	1,175	1,425	—	—	1,425
Total financial assets	<u>\$ 12,598</u>	<u>\$ 10,097</u>	<u>\$ 1,326</u>	<u>\$ 1,175</u>	<u>\$ 18,696</u>	<u>\$ 16,945</u>	<u>\$ 326</u>	<u>\$ 1,425</u>
Financial liabilities:								
AptoVision Earn-out	\$ 17,000	\$ —	\$ —	\$ 17,000	\$ —	\$ —	\$ —	\$ —
Triune Earn-out	—	—	—	—	—	—	—	—
Cycleo Earn-out	1,242	—	—	1,242	1,242	—	—	1,242
Derivative financial instruments	—	—	—	—	—	—	—	—
Total financial liabilities	<u>\$ 18,242</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,242</u>	<u>\$ 1,242</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,242</u>

During the six months ended July 30, 2017, the Company had no transfers of financial assets or liabilities between Level 1, Level 2 or Level 3. As of July 30, 2017 and January 29, 2017, the Company had not elected the fair value option for any financial assets and liabilities for which such an election would have been permitted.

The fair values of the foreign exchange forward contracts are valued using Level 2 inputs. Foreign currency forward contracts are valued using readily available foreign currency forward and interest rate curves. The fair value of each contract is determined by comparing the contract rate to the forward rate and discounting to the present value. Contracts in a gain position are recorded in the Balance Sheets under the caption "Other current assets" and the value of contracts in a loss position are recorded under the caption "Accrued liabilities" within the Balance Sheets. Please see Note 17 for further discussion of the Company's derivative instruments.

The convertible debt is valued using probability weighted cash flows (Level 3 inputs).

The Triune Earn-out liability is valued utilizing estimates of annual revenue and operating income (Level 3 inputs) during a period ending January 2018. These estimates represent inputs for which market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing the liability.

The Cycleo Earn-out liability (see Note 12) is valued utilizing estimates of annual revenue and operating income (Level 3 inputs) through April 2020. These estimates represent inputs for which market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing the liability.

The AptoVision Earn-out liability is valued utilizing estimates of annual revenue, adjusted earnings and product development targets (Level 3 inputs) through July 2020. These estimates represent inputs for which market data are not available and are developed using the best information available about the assumptions that market participants would use when pricing the liability.

The Company measures contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy. The Company uses a Monte Carlo valuation method as a valuation technique to determine the value of the earn-out liability. The significant unobservable inputs used in the fair value measurements are revenue projections over the earn-out period, and the probability outcome percentages assigned to each scenario. Significant increases or decreases to either of these inputs in isolation would result in a significantly higher or lower liability, with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liabilities will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings. For the Triune Earn-out, Cycleo Earn-out and AptoVision Earn-out, these companies have business profiles comparable to a start-up company. Accordingly, their respective revenue projections are subject to significant revisions. This characteristic can result in volatile changes to the measurement of fair value for a given earn-out.

The Company reviews and re-assesses the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could differ materially from the previous estimates. Changes in the estimated fair value of the Company's contingent earn-out liabilities related to the time component of the present value calculation are reported in "Interest expense" within the Statements of Income. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in operating income.

A reconciliation of the change in the earn-out liability during the six months ended July 30, 2017 is as follows:

(in thousands)	Cycleo	Triune	AptoVision	Total
Balance at January 29, 2017	\$ 1,242	\$ —	\$ —	\$ 1,242
Changes in the fair value of contingent earn-out obligations	—	—	—	—
Current acquisitions	—	—	17,000	17,000
Balance as of July 30, 2017	<u>\$ 1,242</u>	<u>\$ —</u>	<u>\$ 17,000</u>	<u>\$ 18,242</u>

Instruments Not Recorded at Fair Value on a Recurring Basis

Some of the Company's financial instruments are not measured at fair value on a recurring basis but are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents, net receivables, certain other assets, accounts payable, accrued expenses, accrued personnel costs, and other current liabilities.

The Company's long-term debt is not recorded at fair value on a recurring basis, but is measured at fair value for disclosure purposes. The fair value of the Company's Term Loans (as defined in Note 9) is \$138.8 million and \$146.3 million as of July 30, 2017 and January 29, 2017, respectively. The fair value of the Company's Revolving Commitments (as defined in Note 9) is \$97.0 million as of both July 30, 2017 and January 29, 2017, respectively. These are based on Level 2 inputs which are derived from transactions with similar amounts, maturities, credit ratings and payment terms.

Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

The Company reduces the carrying amounts of its goodwill, intangible assets, long-lived assets and non-marketable equity securities to fair value when held for sale or determined to be impaired.

For its investment in non-marketable equity interests, the Company has not identified events or changes in circumstances that may have a significant adverse effect on the fair value of its equity investments during the first six months of fiscal year 2018.

Note 7: Inventories

Inventories, consisting of material, material overhead, labor, and manufacturing overhead, are stated at the lower of cost (first-in, first-out) or market and consist of the following:

(in thousands)	July 30, 2017	January 29, 2017
Raw materials	\$ 1,889	\$ 2,968
Work in progress	53,001	44,740
Finished goods	20,085	18,164
Inventories	<u>\$ 74,975</u>	<u>\$ 65,872</u>

Note 8: Goodwill and Intangible Assets

Goodwill – There were no events or changes in circumstances that would indicate the carrying amount of goodwill may not be recoverable as of July 30, 2017 and January 29, 2017. Goodwill by applicable reporting unit is as follows:

(in thousands)	Signal Integrity	Power and High Reliability	Wireless and Sensing	Total
Balance at January 29, 2017	\$ 261,891	\$ 49,384	\$ 18,428	\$ 329,703
Additions	16,872	—	—	16,872
Balance at July 30, 2017	<u>\$ 278,763</u>	<u>\$ 49,384</u>	<u>\$ 18,428</u>	<u>\$ 346,575</u>

During the second quarter of fiscal year 2018, goodwill associated with the Signal Integrity product group increased due to the Company's acquisition of AptoVision (see Note 2).

Purchased Intangibles – The following table sets forth the Company's finite-lived intangible assets resulting from business acquisitions, which continue to be amortized:

(in thousands)	Estimated Useful Life	July 30, 2017			January 29, 2017		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Core technologies	5-8 years	\$ 164,930	\$ (103,590)	\$ 61,340	\$ 144,930	\$ (92,940)	\$ 51,990
Customer relationships	5-10 years	34,030	(22,558)	11,472	30,030	(20,247)	9,783
Total finite-lived intangible assets		<u>\$ 198,960</u>	<u>\$ (126,148)</u>	<u>\$ 72,812</u>	<u>\$ 174,960</u>	<u>\$ (113,187)</u>	<u>\$ 61,773</u>

The following table sets forth the Company's finite-lived intangible assets resulting from acquisitions:

(in thousands)	Gross Carrying Amount
Value at January 29, 2017	\$ 174,960
Acquired intangible assets	24,000
Value at July 30, 2017	<u>\$ 198,960</u>

For the three months ended July 30, 2017 and July 31, 2016, amortization expense related to acquired finite-lived intangible assets was \$6.7 million and \$6.3 million, respectively. For the six months ended July 30, 2017 and July 31, 2016, amortization expense related to acquired finite-lived intangible assets was \$13.0 million and \$12.7 million, respectively. Amortization expense related to acquired finite-lived intangible assets is reported as "Intangible amortization" within the Statements of Income.

The following table sets forth the Company's indefinite-lived intangible assets resulting from additions to IPR&D:

(in thousands)	Net Carrying Amount
Value at January 29, 2017	\$ —
In-process research and development through acquisitions	2,300
Value at July 30, 2017	<u>\$ 2,300</u>

The Company reviews indefinite-lived intangible assets for impairment as of November 30, each year, by comparing the carrying amount of the asset to the future discounted cash flows that asset is expected to generate.

Note 9: Credit Facilities

On November 15, 2016 (the "Closing Date"), Semtech Corporation, with certain of its domestic subsidiaries as guarantors (the "Guarantors"), entered into the amended and restated credit facility with the lenders party thereto ("Lenders"), and HSBC Bank USA, National Association, as administrative agent and as swing line lender and letter of credit issuer (the "Credit Agreement"). The Credit Agreement amended and restated the Company's prior credit agreement. The Company accounted for the Credit Agreement as a debt modification. Pursuant to the Credit Agreement, the Lenders provided the Company with senior secured first lien credit facilities in an aggregate principal amount of \$400.0 million, consisting of term loans in an aggregate initial principal amount of \$150.0 million (the "Term Loans") and revolving credit commitments in an aggregate principal amount of \$250.0 million (the "Revolving Commitments"). Up to \$40.0 million of the Revolving Commitments may be used to obtain letters of credit, up to \$25.0 million of the Revolving Commitments may be used to obtain swing line loans, and up to \$40.0 million of the Revolving Commitments may be used to obtain revolving loans and letters of credit in certain currencies other than U.S. Dollars. Each of the Term Loans and the Revolving Commitments is scheduled to mature on November 12, 2021. As of July 30, 2017, there were no amounts outstanding under the letters of credit, swing line loans and alternative currency sub-facilities.

All of the proceeds of the Credit Agreement were used to repay in full all of the obligations outstanding under the Company's prior credit facility and to pay transaction costs in connection with such refinancing. As of November 15, 2016, \$247.0 million of borrowings were outstanding under the Credit Agreement, consisting of \$150.0 million in term loans and \$97.0 million in revolving loans, and there was \$153.0 million of undrawn revolving commitments. The proceeds of the revolving credit facility may be used by the Company for capital expenditures, permitted acquisitions, permitted dividends, working capital and general corporate purposes.

The Credit Agreement provides that, subject to certain conditions, the Company may request the establishment of one or more additional term loan facilities and/or increases to the revolving commitments in an aggregate principal amount not to exceed the sum of (a) \$150.0 million and (b) the aggregate principal amount of all voluntary prepayments of term loans made prior to the date of incurrence of such additional term loan facilities and/or increases to the revolving commitments. The Lenders will have an opportunity to, but are not required to participate in the additional term loan facilities and/or revolving commitment increases. If the Lenders do not agree to provide such incremental facilities, the Company may request such additional and/or increased facilities from additional lenders.

Interest on loans made under the Credit Agreement in U.S. Dollars accrues, at the Company's option, at a rate per annum equal to (1) the Base Rate (as defined below) plus a margin ranging from 0.25% to 1.25% depending upon the Company's consolidated leverage ratio or (2) LIBOR (determined with respect to deposits in U.S. Dollars) for an interest period to be selected by the Company plus a margin ranging from 1.25% to 2.25% depending upon the Company's consolidated leverage ratio (such margin, the "Applicable Margin"). The "Base Rate" is equal to a fluctuating rate equal to the highest of (a) the prime rate of the administrative agent, (b) $\frac{1}{2}$ of 1% above the federal funds effective rate published by the Federal Reserve Bank of New York and (c) one-month LIBOR (determined with respect to deposits in U.S. Dollars) plus 1%. Interest on loans made under the Credit Agreement in alternative currencies accrues at a rate per annum equal to LIBOR (determined with respect to deposits in the applicable alternative currency) (other than loans made in Canadian Dollars, for which a special reference rate for Canadian Dollars applies) for an interest period to be selected by the Company plus the Applicable Margin.

Commitment fees on the unused portion of the revolving commitments accrue at a rate per annum ranging from 0.20% to 0.45% depending upon the Company's consolidated leverage ratio. With respect to letters of credit, the Company will pay the administrative agent, for the account of the lenders under the revolving credit facility, letter of credit participation fees at a rate per annum equal to the applicable margin then in effect with respect to LIBOR-based loans under the revolving commitments on the face amount of all outstanding letters of credit. The Company also will pay HSBC Bank USA, N.A., as the issuing bank, a fronting fee for each letter of credit issued under the Credit Agreement at a rate equal to 0.125% per annum based on the maximum amount available to be drawn under each such letter of credit, as well as its customary documentation fees.

All obligations of the Company under the Credit Agreement are unconditionally guaranteed by each of the Guarantors, which currently consist of all of the direct and indirect domestic subsidiaries of Semtech Corporation. Semtech Corporation and the Guarantors have also pledged substantially all of their assets, including sixty-five percent (65.0%) of such Guarantor's equity interest in direct non-U.S. subsidiaries, to secure their obligations under the Credit Agreement, including the Company's owned real property located in Camarillo, California.

The outstanding principal balance of the Term Loans is subject to repayment in quarterly installments. No amortization is required with respect to the revolving credit facility. The Company may voluntarily prepay borrowings under the Credit

Agreement at any time and from time to time, without premium or penalty, other than customary "breakage costs" and fees for LIBOR-based loans.

The Term Loans must be mandatorily prepaid using the proceeds of certain dispositions of assets and receipt of insurance proceeds, subject to agreed-upon thresholds and exceptions and customary reinvestment rights.

The Credit Agreement contains customary covenants, including limitations on Company's ability to, among other things, incur indebtedness, create liens on assets, engage in certain fundamental corporate changes, make investments, sell or otherwise dispose of assets, repurchase stock, pay dividends or make similar distributions, engage in certain transactions with affiliates and make capital expenditures. In addition, the Company must comply with the following financial covenants, tested at the end of each fiscal quarter on a trailing four-quarter basis: (i) a minimum consolidated interest coverage ratio of 3.00 to 1.00 and (ii) a maximum consolidated leverage ratio of 3.00 to 1.00 provided that, such maximum consolidated leverage ratio may be increased to 3.25 to 1.00 or 3.50 to 1.00, as applicable, for the four consecutive fiscal quarters ending on or after the date of consummation of a permitted acquisition which constitutes a "Material Acquisition" under the Credit Agreement, subject to the satisfaction of certain conditions. As of July 30, 2017, the Company was in compliance with all covenants.

The Credit Agreement also contains customary provisions pertaining to events of default. If any event of default occurs, the principal, interest, and any other monetary obligations on all the then outstanding amounts can become due and payable immediately by action of the administrative agent acting upon the instructions of or with the consent of the Lenders representing more than 50% of the revolving commitments and outstanding term loans or automatically upon the occurrence of certain bankruptcy events related to the Company.

As of July 30, 2017, the interest rates payable on both the Term Loans and the Revolving Commitments was 2.87%.

Scheduled maturities of current and long-term Term Loans are as follows:

(in thousands)

Fiscal Year Ending:

2018	\$	7,500
2019		15,938
2020		18,750
2021		19,688
2022		76,875
Total debt	\$	<u>138,751</u>

There are no scheduled principal payments for the Revolving Commitments which had an outstanding balance of \$97.0 million at July 30, 2017 and is due on or before November 12, 2021.

Note 10: Interest Income and Other (Expense) Income, Net

Interest and other expense, net, consist of the following:

(in thousands)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Interest income	\$ 132	\$ 10	\$ 226	\$ 37
Non-recoverable VAT tax	(153)	(129)	(285)	(235)
Foreign currency transaction (loss) gain	(916)	120	(1,402)	211
Miscellaneous income (expense)	733	(137)	625	(194)
Non-operating expense, net	<u>\$ (204)</u>	<u>\$ (136)</u>	<u>\$ (836)</u>	<u>\$ (181)</u>

Note 11: Income Taxes

The Company's effective tax rate differs from the statutory federal income tax rate of 35% due primarily to regional mix of income, valuation allowances in the U.S., and certain undistributed foreign earnings for which no U.S. taxes are provided because such earnings are intended to be indefinitely reinvested outside of the U.S.

The Company uses a two-step approach to recognize and measure uncertain tax positions ("UTP"). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

(in thousands)

Balance at January 29, 2017	\$	11,452
Additions based on tax positions related to the current year		57
Balance as of July 30, 2017	\$	11,509

Included in the balance of gross unrecognized tax benefits at July 30, 2017 and January 29, 2017, are \$9.3 million and \$9.3 million of net tax benefits (after federal impact of state items), respectively, that, if recognized, would impact the effective tax rate, prior to consideration of any required valuation allowance.

The liability for UTP is reflected within the Balance Sheets as follows:

(in thousands)

	July 30, 2017	January 29, 2017
Deferred tax assets - non-current	\$ 9,313	\$ 9,309
Other long-term liabilities	2,196	2,143
Total accrued taxes	\$ 11,509	\$ 11,452

The Company's policy is to include net interest and penalties related to unrecognized tax benefits within the provision for taxes within the Statements of Income. The Company had approximately \$0.3 million of net interest and penalties accrued at both July 30, 2017 and January 29, 2017, respectively.

Tax years prior to 2012 (the Company's fiscal year 2013) are generally not subject to examination by the U.S. Internal Revenue Service ("IRS") except for items involving tax attributes that have been carried forward to tax years whose statute of limitations remains open. For state returns, the Company is generally not subject to income tax examinations for years prior to 2012 (the Company's fiscal year 2013). The Company has a significant tax presence in Switzerland for which Swiss tax filings have been examined through fiscal year 2016. The Company is also subject to routine examinations by various foreign tax jurisdictions in which it operates.

The Company's regional income (loss) from continuing operations before income taxes is as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Domestic	\$ (4,863)	\$ (6,440)	\$ (9,030)	\$ (13,985)
Foreign	21,522	20,694	41,267	39,532
Total	\$ 16,659	\$ 14,254	\$ 32,237	\$ 25,547

Note 12: Commitments and Contingencies

In accordance with accounting standards regarding loss contingencies, the Company accrues an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. The Company also discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if such disclosure is necessary for its consolidated financial statements not to be misleading. The Company does not record liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated, or when the liability is believed to be only reasonably possible or remote. The Company evaluates, at least quarterly, developments in its legal matters that could affect the amount of liability that has been previously accrued, and makes adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount. The Company may be unable to estimate a possible loss or range of possible loss due to various reasons, including, among others: (i) if the damages sought are indeterminate; (ii) if the proceedings are in early stages, (iii) if there is uncertainty as to the outcome of pending appeals, motions or settlements, (iv) if there are significant factual issues to be determined or resolved, and (v) if there are novel or unsettled legal theories presented. In such instances, there is considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any.

Because the outcomes of litigation and other legal matters are inherently unpredictable, the Company's evaluation of legal matters or proceedings often involves a series of complex assessments by management about future events and can rely heavily on estimates and assumptions. While the consequences of certain unresolved matters and proceedings are not presently determinable, and an estimate of the probable and reasonably possible loss or range of loss in excess of amounts accrued for such proceedings cannot be reasonably made, an adverse outcome from such proceedings could have a material adverse effect on the Company's earnings in any given reporting period. However, in the opinion of management, after consulting with legal counsel, any ultimate liability related to current outstanding claims and lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's consolidated financial statements, as a whole. However, legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond the Company's control. As such, even though the Company intends to vigorously defend itself with respect to its legal matters, there can be no assurance that the final outcome of these matters will not materially and adversely affect the Company's business, financial condition, operating results, or cash flows.

From time to time, the Company is involved in various claims, litigation, and other legal actions that are normal to the nature of its business, including with respect to IP, contract, product liability, employment, and environmental matters. In the opinion of management, after consulting with legal counsel, any ultimate liability related to current outstanding claims and lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's consolidated financial statements, as a whole.

The Company's currently pending legal matters of note are discussed below:

Environmental Matters

In 2001, the Company was notified by the California Department of Toxic Substances Control ("State") that it may have liability associated with the clean-up of the one-third acre Davis Chemical Company site in Los Angeles, California. The Company has been included in the clean-up program because it was one of the companies that used the Davis Chemical Company site for waste recycling and/or disposal between 1949 and 1990. The Company joined with other potentially responsible parties that sent acetone to the site and entered into a Consent Order with the State that required the group to perform a soil investigation at the site and submit a remediation plan. The State has approved the remediation plan, which addressed the group's initial obligations under the Consent Order. The Consent Order does not require the group to remediate the site and the State has indicated it intends to look to other parties for remediation. To date, the Company's share of the group's expenses has not been material and has been expensed as incurred. More recently, the State has decided to pursue a smaller group of parties for additional remediation and/or costs, in particular, parties the State alleges provided chlorinated solvents for recycling, including the Company. Due to the fact that there are fewer parties that are alleged to have provided chlorinated solvent wastes, the potential share of this alleged liability is much larger than the Company's share of acetone group potential liability. On January 30, 2017, the Company entered into a Consent Decree to settle and resolve all of the State's claims against the Company, including any liability the Company may have relating to acetone and chlorinated solvents. The Company's share of the settlement amount to be paid to the State is not material. On January 31, 2017, the State filed its Complaint and lodged the Consent Decree. The Consent Decree was subject to a public comment period of not less than 30 days. The State filed a motion for entry of the Consent Decree on April 25, 2017 and the current owner of the property, Westside Delivery LLC, filed an Objection to the Proposed Consent Decree and Opposition to the Motion for Entry as well as a Motion to Intervene on May 15, 2017. On July 21, 2017, the Court granted the Motion to Intervene and Westside Delivery filed an intervenor complaint on July 26, 2017. On July 31, 2017, the parties filed a stipulation requesting a stay of the proceedings pending a ruling on an appeal in the case between the State and Westside Delivery. On August 2, 2017, the Court entered an order granting the State's motion for entry of the Consent Decree, but did not actually sign the Consent Decree. On August 4, 2017, the Court entered an order staying the proceedings pending appeal, but then on August 10, 2017, the Court signed the Consent Decree.

The Company has used an environmental firm, specializing in hydrogeology, to perform monitoring of the groundwater at the Company's former facility in Newbury Park, California that was leased for approximately forty years. The Company vacated the building in May 2002. Certain contaminants have been found in the local groundwater and site soils. The location of key soil contamination (and some related site groundwater impact associated with the soil contamination) is concentrated in and found to emanate from an area of an underground storage tank that the Company believes to have been installed and primarily used in the early 1960s by a former tenant at the site who preceded the Company's tenancy. There are no litigation claims pending with respect to environmental matters at the Newbury Park site.

The Los Angeles Regional Water Quality Control Board ("RWQCB") having authority over the site issued joint instructions in November 2008, ordering the Company and the current owner of the site to perform additional assessments and surveys, and to create ongoing groundwater monitoring plans before any final regulatory action for "no further action" may be approved. In September 2009, the regulatory agency issued supplemental instructions to the Company and the current site owner regarding previously ordered site assessments, surveys and groundwater monitoring. In October 2013, an order was issued including a scope of proposed additional site work, monitoring, and proposed remediation activities. The Company filed appeals of the October 2013 order seeking reconsideration by the RWQCB and review by the State Water Resources Control Board ("SWRCB") of the removal of two other potentially responsible parties, and seeking clarification of certain other factual findings. In April 2015, the RWQCB denied the Company's request to name the two other potentially responsible parties to the order, but did correct certain findings of fact identified by the Company in its petition for reconsideration. The SWRCB has not yet ruled on the Company's petition for review of the RWQCB's action as the petition was filed with a request it be held in abeyance.

The Company has been engaged with the regulatory agency, including technical discussion between the Company's environmental firm and RWQCB staff, and has initiated the technical efforts to comply with the order. The Company submitted technical reports prepared by the environmental firm to the RWQCB and has received confirmation regarding the satisfaction of portions of the order. The Company also submitted a remedial action plan prepared by the

environmental firm outlining the cleanup of soil, groundwater, and soil vapor at the site. The Company's contractors have installed new monitoring wells and have submitted plans and applications in order to initiate pilot testing of a soil vapor extraction system. The parties are continuing to work toward compliance with the October 2013 order and anticipate working cooperatively on any ultimate proposed cleanup and abatement work.

The Company has accrued liabilities where it is probable that a loss will be incurred and the cost or amount of loss can be reasonably estimated. Based on the latest determinations by the RWQCB and the draft remedial action plan, the Company determined a revised range of probable loss between \$4.8 million and \$7.2 million. Given the uncertainties associated with environmental assessment and the remediation activities, the Company is unable to determine a best estimate within the range of loss. Therefore, the Company has recorded the minimum amount of probable loss as follows within the Company's Balance Sheets.

(in thousands)	Accrued Liability	Other-Long Term Liability	Total
Balance at January 29, 2017	\$ 620	\$ 4,381	\$ 5,001
Change in estimate	1,225	(1,225)	—
Utilization	(205)	—	(205)
Balance at July 30, 2017	\$ 1,640	\$ 3,156	\$ 4,796

These estimates could change as a result of changes in planned remedial actions, further actions from the regulatory agency, remediation technology, and other factors.

Indemnification

The Company has entered into agreements with its current and former executives and directors indemnifying them against certain liabilities incurred in connection with the performance of their duties. The Company's Certificate of Incorporation and Bylaws contain comparable indemnification obligations with respect to the Company's current directors and employees.

Product Warranties

The Company's general warranty policy provides for repair or replacement of defective parts. In some cases, a refund of the purchase price is offered. In certain instances the Company has agreed to other or additional warranty terms, including indemnification provisions.

The product warranty accrual reflects the Company's best estimate of probable liability under its product warranties. The Company accrues for known warranty issues if a loss is probable and can be reasonably estimated, and accrues for estimated incurred but unidentified issues based on historical experience. Historically, warranty expense has been immaterial to the Company's consolidated financial statements.

Earn-out Liability

Pursuant to the terms of the amended earn-out arrangement ("Cycleo Earn-out") with the former shareholders of Cycleo SAS ("Cycleo Earn-out Beneficiaries"), which the Company acquired on March 7, 2012, the Company potentially may make payments totaling up to approximately \$16.0 million based on the achievement of a combination of certain revenue and operating income milestones over a defined period ("Cycleo Defined Earn-out Period"). The Cycleo Defined Earn-out Period covers the period April 27, 2015 to April 26, 2020. For certain of the Cycleo Earn-out Beneficiaries, payment of the earn-out liability is contingent upon continued employment and is accounted for as post-acquisition compensation expense over the service period. The portion of the earn-out liability that is not dependent on continued employment is not considered as compensation expense. The Company has recorded a liability for the Cycleo Earn-out of \$7.2 million and \$6.1 million as of July 30, 2017 and January 29, 2017, respectively, of which \$2.6 million is expected to be paid within twelve months. The increase in the liability for the Cycleo Earn-out since January 29, 2017 corresponds to the compensation expense recorded in the first half of fiscal year 2018.

Pursuant to the terms of the Triune Earn-out with the former members of Triune ("Triune Earn-out Beneficiaries"), which the Company acquired on March 4, 2015, the Company potentially may make payments totaling up to approximately \$70.0 million based on achievement of certain net revenue targets measured at each fiscal year end, starting with fiscal year 2016 and ending in fiscal year 2018. An additional payment of up to \$16.0 million may be made based upon a combination of cumulative revenue and contribution margin targets measured from the acquisition date through the end of the Company's fiscal year 2018. For certain of the Triune Earn-out Beneficiaries, payment of the earn-out liability is contingent upon continued employment and is accounted for as post-acquisition compensation expense over the service period. The portion of the earn-out liability that is not dependent on continued employment is not considered as compensation expense. The Triune Earn-out targets for fiscal years 2017 and 2016 were not met and the Company does not expect the fiscal year 2018 targets to be achieved. Refer to Note 6 for additional discussion regarding fair value measurements.

Pursuant to the terms of the AptoVision Earn-out with the former shareholders of AptoVision ("AptoVision Earn-out Beneficiaries"), which the Company acquired on July 1, 2017, the Company potentially may make payments totaling up to approximately \$47.0 million based on the achievement of a combination of certain net revenue, adjusted earnings and product development targets measured from the acquisition date through July 26, 2020.

A summary of earn-out liabilities by classification follows:

(in thousands)	Balance at July 30, 2017				Balance at January 29, 2017			
	Cycleo	Triune	AptoVision	Total	Cycleo	Triune	AptoVision	Total
Compensation expense	\$ 5,552	\$ —	\$ —	\$ 5,552	\$ 4,576	\$ —	\$ —	\$ 4,576
Not conditional upon continued employment	949	—	17,000	17,949	949	—	—	949
Interest expense	666	—	—	666	543	—	—	543
Total liability	\$ 7,167	\$ —	\$ 17,000	\$ 24,167	\$ 6,068	\$ —	\$ —	\$ 6,068
Amount expected to be settled within twelve months	\$ 2,576	\$ —	\$ —	\$ 2,576				

Note 13: Concentration of Risk

The following significant customers accounted for at least 10% of net sales in one or more of the periods indicated:

(percentage of net sales)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Arrow Electronics (and affiliates)	12%	10%	10%	9%
Trend-tek Technology Ltd (and affiliates)	11%	8%	10%	10%
Samsung Electronics (and affiliates)	7%	8%	7%	8%
Premier Technical Sales Korea, Inc. (and affiliates) ⁽¹⁾	6%	4%	6%	4%

(1) Premier is a distributor with a concentration of sales to Samsung. The above percentages represent the Company's estimate of the sales activity related to Samsung that is passing through this distributor.

The Company did not have any customer that accounted for at least 10% of total net receivables as of July 30, 2017 or January 29, 2017.

Outside Subcontractors and Suppliers

The Company relies on a limited number of third-party subcontractors and suppliers for the production of silicon wafers, packaging and certain other tasks. Disruption or termination of supply sources or subcontractors, including due to natural disasters such as an earthquake or other causes, could delay shipments and could have a material adverse effect on the Company. Although there are generally alternate sources for these materials and services, qualification of the alternate sources could cause delays sufficient to have a material adverse effect on the Company. Several of the Company's third-party subcontractors and suppliers, including third-party foundries that supply silicon wafers, are located in foreign countries, including China, Taiwan and Israel. A significant amount of the Company's assembly and test operations are conducted by third-party contractors in China, Malaysia, Taiwan, Thailand, Korea and the Philippines. For the second quarter of fiscal years 2018 and 2017, respectively, approximately 21% and 24%, respectively, of the Company's silicon in terms of cost of wafers was supplied by a third-party foundry in China, and these percentages could be higher in future periods.

In the second quarter of fiscal year 2018, authorized distributors accounted for approximately 65% of the Company's net sales compared to approximately 64% in the second quarter of fiscal year 2017. Generally, the Company does not have long-term contracts with its distributors and most can terminate their agreement with little or no notice. For the second quarter of fiscal year 2018, the Company's two largest distributors were based in Asia.

Note 14: Segment Information

Segment Information

The Company's CEO functions as the CODM. The Company's CODM makes operating decisions and assesses performance based on these operating segments. The four operating segments: Protection Products Group, Power and High-Reliability Products Group, Signal Integrity Products Group, and Wireless and Sensing Products Group, all have similar economic characteristics and have been aggregated into one reportable segment identified in the table below as the "Semiconductor Products Group".

On August 5, 2016, the Company completed its divestiture of its Snowbush IP business, and the Company no longer has a Systems Innovation Group or an "All others" category, which previously existed as a separate operating segment.

The Company's assets are commingled among the various operating segments and the CODM does not use that information in making operating decisions or assessing performance. Therefore, the Company has not included asset information by segment below.

Net sales by segment are as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Semiconductor Products Group	\$ 153,127	\$ 135,911	\$ 296,929	\$ 266,851
All others	—	—	—	205
Total	\$ 153,127	\$ 135,911	\$ 296,929	\$ 267,056

Income by segment and reconciliation to consolidated operating income:

(in thousands)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Semiconductor Products Group	\$ 42,856	\$ 32,497	\$ 82,078	\$ 59,954
All others	—	(1,915)	—	(2,476)
Operating income by segment	42,856	30,582	82,078	57,478

Items to reconcile segment operating income to consolidated income before taxes

Intangible amortization	6,675	6,328	12,961	12,731
Share-based compensation	15,525	6,097	28,810	11,804
Changes in the fair value of contingent earn-out obligations	—	(129)	—	(162)
Restructuring charges	—	—	429	—
Other non-segment related expenses	1,764	1,551	2,540	2,793
Amortization of fair value adjustments related to acquired property, plant and equipment	—	308	190	617
Interest expense, net	2,029	2,037	4,075	3,967
Non-operating expense, net	204	136	836	181
Income before taxes	\$ 16,659	\$ 14,254	\$ 32,237	\$ 25,547

Information by Product Line

The Company operates exclusively in the semiconductor industry and primarily within the analog and mixed-signal sector.

The table below provides net sales activity by product line on a comparative basis:

(in thousands, except percentages)	Three Months Ended				Six Months Ended			
	July 30, 2017		July 31, 2016		July 30, 2017		July 31, 2016	
Signal Integrity	\$ 66,666	44 %	\$ 63,313	47%	\$ 134,724	46 %	\$ 133,195	50%
Protection	45,058	29 %	36,476	27%	87,307	29 %	68,046	25%
Wireless and Sensing	33,221	22 %	20,837	15%	61,231	21 %	36,444	14%
Power and High-Reliability	11,379	7 %	15,285	11%	22,144	7 %	29,166	11%
Systems Innovation	—	— %	—	—%	—	— %	205	—%
Other: Warrant Shares	(3,197)	(2)%	—	—%	(8,477)	(3)%	—	—%
Total net sales	\$ 153,127	100 %	\$ 135,911	100%	\$ 296,929	100 %	\$ 267,056	100%

The cost of the Warrant granted is recognized as an offset to net sales over the respective performance period.

Geographic Information

The Company generates virtually all of its sales from its Semiconductor Products Group through sales of analog and mixed-signal devices.

Net sales activity by geographic region is as follows:

	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Asia-Pacific	73 %	73%	75 %	75%
North America	21 %	19%	21 %	16%
Europe	8 %	8%	7 %	9%
Other: Warrant Shares	(2)%	—%	(3)%	—%
	100 %	100%	100 %	100%

The Company attributes sales to a country based on the ship-to address. The table below summarizes sales activity to countries that represented greater than 10% of total net sales for at least one of the periods presented:

(percentage of total sales)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
China (including Hong Kong)	49%	44%	50%	46%
United States	9%	12%	9%	11%

Note 15: Stock Repurchase ProgramStock Repurchase Program

The Company maintains a stock repurchase program that was initially approved by its Board of Directors in March 2008. The stock repurchase program does not have an expiration date and the Company's Board of Directors has authorized expansion of the program over the years. The following table summarizes activity under the program for the presented periods:

(in thousands, except number of shares)	Three Months Ended				Six Months Ended			
	July 30, 2017		July 31, 2016		July 30, 2017		July 31, 2016	
	Shares	Value	Shares	Value	Shares	Value	Shares	Value
Shares repurchased under the stock repurchase program	12,304	\$ 428	23,968	\$ 538	312,304	\$ 10,389	23,968	\$ 538
Total treasury shares required	12,304	\$ 428	23,968	\$ 538	312,304	\$ 10,389	23,968	\$ 538

As of July 30, 2017, the Company had repurchased \$147.0 million in shares of its common stock under the program since inception and the remaining authorization under the program was \$51.4 million. Under the program, the Company may repurchase its common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations. The Company's repurchases may be made through Rule 10b5-1 and/or Rule 10b-18 or other trading plans, open market purchases, privately negotiated transactions, block purchases or other transactions. The Company intends to fund repurchases under the program from cash on hand. The Company has no obligation to repurchase any shares under the program and may suspend or discontinue it at any time.

Note 16: Restructuring

From time to time, the Company takes steps to align operating expenses with business performance and expectations.

Restructuring related liabilities are included within "Accrued liabilities" within the Balance Sheets as of July 30, 2017 and January 29, 2017, respectively. Restructuring charges, if any, are presented within "Restructuring charges" within the Statements of Income.

Activity under the restructuring plans is summarized in the following table:

(in thousands)	One-time employee termination benefits	Contract commitments	Total
Balance at January 29, 2017	\$ 13	\$ —	\$ 13
Charges	11	418	429
Cash payments	(24)	(38)	(62)
Balance at July 30, 2017	<u>\$ —</u>	<u>\$ 380</u>	<u>\$ 380</u>

Note 17: Derivatives and Hedging Activities

The Company is exposed to certain risk arising from both its business operations and economic conditions and principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company, on a routine basis and in the normal course of business, experiences expenses denominated in Swiss Franc ("CHF"), Canadian Dollar ("CAD") and Great British Pound ("GBP"). Such expenses expose the Company to exchange rate fluctuations between these foreign currencies and the U.S. Dollar ("USD"). The Company uses derivative financial instruments in the form of forward contracts to mitigate risk associated with adverse movements in these foreign currency exchange rates on a portion of foreign denominated expenses expected to be realized during the current and following fiscal year. Currency forward contracts involve fixing the exchange rate for delivery of a specified amount of foreign currency on a specified date.

The Company's accounting treatment for these instruments is based on whether or not the instruments are designated as a hedging instrument. The Company is currently applying hedge accounting to all foreign currency derivatives and has designated these hedges as cash flow hedges.

At July 30, 2017, the Company had the following outstanding foreign exchange contracts:

(in thousands)

Foreign Exchange Contracts	Number of Instruments	Sell Notional Value	Buy Notional Value
Sell USD/Buy CAD Forward Contract	6	\$ 9,944	C\$ 13,500
Sell USD/Buy GBP Forward Contract	6	\$ 5,519	£ 4,500
Total	12		

These contracts met the criteria for cash flow hedges and the unrealized gains or losses, after tax, are recorded as a component of accumulated other comprehensive gain in shareholders' equity. The effective portions of cash flow hedges are recorded in accumulated other comprehensive income ("AOCI") until the hedged item is recognized in selling, general and administrative ("SG&A") expense within the Statements of Income when the underlying hedged expense is recognized. Any ineffective portions of cash flow hedges are recorded in "Non-operating expense, net" within the Company's Statements of Income. The Company presents its derivative assets and liabilities at their gross fair values on the Balance Sheets.

The table below summarizes the carrying values of derivative instruments as of July 30, 2017 and January 29, 2017:

Carrying Values of Derivative Instruments as of July 30, 2017			
(in thousands)	Fair Value - Assets (2)	Fair Value - (Liabilities) (2)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Foreign exchange contracts ⁽¹⁾	\$ 1,326	\$ —	\$ 1,326
Total derivatives	\$ 1,326	\$ —	\$ 1,326
Carrying Values of Derivative Instruments as of January 29, 2017			
	Fair Value - Assets (2)	Fair Value - (Liabilities) (2)	Derivative Net Carrying Value
Derivatives designated as hedging instruments			
Foreign exchange contracts ⁽¹⁾	\$ 326	\$ —	\$ 326
Total derivatives	\$ 326	\$ —	\$ 326

(1) Assets are included in "Other current assets" and liabilities are included in "Accrued liabilities" within the Balance Sheets.

(2) The fair values of the foreign exchange forward contracts are valued using Level 2 inputs. Please refer to Note 6.

The following table summarizes the amount of income recognized from derivative instruments for the three months ended July 30, 2017 and July 31, 2016 as well as the line items within the accompanying Statements of Income where the results are recorded for cash flow hedges:

(in thousands)	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)		Location of Gain or Loss into Income (Effective Portion)	Amount of (Gain) Loss Reclassified from AOCI into Income (Effective Portion)		Location of Gain or Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Three Months Ended			Three Months Ended			Three Months Ended	
	July 30, 2017	July 31, 2016		July 30, 2017	July 31, 2016		July 30, 2017	July 31, 2016
Sell USD/Buy CHF Forward Contract	\$ —	\$ (129)	SG&A	\$ —	\$ (31)	SG&A	\$ —	\$ —
Sell USD/Buy CAD Forward Contract	1,038	(532)	SG&A	(90)	(434)	SG&A	(3)	1
Sell USD/Buy GBP Forward Contract	71	(574)	SG&A	(161)	94	SG&A	—	(2)
	\$ 1,109	\$ (1,235)		\$ (251)	\$ (371)		\$ (3)	\$ (1)

The following table summarizes the amount of income recognized from derivative instruments for the six months ended July 30, 2017 and July 31, 2016 as well as the line items within the accompanying Statements of Income where the results are recorded for cash flow hedges:

(in thousands)	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)		Location of Gain or Loss into Income (Effective Portion)	Amount of (Gain) Loss Reclassified from AOCI into Income (Effective Portion)		Location of Gain or Loss Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	Six Months Ended			Six Months Ended			Six Months Ended	
	July 30, 2017	July 31, 2016		July 30, 2017	July 31, 2016		July 30, 2017	July 31, 2016
Sell USD/Buy CHF Forward Contract	\$ —	\$ 136	SG&A	\$ —	\$ (49)	SG&A	\$ —	\$ 1
Sell USD/Buy CAD Forward Contract	1,003	1,253	SG&A	(90)	(574)	SG&A	(2)	5
Sell USD/Buy GBP Forward Contract	305	(646)	SG&A	(220)	165	SG&A	—	(2)
	\$ 1,308	\$ 743		\$ (310)	\$ (458)		\$ (2)	\$ 4

The amount of gains and losses, respectively, related to the effective portion of derivative instruments designated as cash flow hedges included in "Accumulated other comprehensive loss" within the Balance Sheets for the three months ended July 30, 2017 and July 31, 2016 was \$0.9 million and \$1.6 million, respectively. The amount of gains related to the effective portion of derivative instruments designated as cash flow hedges included in "Accumulated other comprehensive loss" within the Balance Sheets for the six months ended July 30, 2017 and July 31, 2016 was \$1.0 million and \$0.3 million, respectively. Any gains or losses under these contracts are expected to be realized and reclassified to selling, general and administrative within the next six months.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with our unaudited consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report") and the "Special Note Regarding Forward-Looking and Cautionary Statements" in this Quarterly Report.

Overview

Semtech Corporation (together with its consolidated subsidiaries, the "Company", "we", "our", or "us") designs, develops, manufactures and markets high-performance analog, mixed signal semiconductors and advanced algorithms. We operate and account for results in one reportable segment. Prior to the third quarter of fiscal year 2017, we also had one non-reportable segment. See Note 14 to our unaudited consolidated financial statements. The Company's interim unaudited consolidated balance sheets are referred to herein as the "Balance Sheets" and interim unaudited consolidated statements of income are referred to herein as the "Statements of Income."

Our product lines include:

Signal Integrity Products. We design, develop and market a portfolio of optical communications, broadcast video and video over IP products used in a wide variety of enterprise computing, industrial, communications and high-end consumer applications. Our comprehensive portfolio of integrated circuits ("ICs") for datacenter optical transceivers and high-speed interfaces ranges from 100Mbps to 400Gbps and supports key industry standards such as Fibre Channel, Infiniband, Ethernet, passive optical networks and SONET. Our video products offer advanced solutions for next generation broadcast applications at ever increasing data rates, as well as highly differentiated video over IP technology for Pro AV applications.

Protection Products. We design, develop and market high performance protection devices, which are often referred to as transient voltage suppressors ("TVS"). TVS devices provide protection for electronic systems where voltage spikes (called transients), such as electrostatic discharge, electrical over stress or secondary lightning surge energy, can permanently damage sensitive semiconductor ICs. Our portfolio of protection solutions include filter and termination devices that are integrated with the TVS device. Our products provide robust protection while preserving signal integrity in high-speed communications, networking and video interfaces. These products also operate at very low voltage. Our protection products can be found in a broad range of applications including smart phones, LCD and organic light-emitting diode TVs, set-top boxes, monitors and displays, tablets, computers, notebooks, base stations, routers, automobile and industrial instruments.

Wireless and Sensing Products. We design, develop and market a portfolio of specialized RF products used in a wide variety of industrial, medical and communications applications, and specialized sensing products used in industrial and consumer applications. Our wireless products, which include our LoRa® devices and radio frequency technology, feature industry leading and longest range industrial, scientific and medical radio, enabling a lower total cost of ownership and increased reliability in all environments. This makes these products particularly suitable for machine to machine and IoT applications. Our unique sensing interface platforms can interface to any sensor and output digital data in any form. Specifically, the proximity sensing capability of our devices enable advanced user interface solutions for mobile and consumer products. Our wireless and sensing products can be found in a broad range of applications in the industrial, medical and consumer markets.

Power and High-Reliability Products. We design, develop and market power product devices that control, alter, regulate and condition the power within electronic systems. The highest volume product types within the power product line are switching voltage regulators, combination switching and linear regulators, smart regulators, isolated switches and charge pumps, and wireless charging. Our Power products feature highly integrated functionality for the communications, industrial and computing markets and low-power, small form factor and high-efficiency products for smart phones and other mobile devices, notebook computers, computer peripherals and other consumer devices. The primary application for these products is power regulation for enterprise computing, communications, high-end consumer and industrial systems. Our high-reliability discrete semiconductor products are comprised of rectifiers, assemblies (packaged discrete rectifiers) and other products that are typically used to convert alternating currents into direct currents and to protect circuits against very high voltage spikes or high current surges.

Our High-Reliability products can be found in a broad range of applications including industrial, military, medical, automotive, aerospace and defense systems, including satellite communications.

Systems Innovation Group. Prior to the third quarter of fiscal year 2017, we had a Systems Innovation Group which combined the analog/mixed signal design competencies from our previous Sierra Monolithics, Inc. and Gennum Corporation acquisitions and was chartered with developing innovative analog/mixed signal intellectual property ("IP") for emerging systems.

On August 5, 2016, we completed the divestiture of our Snowbush IP business (the remaining part of our Systems Innovation Group) to Rambus Inc. ("Rambus") for \$32.0 million in cash along with the opportunity to receive additional payments from Rambus through 2022 based upon a percentage of sales by Rambus of new products expected to be developed by Rambus from the disposed assets. In fiscal year 2017, we recorded a gain of \$25.5 million on the disposition of this business. Other than this gain, the divestiture did not and is not expected to have a material impact on our consolidated financial statements. Following the divestiture, as of January 29, 2017, we no longer have a Systems Innovation Group.

Our net sales by product line are as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Signal Integrity	\$ 66,666	\$ 63,313	\$ 134,724	\$ 133,195
Protection	45,058	36,476	87,307	68,046
Wireless and Sensing	33,221	20,837	61,231	36,444
Power and High-Reliability	11,379	15,285	22,144	29,166
Systems Innovation	—	—	—	205
Other: Warrant Shares ⁽¹⁾	(3,197)	—	(8,477)	—
Total	\$ 153,127	\$ 135,911	\$ 296,929	\$ 267,056

(1) On October 5, 2016, we issued a warrant (the "Warrant") to Comcast Cable Communications Management LLC ("Comcast") to purchase up to 1,086,957 shares (the "Warrant Shares") of our common stock. The Warrant was issued by us to Comcast in connection with an agreement between the parties regarding the intended trial deployment by Comcast of a low-power wide-area Network ("LPWAN") in the United States, based on our LoRa® devices and wireless radio frequency technology. The Warrant is accounted for as equity and the cost is recognized as an offset to net sales over the respective performance period which is expected to be completed by April 2018. The Warrant consists of five performance tranches. The cost associated with each tranche is recognized based on the fair value at each reporting date until vesting which is the measurement date.

Most of our sales to customers are made on the basis of individual customer purchase orders. Many customers include cancellation provisions in their purchase orders. Trends within the industry toward shorter lead-times and "just-in-time" deliveries have resulted in our reduced ability to predict future shipments. As a result, we rely on orders received and shipped within the same quarter for a significant portion of our sales. Orders received and shipped in the second quarters of fiscal years 2018 and 2017 represented 37% and 47% of net sales, respectively. Sales made directly to customers during the second quarters of fiscal years 2018 and 2017 were 35% and 36% of net sales, respectively. The remaining sales were made through independent distributors. Our business relies on foreign-based entities. Most of our outside subcontractors and suppliers, including third-party foundries that supply silicon wafers, are located in foreign countries, including China, Taiwan and Israel. For the second quarter of fiscal years 2018 and 2017, respectively, approximately 21% and 24%, respectively, of the Company's silicon in terms of cost of wafers was supplied by a third-party foundry in China, and these percentages could be higher in future periods. Foreign sales during the second quarter of fiscal years 2018 and 2017 constituted approximately 91% and 88%, respectively, of our net sales. Approximately 81% and 83% of foreign sales during the second quarters of fiscal years 2018 and 2017, respectively, were to customers located in the Asia-Pacific region. The remaining foreign sales were primarily to customers in Europe, Canada, and Mexico.

We use several metrics as indicators of future potential growth. The indicators that we believe best correlate to potential future revenue growth are design wins and new product releases. There are many factors that may cause a design win or new product release not to result in sales, including a customer decision not to go to system production, a change in a customer's perspective regarding a product's value or a customer's product failing in the end-market. As a result, although a design win or new product introduction is an important step towards generating future revenue, it does not inevitably result in us being awarded business or receiving a purchase commitment.

Historically, our results have reflected some seasonality, with demand levels generally lower in the enterprise computing and high-end consumer product lines during the first and fourth quarters of our fiscal year in comparison to the second and third quarters.

Critical Accounting Policies and Estimates

In addition to the discussion below, please refer to the disclosures regarding our critical accounting policies in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of our Annual Report on Form 10-K for the fiscal year ended January 29, 2017 filed with the Securities and Exchange Commission ("SEC") on March 23, 2017.

Fiscal Periods

We report results on the basis of 52 and 53 week periods and end our fiscal year on the last Sunday in January. The other quarters generally end on the last Sunday of April, July and October. All quarters consist of 13 weeks except for one 14-week period in the fourth quarter of 53-week years. The second quarter of fiscal years 2018 and 2017 each consisted of 13 weeks.

Revenue and Cost of Sales

We recognize product revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable. Product design and engineering recoveries are recognized during the period in which services are performed and are recorded as an offset to the related expenses. Historically, these recoveries have not exceeded the cost of the related development efforts. We include revenue related to technology licenses as part of net sales. Historically, revenue from these arrangements has not been significant though it is part of our recurring ordinary business.

On October 5, 2016, we issued a Warrant to Comcast to purchase up to 1,086,957 Warrant Shares of our common stock. The cost of the Warrant is recognized as an offset to net sales over the respective performance period since the Warrant was issued to our customer in exchange for services.

We record a provision for estimated sales returns in the same period as the related sales are recorded. We base these estimates on historical sales returns and other known factors. Actual returns could be different from our estimates and current provisions for sales returns and allowances, resulting in future charges to earnings.

We record a provision for sales rebates in the same period as the related sales are recorded. These sales provisions include an estimate of rebates attributable to sales made through authorized distributors. As a result of these estimates, actual rebates may differ from our estimates and current provisions for sales rebates, resulting in future charges to earnings.

We defer revenue recognition on shipment of products to certain customers, principally distributors, under agreements which provide for limited pricing credits or product return privileges, until these products are sold through to end users or the return privileges lapse. For sales subject to certain pricing credits or return privileges, the amount of future pricing credits or inventory returns cannot be reasonably estimated given the relatively long period in which a particular product may be held by the customer. Therefore, we have concluded that sales to customers under these agreements are not fixed and determinable at the date of the sale and revenue recognition has been deferred. We estimate the deferred gross margin on these sales by applying an average gross margin to the actual gross sales. The average gross margin is calculated for each category of material using current standard costs. The estimated deferred gross margin on these sales, where there are no outstanding receivables, is recorded within the Balance Sheets under the heading of "Deferred revenue." There were no significant impairments of deferred cost of revenues in the first six months of fiscal years 2018 or 2017.

The following table summarizes the deferred revenue balance:

(in thousands)	July 30, 2017	January 29, 2017
Deferred revenues	\$ 11,024	\$ 11,419
Deferred cost of revenues	(2,485)	(2,246)
Deferred revenue, net	8,539	9,173
Deferred product design and engineering recoveries	4,691	2,886
Total deferred revenue	<u>\$ 13,230</u>	<u>\$ 12,059</u>

Gross Profit

Gross profit is equal to our net sales less our cost of sales. Our cost of sales includes materials, depreciation on fixed assets used in the manufacturing process, shipping costs, direct labor and overhead. We determine the cost of inventory by the first-in, first-out method.

Operating Costs

Our operating costs and expenses generally consist of selling, general and administrative, product development and engineering costs, costs associated with acquisitions, restructuring charges, and other operating related charges.

Results of Operations

The following table sets forth, for the periods indicated, our Statements of Income expressed as a percentage of revenues.

	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	39.8 %	39.8 %	40.3 %	40.0 %
Gross profit	60.2 %	60.2 %	59.7 %	60.0 %
Operating costs and expenses:				
Selling, general and administrative	25.6 %	24.2 %	24.5 %	24.9 %
Product development and engineering	17.9 %	19.4 %	18.0 %	19.3 %
Intangible amortization	4.4 %	4.7 %	4.4 %	4.8 %
Loss on disposition of business operations	— %	— %	0.1 %	— %
Changes in the fair value of contingent earn-out obligations	— %	(0.1)%	— %	(0.1)%
Restructuring charges	— %	— %	0.1 %	— %
Total operating costs and expenses	47.9 %	48.1 %	47.2 %	48.9 %
Operating income	12.3 %	12.1 %	12.5 %	11.1 %
Interest expense, net	(1.3)%	(1.5)%	(1.4)%	(1.5)%
Non-operating expense, net	(0.1)%	(0.1)%	(0.3)%	(0.1)%
Income before taxes	10.8 %	10.5 %	10.9 %	9.6 %
Provision for taxes	2.7 %	3.9 %	2.6 %	3.6 %
Net income	8.2 %	6.6 %	8.2 %	5.9 %

Percentages may not add precisely due to rounding.

Our regional mix of income (loss) from continuing operations before income taxes is as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 30, 2017	July 31, 2016	July 30, 2017	July 31, 2016
Domestic	\$ (4,863)	\$ (6,440)	\$ (9,030)	\$ (13,985)
Foreign	21,522	20,694	41,267	39,532
Total	\$ 16,659	\$ 14,254	\$ 32,237	\$ 25,547

Domestic performance from continuing operations includes amortization of acquired intangible assets and higher levels of share-based compensation compared to foreign operations.

Recent Accounting Pronouncements

New accounting standards are discussed in Note 1 to our consolidated financial statements, included in Item 1, of this Quarterly Report on Form 10-Q.

Comparison of the Three Months Ended July 30, 2017 and July 31, 2016

All periods presented in the following summary of sales by major end-market reflect our current classification methodology (see Note 1 to our consolidated financial statements in this Quarterly Report for a description of each market category):

(in thousands, except percentages)	Three Months Ended			
	July 30, 2017		July 31, 2016	
Enterprise Computing	\$ 50,973	33 %	\$ 40,862	30%
Industrial	39,098	26 %	36,905	27%
High-End Consumer	47,366	31 %	34,698	26%
Communications	18,887	12 %	23,446	17%
Other: Warrant Shares	(3,197)	(2)%	—	—%
Total	\$ 153,127	100 %	\$ 135,911	100%

Net Sales

Net sales for the second quarter of fiscal year 2018 were \$153.1 million, an increase of 13% compared to \$135.9 million for the second quarter of fiscal year 2017. During the second quarter of fiscal year 2018, we benefited from strength in our high-end consumer end-market due to higher demand from our largest Korean customer and growing demand for our LoRa® and proximity sensing products. This strength was partially offset by lower net sales of our power and high-reliability products and the \$3.2 million impact from the Warrant granted to Comcast which offset net sales.

Based on recent bookings trends and our backlog entering the quarter, we estimate net sales for the third quarter of fiscal year 2018 to be between \$145.0 million and \$153.0 million.

Gross Profit

In the second quarter of fiscal year 2018, gross profit increased to \$92.2 million from \$81.8 million in the second quarter of fiscal year 2017 driven by higher sales. Gross margins were flat at 60.2% in the second quarter of fiscal year 2018 compared to the second quarter of fiscal year 2017. In the second quarter of fiscal year 2018, the benefit of a favorable mix of higher margin product sales was offset by the impact of the Warrant granted to Comcast.

In the third quarter of fiscal year 2018, we expect our gross margins to decrease by approximately 50 basis points as a result of higher anticipated costs associated with the Warrant granted to Comcast.

Operating Costs and Expenses

(in thousands, except percentages)	Three Months Ended				Change
	July 30, 2017		July 31, 2016		
Selling, general and administrative	\$ 39,237	54%	\$ 32,824	50 %	20 %
Product development and engineering	27,432	37%	26,325	40 %	4 %
Intangible amortization	6,675	9%	6,328	10 %	5 %
Changes in the fair value of contingent earn-out obligations	—	—%	(129)	— %	(100)%
Total operating costs and expenses	\$ 73,344	100%	\$ 65,348	100 %	12 %

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased in the second quarter of fiscal year 2018 compared to the same quarter of fiscal year 2017 as a result of significantly higher share-based compensation costs. The higher levels of share-based compensation expense primarily resulted from much higher levels of anticipated performance achievement, for awards with performance-based vesting conditions, and the impact of increases in our stock price and the related fair value re-measurement of awards accounted for as a liability rather than equity. Specifically, expense for performance-based equity awards for the three-month period ended July 30, 2017 was \$5.0 million higher than for the three-month period ended July 31, 2016.

Product Development and Engineering Expenses

Product development and engineering expenses increased slightly in the second quarter of fiscal year 2018 compared to the second quarter of fiscal year 2017.

The levels of product development and engineering expenses reported in a fiscal period can be significantly impacted, and therefore experience period over period volatility, by the number of new product tape-outs and by the timing of recoveries from non-recurring engineering services which are typically recorded as a reduction to product development and engineering expense.

Intangible Amortization

Intangible amortization was \$6.7 million and \$6.3 million in the second quarter of fiscal years 2018 and 2017, respectively. The increase relates entirely to the amortization of intangibles related to the acquisition of AptoVision Technologies Inc.

Interest Expense

Interest and amortization of debt discount and expense was \$2.0 million in both the second quarter of fiscal year 2018 and 2017, respectively. The impact of higher LIBOR rates on interest expense was offset by lower overall debt levels and lower interest rate margins resulting from an improved leverage ratio.

We expect the interest rate on our credit facility to decrease slightly in the third quarter of fiscal year 2018 as the impact of higher LIBOR rates is expected to be mostly offset by lower debt levels. See "Liquidity and Capital Resources."

Income Taxes

The effective tax rates for the second quarter of fiscal years 2018 and 2017 were a provision of 24.6% and 37.0%, respectively. In the second quarter of fiscal year 2018, we recorded an income tax provision of \$4.1 million compared to \$5.3 million in the second quarter of fiscal year 2017. The effective tax rate in the second quarter of fiscal year 2018 was lower than the effective tax rate in second quarter of fiscal year 2017 primarily due to lower valuation reserves as a result of lower U.S. pretax losses during the first three months of fiscal year 2018.

Our effective tax rate in the second quarter of fiscal year 2018 differs from the statutory federal income tax rate of 35% primarily due to a valuation reserve against our deferred tax assets and certain undistributed foreign earnings for which no U.S. taxes are provided. As a result of the valuation reserves that we maintain against our U.S. based deferred tax assets, our effective tax rate is subject to extreme volatility depending on the changes in our U.S. profitability in relation to total income from continuing operations before income taxes.

We intend to indefinitely reinvest all of our unremitted foreign earnings and, as a result, have not provided U.S. taxes on these earnings. We currently do not need these earnings to support our U.S. operations. If these unremitted foreign earnings are needed for our U.S. operations or can no longer be permanently reinvested outside the U.S., we would be required to accrue and pay U.S. taxes on these earnings.

As a global organization, we are subject to audit by taxing authorities in various jurisdictions. To the extent that an audit, or the closure of a statute of limitations, results in our adjusting our reserves for uncertain tax positions, our effective tax rate could experience extreme volatility since any adjustment would be recorded as a discrete item in the period of adjustment.

Comparison of the Six Months Ended July 30, 2017 and July 31, 2016

All periods presented in the following summary of sales by major end-market reflect our current classification methodology (see Note 1 to our consolidated financial statements in this Quarterly Report for a description of each market category):

(in thousands, except percentages)	Six Months Ended			
	July 30, 2017		July 31, 2016	
Enterprise Computing	\$ 101,492	34 %	\$ 89,714	34%
Industrial	69,696	24 %	67,350	25%
High-End Consumer	89,354	30 %	61,720	23%
Communications	44,864	15 %	48,272	18%
Other: Warrant Shares	(8,477)	(3)%	—	—%
Total	\$ 296,929	100 %	\$ 267,056	100%

Net Sales

Net sales for the first six months of fiscal year 2018 were \$296.9 million, an increase of 11.2% compared to \$267.1 million for the first six months of fiscal year 2017. During the first six months of fiscal year 2018, we benefited from strength in our high-end consumer end-market due to higher demand from our largest Korean customer and growing demand for our LoRa® and proximity sensing products. This strength was partially offset by lower demand for our power and high-reliability products and the \$8.5 million impact from the Warrant granted to Comcast which offset net sales.

Gross Profit

In the first six months of fiscal year 2018, gross profit increased to \$177.2 million from \$160.3 million in the first six months of fiscal year 2017. Gross margins were 59.7% in the first six months of fiscal year 2018 compared to 60.0% in the first six months of fiscal year 2017. The decline in gross margins in the first six months of fiscal year 2018 resulted from the unfavorable impact of the Warrant granted to Comcast, partially offset by a more favorable mix of higher margin product sales.

Operating Costs and Expenses

	Six Months Ended				
(in thousands, except percentages)	July 30, 2017		July 31, 2016		Change
Selling, general and administrative	\$ 72,823	52%	\$ 66,538	51 %	9 %
Product development and engineering	53,415	38%	51,497	39 %	4 %
Intangible amortization	12,961	10%	12,731	10 %	2 %
Loss on disposition of business operations	375	—%	—	—%	100 %
Changes in the fair value of contingent earn-out obligations	—	—%	(162)	—%	(100)%
Restructuring	429	—%	—	—%	100 %
Total operating costs and expenses	\$ 140,003	100%	\$ 130,604	100 %	7 %

Selling, General and Administrative Expenses

SG&A expenses increased in the first six months of fiscal year 2018 compared to the first six months of fiscal year 2017 as a result of higher share-based compensation expense. The higher levels of share-based compensation expense primarily resulted from much higher levels of anticipated performance achievement, for awards with performance-based vesting conditions. Expense for performance-based equity awards for the six-month period ended July 30, 2017 was \$7.4 million higher than for the six-month period ended July 31, 2016.

Product Development and Engineering Expenses

Product development and engineering expenses increased slightly in the first six months of fiscal year 2018 compared to the first six months of fiscal year 2017 as a result of higher supplemental and share-based compensation expenses, partially offset by a decline in outside service expenses.

The levels of product development and engineering expenses reported in a fiscal period can be significantly impacted, and therefore experience period over period volatility, by the number of new product tape-outs and by the timing of recoveries from non-recurring engineering services which are typically recorded as a reduction to product development and engineering expense.

Intangible Amortization

Intangible amortization was \$13.0 million and \$12.7 million in the first six months of fiscal years 2018 and 2017, respectively. The increase relates entirely to the amortization of intangibles related to the acquisition of AptoVision Technologies Inc.

Interest Expense

Interest and amortization of debt discount and expense was \$4.1 million and \$4.0 million in the first six months of fiscal year 2018 and 2017, respectively. The impact of higher LIBOR rates is being partially offset by lower overall debt levels and lower interest rate margins resulting from an improved leverage ratio.

Income Taxes

The effective tax rates for the first six months of fiscal years 2018 and 2017 were a provision of 24.4% and 37.9%, respectively. In the first six months of fiscal year 2018, we recorded an income tax provision of \$7.9 million compared to \$9.7 million in the first six months of fiscal year 2017. The effective tax rate in the first six months of fiscal year 2018 was lower than the effective tax rate in the first six months of fiscal year 2017 primarily due to lower valuation reserves as a result of lower U.S. pretax losses during the first six months of fiscal year 2018.

Our effective tax rate in the first six months of fiscal year 2018 differs from the statutory federal income tax rate of 35% primarily due to a valuation reserve against our deferred tax assets and certain undistributed foreign earnings for which no U.S. taxes are provided. As a result of the valuation reserves that we maintain against our U.S. based deferred tax assets, our effective tax rate is subject to extreme volatility depending on the changes in our U.S. profitability in relation to total income from continuing operations before income taxes.

Liquidity and Capital Resources

Our capital requirements depend on a variety of factors, including but not limited to, the rate of increase or decrease in our existing business base; the success, timing and amount of investment required to bring new products to market; revenue growth or decline; and potential acquisitions. We believe that we have the financial resources necessary to meet business requirements for the next 12 months, including funds needed for working capital requirements.

As of July 30, 2017, our total stockholders' equity was \$639.9 million. At that date, we also had approximately \$277.9 million in cash and cash equivalents and \$233.7 million of borrowings, net of debt discount.

We believe that sources and uses of cash when used in conjunction with GAAP measures provide useful information to investors in evaluating our cash flows. Our primary sources and uses of cash for the corresponding periods are presented below (non-GAAP):

(in millions)	Six Months Ended	
	July 30, 2017	July 31, 2016
Sources of Cash		
Operating activities	\$ 46.0	\$ 45.5
Proceeds from sales of property, plant and equipment	—	—
Proceeds from exercise of stock options	2.3	1.0
	\$ 48.3	\$ 46.5
Uses of Cash		
Purchase of property, plant and equipment	(18.9)	(5.4)
Purchase of investments	(7.5)	(1.2)
Acquisitions, net of cash acquired	(17.6)	—
Payments of term loans	(7.5)	(9.4)
Payment for employee share-based compensation payroll taxes	(5.7)	(2.9)
Repurchase of outstanding common stock	(10.4)	(0.5)
	\$ (67.6)	\$ (19.4)
Net (decrease) increase in cash and cash equivalents	\$ (19.3)	\$ 27.1

In summary, our cash flows for each period were as follows:

(in millions)	Six Months Ended	
	July 30, 2017	July 31, 2016
Net cash provided by operating activities	\$ 46.0	\$ 45.5
Net cash used in investing activities	(44.0)	(6.6)
Net cash used in financing activities	(21.3)	(11.8)
Net (decrease) increase in cash and cash equivalents	\$ (19.3)	\$ 27.1

We incur significant expenditures in order to fund the development, design, and manufacture of new products. We intend to continue to focus on those areas that have shown potential for viable and profitable market opportunities, which may require additional investment in equipment and the hiring of additional design and application engineers aimed at developing new products. Certain of these expenditures, particularly the addition of design engineers, do not generate significant payback in the short-term. We plan to finance these expenditures with cash generated by our operations and our existing cash balances.

A meaningful portion of our capital resources, and the liquidity they represent, are held by our foreign subsidiaries. As of July 30, 2017, our foreign subsidiaries held approximately \$216.4 million of cash and cash equivalents compared to \$224.6 million at January 29, 2017. Earnings previously taxed in the U.S. of \$18.8 million can be repatriated subject only to a 5% withholding tax, as we do not assert permanent reinvestment of earnings previously taxed in the U.S. As of July 30, 2017, our foreign subsidiaries had \$626.6 million of unremitted earnings for which no Federal or state taxes have been provided. Those historical earnings have been and are expected to continue to be permanently reinvested.

One of our primary goals is to improve the cash flows from our existing business activities. Additionally, we will continue to seek to maintain and improve our existing business performance with capital expenditures and, potentially, acquisitions and other investments that support achievement of our business strategies. Acquisitions may be made for either cash or stock consideration, or a combination of both.

Operating Activities

Net cash provided by operating activities is primarily due to net income adjusted for non-cash items plus fluctuations in operating assets and liabilities.

Operating cash flow for the first six months of fiscal year 2018 was impacted by the disbursement of \$19.6 million of supplemental compensation, which is aligned with our financial performance and is normally settled in the first quarter of each fiscal year. Additionally, we have increased spending to build inventory to support increasing product demand. Accounts receivable increased by \$9.8 million since January 29, 2017 due to revenue growth and customer mix.

Investing Activities

Cash flows used in investing activities are primarily attributable to equity investments and capital expenditures, net of proceeds from sales of investments and property, plant and equipment. Investing activities are also impacted by acquisitions, net of any cash received.

Capital expenditures were \$19.0 million for the first six months of fiscal year 2018 compared to \$5.3 million for the first six months of fiscal year 2017.

On July 1, 2017, we acquired AptoVision Technologies Inc. for an upfront cash payment of \$17.6 million at closing, net of acquired cash, and a commitment to pay an additional contingent consideration of up to a maximum of \$47.0 million over three years if certain goals are achieved in each of the earn out periods. We expect to fund any obligations associated with the additional cash consideration with cash generated by our operations and our existing cash balances.

Financing Activities

Cash flows used in financing activities are primarily attributable to principal and interest payments related to our long-term debt and repurchase of outstanding common stock.

In the first six months of fiscal year 2018, we received \$2.3 million in proceeds from the exercise of stock options compared to \$1.0 million in the first six months of fiscal year 2017.

We do not directly control the timing of the exercise of stock options. Such exercises are independent decisions made by grantees and are influenced most directly by the stock price and the expiration dates of stock option awards. Such proceeds are difficult to forecast, resulting from several factors which are outside our control. We believe that such proceeds will remain a nominal source of cash in the future.

Credit Facilities

On November 15, 2016 (the "Closing Date"), we entered into an amended and restated credit agreement (the "Credit Agreement") to refinance our prior credit agreement. We accounted for the Credit Agreement as a debt modification. Pursuant to the Credit Agreement, the Lenders provided us with senior secured first lien credit facilities in an aggregate principal amount of \$400.0 million, consisting of term loans in an aggregate principal amount of \$150.0 million (the "Term Loans") and revolving commitments in an aggregate principal amount of \$250.0 million (the "Revolving Commitments"). Up to \$40.0 million of the Revolving Commitments may be used to obtain letters of credit, up to \$25.0 million of the Revolving Commitments may be used to obtain swing line loans, and up to \$40.0 million of the Revolving Commitments may be used to obtain revolving loans and letters of credit in certain currencies other than U.S. Dollars ("Alternative Currencies"). Each of the Term Loans and the Revolving Commitments is scheduled to mature on November 12, 2021.

The Credit Agreement refinanced our existing \$400.0 million senior secured first lien credit facilities. All of the proceeds of the Term Loans were used to repay in full all of the obligations outstanding under the prior credit agreement and to pay transaction costs in connection with such refinancing and the Credit Agreement. As of July 30, 2017 we have \$138.8 million outstanding under our Term Loans and \$97.0 million outstanding under our Revolving Commitments.

As of July 30, 2017, \$153.0 million of the Revolving Commitments were undrawn. The proceeds of the revolving credit facility may be used by us for capital expenditures, permitted acquisitions, permitted dividends, working capital and general corporate purposes.

The Credit Agreement provides that, subject to certain conditions, we may request, at any time and from time to time, the establishment of one or more additional term loan facilities and/or increases to the Revolving Commitments in an aggregate principal amount not to exceed the sum of (a) \$150.0 million and (b) the aggregate principal amount of all voluntary prepayments of Term Loans made prior to the date of incurrence of such additional term loan facilities and/or increases to the Revolving Commitments; however, the Lenders are not required to provide such increase upon our request.

Interest on loans made under the Credit Agreement in U.S. Dollars accrues, at our option, at a rate per annum equal to (1) the Base Rate (as defined below) plus a margin ranging from 0.25% to 1.25% depending upon our consolidated leverage ratio or (2) LIBOR (determined with respect to deposits in U.S. Dollars) for an interest period to be selected by us plus a margin ranging from 1.25% to 2.25% depending upon our consolidated leverage ratio (such margin, the "Applicable Margin"). The "Base Rate" is equal to a fluctuating rate equal to the highest of (a) the prime rate of the Administrative Agent, (b) $\frac{1}{2}$ of 1%

above the federal funds effective rate published by the Federal Reserve Bank of New York and (c) one-month LIBOR (determined with respect to deposits in U.S. Dollars) plus 1.00%.

Interest on loans made under the Credit Agreement in Alternative Currencies accrues at a rate per annum equal to LIBOR (determined with respect to deposits in the applicable Alternative Currency) (other than loans made in Canadian Dollars, for which a special reference rate for Canadian Dollars applies) for an interest period to be selected by us plus the Applicable Margin.

The outstanding principal balance of the Term Loans will be subject to repayment in equal quarterly installments beginning on the last day of our fiscal quarter ending closest to January 31, 2017 in an amount equal to 10.0% per annum of the original principal amount of the Term Loans on the Closing Date in the first two years after such date, 12.5% per annum in years three and four after such date, and 15.0% per annum in year five after such date, with the balance being due at maturity on November 12, 2021. No amortization is required with respect to the revolving credit facility. We may voluntarily prepay borrowings under the new credit facilities at any time and from time to time, without premium or penalty, other than customary "breakage costs" and fees for LIBOR-based loans.

The Term Loans must be mandatorily prepaid using the proceeds of certain dispositions of assets and receipt of insurance proceeds, subject to agreed upon thresholds and exceptions and customary reinvestment rights.

Stock Repurchase Program

We currently have in effect a stock repurchase program that was initially approved by our Board of Directors in March 2008. This program represents one of our principal efforts to return value to our stockholders. We repurchased 312,304 shares under this program in the first six months of fiscal year 2018 for \$10.4 million. In the first six months of fiscal year 2017, we repurchased 23,968 shares under this program for \$0.5 million. We currently have \$51.4 million available under this program that may be used for future repurchases.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as those arrangements are defined by the SEC, that are reasonably likely to have a material effect on our financial condition, revenues or expenses, operating results, liquidity, capital expenditures or capital resources.

We do not have any unconsolidated subsidiaries or affiliated entities. We have no special purpose or limited purpose entities that provide off-balance sheet financing, liquidity or market or credit risk support. We do not engage in leasing, hedging, research and development services, or other relationships that expose us to liability that is not reflected on the face of the consolidated financial statements.

Contractual Obligations

There were no material changes in our contractual obligations during the first six months of fiscal year 2018 from those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of our Annual Report on Form 10-K for the fiscal year ended January 29, 2017 filed with the SEC on March 23, 2017.

Inflation

Inflationary factors have not had a significant effect on our performance over the past several years. A significant increase in inflation would affect our future performance.

Available Information

General information about us can be found on our website at www.semtech.com. The information on our website is for informational purposes only and should not be relied on for investment purposes. The information on our website is not incorporated by reference into this Quarterly Report and should not be considered part of this or any other report filed with the SEC.

We make available free of charge, either by direct access on our website or by a link to the SEC website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. Our reports filed with, or furnished to, the SEC are also available directly at the SEC's website at www.sec.gov.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to a variety of market risks, including commodity risk and the risks related to foreign currency, interest rates and market performance that are discussed in Item 7A of our Annual Report on Form 10-K for fiscal year 2017 that ended on January 29, 2017 filed with the SEC on March 23, 2017. Many of the factors that can have an impact on our market risk are external to us, and so we are unable to fully predict them.

We do not engage in the trading of derivative financial instruments in the normal course of business to mitigate our risk related to interest rates. In the event interest rates were to increase 100 basis points and holding all other variables constant, annual net income and cash flows for the following year would decrease by approximately \$2.3 million as a result of our variable-rate debt. The effect of the 100 basis points increase would not be expected to significantly impact the fair value of our variable-rate debt.

We are subject to risks related to changes in foreign currency exchange rates as we experience expenses denominated in foreign currencies. As a result, changes in exchange rate fluctuations may positively or negatively affect results of operations. We enter into forward contracts to hedge anticipated foreign currency denominated transactions generally expected to occur in the current and subsequent fiscal years. All data relating to our derivative positions is presented in accordance with authoritative guidance. Accordingly, these cash flow hedges are designated for hedge accounting treatment and gains and losses on these contracts are recorded in accumulated other comprehensive income in stockholder's equity and reclassified into earnings at the time that the related transactions being hedged are recognized in earnings. Please see Note 17 to our unaudited consolidated financial statements in Part I, Item 1 of this report for further discussion of our derivative instruments.

An adverse change of the U.S. Dollar against our foreign currency operating expenses of 10%, after taking into account balance sheet hedges, would have resulted in an adverse impact on income before taxes of \$1.5 million in the second quarter of fiscal year 2018.

ITEM 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on that evaluation, our CEO and CFO concluded that, our disclosure controls and procedures were effective as of July 30, 2017.

Changes in Internal Controls

There have been no changes to our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

Information about legal proceedings is set forth in Note 12 to the unaudited consolidated financial statements included in Part I, Item 1 of this Quarterly Report.

ITEM 1A. Risk Factors

Please carefully consider and evaluate all of the information in this Quarterly Report and the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended January 29, 2017 filed with the SEC on March 23, 2017. The risks set forth in our Annual Report on Form 10-K are not the only ones we face. Additional risks not now known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occur, our business could be materially harmed. If our business is harmed, the trading price of our common stock could decline.

The risk factors associated with our business have not materially changed, as compared to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended January 29, 2017 filed with the SEC on March 23, 2017.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

None.

Issuer Purchase of Equity Securities

This table provides information with respect to purchases by us of shares of our common stock during the second quarter of fiscal year 2018.

Fiscal Month/Year	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under The Program (1)
May 2017 (05/01/17-05/28/17)	—	\$ —	—	\$ 51.8 million
June 2017 (05/29/17-06/25/17)	—	—	—	\$ 51.8 million
July 2017 (06/26/17-07/30/17)	12,304	34.83	12,304	\$ 51.4 million
Total activity	12,304	\$ 34.83	12,304	

(1) We maintain an active stock repurchase program which was approved by our Board of Directors in March 2008. The stock repurchase program does not have an expiration date and our Board of Directors has authorized expansion of the program over the years.

As of July 30, 2017, we had repurchased \$147.0 million in shares of our common stock under the program since inception and the current remaining authorization under our stock repurchase program is \$51.4 million. Under our stock repurchase program, we may repurchase our common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations. Our repurchases may be made through Rule 10b5-1 and/or Rule 10b-18 or other trading plans, open market purchases, privately negotiated transactions, block purchases or other transactions. We intend to fund repurchases under the program from cash on hand. We have no obligation to repurchase any shares under the stock repurchase program and may suspend or discontinue it at any time.

Limitation Upon Payment of Dividends

The Credit Agreement governing our senior secured first lien credit facilities includes covenants limiting our ability to pay dividends or make distributions on our capital stock.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Documents that are not physically filed with this report are incorporated herein by reference to the location indicated.

Exhibit No.	Description	Location
<u>3.1</u>	<u>Restated Certificate of Incorporation of Semtech Corporation</u>	Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarterly period ended October 26, 2003
<u>3.2</u>	<u>Bylaws of Semtech Corporation</u>	Exhibit 3.2 to our Annual Report on Form 10-K for the year ended January 27, 2008
<u>10.1</u>	<u>Semtech Corporation 2017 Long-Term Equity Incentive Plan</u>	Exhibit 10.1 to our Current Report on Form 8-K filed on June 21, 2017
<u>10.2</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Executive Ownership Restricted Stock Unit Award Certificate</u>	Filed herewith
<u>10.3</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Restricted Stock Unit Award Certificate</u>	Filed herewith
<u>10.4</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Performance Unit Award Certificate (executive form)</u>	Filed herewith
<u>10.5</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Performance Unit Award Certificate</u>	Filed herewith
<u>10.6</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Option Award Certificate</u>	Filed herewith
<u>10.7</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Option Award Certificate - Switzerland Employees</u>	Filed herewith
<u>10.8</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Non-Employee Director Stock Unit Award Certificate (deferred)</u>	Filed herewith
<u>10.9</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Non-Employee Director Stock Unit Award Certificate (non-deferred)</u>	Filed herewith
<u>10.10</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Option Award Certificate (non-employee director)</u>	Filed herewith
<u>10.11</u>	<u>Form of Semtech Corporation 2017 Long-Term Equity Incentive Plan Restricted Stock Unit Award Certificate (rollover award in accordance with acquisition of AptoVision)</u>	Filed herewith
<u>31.1</u>	<u>Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended</u>	Filed herewith
<u>31.2</u>	<u>Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended</u>	Filed herewith
<u>32.1</u>	<u>Certification of the Chief Executive Officer Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Exhibit 32.1 is being furnished and shall not be deemed "filed")</u>	Furnished herewith

<u>32.2</u>	<u>Certification of the Chief Financial Officer Pursuant 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Exhibit 32.2 is being furnished and shall not be deemed "filed")</u>	Furnished herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEMTECH CORPORATION

Registrant

Date: August 30, 2017

/s/ Mohan R. Maheswaran

Mohan R. Maheswaran

President and Chief Executive Officer

Date: August 30, 2017

/s/ Emeka N. Chukwu

Emeka N. Chukwu

Executive Vice President and

Chief Financial Officer



**SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
EXECUTIVE OWNERSHIP RESTRICTED STOCK UNIT AWARD CERTIFICATE**

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Participant**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock, par value \$0.01 per share (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant an award of restricted stock units (the “**Award**”), on the terms and conditions described in this Award Certificate to the Participant.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.

2. Award of Stock Units. Pursuant to the Plan, the Corporation hereby awards to the Participant as of the date hereof an Award with respect to [Amount] restricted stock units (subject to adjustment in accordance with Section 7.1 of the Plan) (the “**Stock Units**”), which Stock Units are subject to forfeiture on the terms and conditions hereinafter set forth. As used herein, the term “**Stock Unit**” shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Corporation’s Common Stock (subject to adjustment in accordance with Section 7.1 of the Plan), solely for purposes of the Plan and this Award Certificate. The Stock Units shall be used solely as a device for the determination of the payment to eventually be paid to the Participant if such Stock Units vest pursuant to Section 4 hereof. The Stock Units shall not be treated as property or as a trust fund of any kind. The Participant acknowledges that the Administrator may use a broker or other third party to facilitate its restricted stock unit award recordkeeping and agrees to comply with any administrative rules and procedures regarding restricted stock unit awards as may be in place from time to time. The Participant acknowledges and agrees that the Corporation may require that any Common Stock received under the Award be deposited in a brokerage account (in the name of the Participant) with a broker

designated by the Corporation, and the Participant agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

3. Rights as a Stockholder: Dividends and Voting.

(a) Limitations on Rights Associated with Units. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 3(b) below with respect to dividend equivalent rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying such Stock Units.

(b) Dividend Equivalent Rights Distributions. In the event that the Corporation pays an ordinary cash dividend on its Common Stock and the related dividend payment record date occurs at any time after the Award Date and before all of the Stock Units subject to the Award have either been paid pursuant to Section 5 or terminated pursuant to Section 4, the Corporation shall credit the Participant as of such record date with an additional number of Stock Units equal to (i) the per-share cash dividend paid by the Corporation on its Common Stock with respect to such record date, multiplied by (ii) the total number of outstanding and unpaid Stock Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan and/or Section 9 hereof) subject to the Award as of such record date, divided by (iii) the fair market value of a share of Common Stock (as determined under the Plan) on such record date. Any Stock Units credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units shall be made pursuant to this Section 3(b) with respect to any Stock Units which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Section 4.

4. Vesting. Subject to Section 6 below, the Award shall vest and become nonforfeitable with respect to one hundred percent (100%) of the total number of Stock Units on the [First, Second, Third, Fourth or Fifth] anniversary of the Award Date.

5. Timing and Manner of Payment of Stock Units. On or as soon as administratively practical after (and in all events not more than ninety (90) days after) the date that is six months and one day after the date on which the Participant incurs a "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h)(1), without regard to the optional alternative definitions thereunder, and the date of such separation from service referred to as the "**Severance Date**"), the Corporation shall deliver to the Participant a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Administrator in its discretion) equal to the number of Stock Units subject to the Award that have vested as of the Severance Date pursuant to Section 4. Notwithstanding the foregoing provisions, the Administrator may, in its discretion, provide for all or a portion of such vested Stock Units (including, for clarity, any stock units credited as dividend equivalents pursuant to Section 3(b)) to be settled by a cash payment to the Participant (in lieu of a share payment). To the extent that the Administrator determines it will settle one or more vested Stock Units by a cash payment, the amount of cash payment with respect to any such vested Stock Unit to be paid in such form shall equal (subject to Section 9(b) and any other authorized deductions) the fair market value

of a share of Common Stock as of the date that is six months after the Severance Date (with the fair market value of a share of Common Stock determined in accordance with the applicable provisions of the Plan). The Corporation's obligation to deliver shares of Common Stock or otherwise make payment with respect to vested Stock Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares or any such payment with respect to the vested Stock Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Corporation may, in its sole discretion, either ignore fractional share interests or settle them in cash. The Participant shall have no further rights with respect to any Stock Units that are paid or that terminate pursuant to Section 6. The Stock Units shall not be paid at any time other than as provided in this Section 5 notwithstanding any provision of the Plan (providing discretion to the Administrator to accelerate payment dates or otherwise) to the contrary.

6. Effect of Termination of Employment or Services. The Participant's Stock Units (including, for clarity, any stock units credited as dividend equivalents pursuant to Section 3(b)) shall terminate to the extent such units have not become vested as of the Participant's Severance Date, regardless of the reason for the Participant's separation from service, whether with or without cause, voluntarily or involuntarily. If any unvested Stock Units are terminated hereunder, such Stock Units shall automatically terminate and be cancelled as of the applicable termination date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

7. Non-Transferability of Award. Neither the Award, nor any interest therein or amount or shares payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily. The transfer restrictions in the preceding sentence shall not apply to (a) transfers to the Corporation, or (b) transfers by will or the laws of descent and distribution.

8. No Right to Continued Employment or Service. The vesting schedule requires continued employment or service through the applicable vesting date as a condition to the vesting of the Award and the rights and benefits under the Award. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided in Section 6 above. Nothing contained in the Plan or the Award constitutes a continued employment or service commitment by the Corporation, confers upon the Participant any right to remain in the employ of or service to the Corporation, interferes with the right of the Corporation at any time to terminate such employment or services, or affects the right of the Corporation to increase or decrease the Participant's other compensation. By accepting this Award, the Participant acknowledges and agrees that (a) any person who is terminated before full vesting of an award, such as the one granted to the Participant by this Award Certificate, could attempt to argue that he or she was terminated to preclude vesting; (b) the Participant promises never to make such a claim; (c) except as otherwise expressly provided herein, in any event, the Participant has no right to pro-rated vesting with respect to the Award if his or her services terminates before the

applicable vesting date (regardless of the portion of the vesting period the Participant was actually in the service of the Corporation and/or any of its Subsidiaries).

9. Tax Consequences.

(a) Tax Consultation. The Participant understands that he or she may suffer adverse tax consequences as a result of his or her acceptance of the Award. The Participant represents that he or she has consulted with any tax consultants he or she deems advisable in connection with the acceptance of the Award and that he or she is not relying on the Corporation for any tax advice. By accepting this Award, the Participant acknowledges that he or she shall be solely responsible for the satisfaction of any taxes that may arise (including taxes arising under Section 409A of the Code), and that the Corporation shall not have any obligation whatsoever to pay such taxes.

(b) Withholding. Upon or in connection with any payment in respect of the Award, the Corporation shall first deduct from any cash portion of such payment the full amount of any taxes which the Corporation may be required to withhold with respect to such payment, and to the extent the aggregate cash portion of such payment is in sufficient to satisfy the Corporation's applicable withholding obligations, the Corporation shall then automatically reduce the number of any shares of Common Stock to be delivered in payment by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (as determined under the Plan), to satisfy any remaining withholding obligations of the Corporation with respect to such payment, at the applicable withholding rates. In the event that the Corporation cannot legally satisfy such withholding obligations by reduction of shares, or in the event that the withholding procedure described in the preceding sentence is insufficient to satisfy the Corporation's applicable withholding obligations with respect to any payment under the Award, the Corporation shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local law to be withheld with respect to such payment. The Participant agrees to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 9.

10. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 3(b).

11. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

12. Binding Effect. This Award Certificate shall extend to, be binding upon and inure to the benefit of the Participant and the Participant's legal representatives, heirs, successors and

assigns (subject, however, to the limitations set forth in Section 7 with respect to the transfer of this Award Certificate or any rights hereunder or of the Stock Units), and upon the Corporation and its successors and assigns, regardless of any change in the business structure of the Corporation, be it through spin-off, merger, sale of stock, sale of assets or any other transaction.

13. Notices. Any notice to the Corporation contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Participant shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

14. Plan. The Award and all rights of the Participant under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Certificate. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

15. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Participant with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

16. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

17. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

18. Choice of Law; Arbitration. This Award Certificate shall be governed by, and construed in accordance with, the laws of the State of California (disregarding any choice-of-law provisions). If the Participant is a party to an agreement with the Corporation to arbitrate claims, such agreement to arbitrate claims shall apply as to any dispute or disagreement regarding the Participant's rights under this Award Certificate.

19. Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Certificate shall be construed and interpreted consistent with that intent.

20. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

21. No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Stock Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Award.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD CERTIFICATE

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Participant**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock, par value \$0.01 per share (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the restricted stock unit award (the “**Award**”) described in this Award Certificate to the Participant.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.

2. Award of Stock Units. Pursuant to the Plan, the Corporation hereby awards to the Participant as of the date hereof an Award with respect to [Amount] restricted stock units (subject to adjustment in accordance with Section 7.1 of the Plan) (the “**Stock Units**”), which Stock Units are restricted and subject to forfeiture on the terms and conditions hereinafter set forth. As used herein, the term “Stock Unit” shall mean a non-voting unit of measurement which is deemed solely for purposes of calculating the amount of payment under the Plan and this Award Certificate to be equivalent to one outstanding share of the Common Stock (subject to adjustment in accordance with Section 7.1 of the Plan). The Stock Units shall be used solely as a device for the determination of the payment to eventually be paid to the Participant if such Stock Units vest pursuant to Section 4 hereof. The Stock Units shall not be treated as property or as a trust fund of any kind. The Participant acknowledges that the Administrator may use a broker or other third party to facilitate its restricted stock unit award recordkeeping and agrees to comply with any administrative rules and procedures regarding restricted stock unit awards as may be in place from time to time. The Participant acknowledges and agrees that the Corporation may require that any Common Stock received under the Award be deposited in a brokerage account (in the name of the Participant) with a broker designated by the Corporation, and the Participant agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

3. Rights as a Stockholder; Dividends and Voting.

(a) Limitations on Rights Associated with Units. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 3(b) below with respect to dividend equivalent rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying such Stock Units.

(b) Dividend Equivalent Rights Distributions. In the event that the Corporation pays an ordinary cash dividend on its Common Stock and the related dividend payment record date occurs at any time after the Award Date and before all of the Stock Units subject to the Award have either been paid pursuant to Section 5 or terminated pursuant to Section 4, the Corporation shall credit the Participant as of such record date with an additional number of Stock Units equal to (i) the per-share cash dividend paid by the Corporation on its Common Stock with respect to such record date, multiplied by (ii) the total number of outstanding and unpaid Stock Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan and/or Section 9 hereof) subject to the Award as of such record date, divided by (iii) the fair market value of a share of Common Stock (as determined under the Plan) on such record date. Any Stock Units credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units shall be made pursuant to this Section 3(b) with respect to any Stock Units which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Section 4.

4. Vesting; Termination of Employment.

(a) Vesting in General. Subject to Sections 4(b) and (c) below, the Award shall vest and become nonforfeitable with respect to [twenty-five percent (25%) or thirty-three point three percent (33.3%)] of the total number of Stock Units (subject to adjustment under Section 7.1 of the Plan) on each of the [first, second, third and fourth or first, second and third] anniversaries of the Award Date. The Participant has no right to pro-rated vesting with respect to the Award if his or her services to the Corporation or one of its Subsidiaries terminates before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was in service to the Corporation and/or any of its Subsidiaries).

(b) Termination Following Change in Control. Notwithstanding any other provision to the contrary contained herein and subject to the provisions of Section 7 of the Plan, in the event the Participant's employment is terminated by the Corporation without Cause (and not on account of the Participant's death or disability), or in the event of a Constructive Termination of the Participant, in each case within twelve (12) months following a Change in Control, 100% of the total Stock Units (to the extent outstanding and not previously vested immediately prior to such termination of employment) shall be vested on the Termination Date (as defined in Section 4(c) below).

For purposes hereof, "Cause" shall mean that the Participant (i) has been negligent in the discharge of his or her duties to the Corporation or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of disability or analogous condition)

incapable of performing those duties, (ii) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses), (iii) has materially breached any of the provisions of any agreement with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries, or (iv) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has induced a principal for whom the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries acts as agent to terminate such agency relationship.

For purposes hereof, a **“Change in Control”** shall mean (i) a merger or consolidation in which the stockholders of the Corporation immediately prior to such merger or consolidation do not hold, immediately after such merger or consolidation, more than 50% of the combined voting power of the surviving or acquiring entity (or parent corporation thereof), (ii) the sale of substantially all of the assets of the Corporation or assets representing over 50% of the operating revenues of the Corporation, or (iii) any person shall become the beneficial owner of over 50% of the Corporation’s outstanding Common Stock or the combined voting power of the Corporation’s then outstanding voting securities entitled to vote generally, or become a controlling person as defined in Rule 405 promulgated under the Securities Act.

For purposes hereof, **“Constructive Termination”** shall mean the Participant’s voluntary termination within one (1) year of the Participant’s knowledge of the occurrence of (i) a reduction in the Participant’s base salary after a Change in Control from the Participant’s base salary in effect immediately prior to the Change in Control, or (ii) a material or substantial reduction or change in job duties, responsibilities, and requirements after a Change in Control from the Participant’s duties, responsibilities, and requirements immediately prior to the Change in Control; provided, however, that a termination shall not be treated as a Constructive Termination unless both (a) the Participant provides written notice to the Corporation of the condition claimed to constitute a Constructive Termination within sixty (60) days of the initial existence of such condition(s) (such notice to be delivered in accordance with Section 12 below), and (b) the Corporation fails to remedy such condition(s) within thirty (30) days of receiving such written notice thereof. A termination shall not be treated as a Constructive Termination if the Participant shall have specifically consented in writing to the occurrence of the event giving rise to the claim of Constructive Termination.

(c) Effect of Termination of Employment. Subject to Section 4(b), if the service of the Participant with the Corporation or a Subsidiary is terminated for any reason, then the Stock Units (including, for clarity, any stock units credited as dividend equivalents pursuant to Section 3(b)) which have not vested as of the date of the Participant’s termination of service (the **“Termination Date”**) shall terminate. If any unvested Stock Units are terminated hereunder, such Stock Units

shall automatically terminate and be cancelled as of the applicable termination date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

5. Timing and Manner of Payment of Stock Units. On or as soon as practicable following (and in all events within thirty (30) days after) the vesting of any portion of the Award pursuant to Section 4, the Corporation shall deliver to the Participant a number of shares of Common Stock equal to the number of Stock Units subject to the Award that vested on that particular vesting date; provided, however, that the Corporation reserves the right to settle any Stock Units credited as dividend equivalents pursuant to Section 3(b) by cash payment. In the event of such a cash payment, the cash payable with respect to a Stock Unit shall equal the fair market value of a share of Common Stock (such fair market value determined under the Plan) as of the vesting date of that Stock Unit. The Corporation's obligation to deliver shares of Common Stock or otherwise make payment with respect to vested Stock Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares with respect to the vested Stock Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Participant shall have no further rights with respect to any Stock Units that are paid pursuant to this Section 5 or that terminate pursuant to Section 4(c).

6. Non-Transferability of Award. This Award is personal and, prior to the time they have become vested pursuant to Section 4 hereof or Section 7.2 of the Plan, neither the Stock Units nor any rights hereunder may be transferred, assigned, pledged or hypothecated by the Participant in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution, nor shall any such rights be subject to execution, attachment or similar process; provided, however, that such restrictions shall not apply to transfers to the Corporation. Except as otherwise provided herein, any attempted alienation, assignment, pledge, hypothecation, attachment, execution or similar process, whether voluntary or involuntary, with respect to all or any part of the Participant's unvested rights under this Award, shall be null and void.

7. Not a Contract of Employment. Nothing in this Award Certificate gives the Participant the right to remain in the employ of or other service to the Corporation or any Subsidiary or to affect the absolute and unqualified right of the Corporation and any of its Subsidiaries to terminate the Participant's employment or other service at any time for any reason or no reason and with or without Cause or prior notice. Except to the extent explicitly provided otherwise in a then effective written employment contract executed by the Participant and the Corporation, the Participant is an at will employee whose employment may be terminated without liability at any time for any reason. By accepting this Award, the Participant acknowledges and agrees that (a) any person who is terminated before full vesting of an award, such as the one granted to the Participant by this Award Certificate, could attempt to argue that he or she was terminated to preclude vesting, (b) the Participant promises never to make such a claim, and (c) in any event, the Participant has no right to pro-rated vesting with respect to the Award if his or her employment or other service terminates before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was actually employed by the Corporation and/or any of its Subsidiaries).

8. Tax Consequences.

(a) Tax Consultation. The Participant may suffer adverse tax consequences as a result of his or her acquisition or disposition of the Stock Units. The Participant will be solely responsible for the satisfaction of any taxes that may arise (including taxes arising under Section 409A of the Code) with respect to the Award. The Corporation shall not have any obligation whatsoever to pay such taxes. The Corporation has not and will not provide any tax advice to the Participant. The Participant should consult with his or her own personal tax advisors to the extent he or she deems advisable in connection with the acquisition or disposition of the Stock Units.

(b) Withholding. Upon any distribution of shares of Common Stock in respect of the Stock Units, the Corporation shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such distribution of shares at the applicable withholding rates. In the event that the Corporation cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the Stock Units, the Corporation (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment. The Participant agrees to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 8.

9. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 3(b).

10. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

11. Binding Effect. This Award Certificate shall extend to, be binding upon and inure to the benefit of the Participant and the Participant's legal representatives, heirs, successors and assigns (subject, however, to the limitations set forth in Section 6 with respect to the transfer of this Award Certificate or any rights hereunder or of the Stock Units), and upon the Corporation and its successors and assigns, regardless of any change in the business structure of the Corporation, be it through spin-off, merger, sale of stock, sale of assets or any other transaction.

12. Notices. Any notice to the Corporation contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Participant shall be

addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

13. Plan. The Award and all rights of the Participant under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Certificate. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

14. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Participant with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

15. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

16. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

17. Choice of Law; Arbitration. This Award Certificate shall be governed by, and construed in accordance with, the laws of the State of California (disregarding any choice-of-law provisions). If the Participant is a party to an agreement with the Corporation to arbitrate claims, such agreement to arbitrate claims shall apply as to any dispute or disagreement regarding the Participant's rights under this Award Certificate.

18. Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Certificate shall be construed and interpreted consistent with that intent.

19. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

20. No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Stock Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award).

Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Award.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
PERFORMANCE UNIT AWARD CERTIFICATE

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Participant**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock, par value \$0.01 per share (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the performance unit award (the “**Award**”) described in this Award Certificate to the Participant.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.

2. Award of Performance Units. Pursuant to the Plan, the Corporation hereby awards to the Participant as of the date hereof an Award with respect to [**Amount**] performance units (subject to adjustment in accordance with Section 7.1 of the Plan) (the “**Performance Units**”), which Performance Units are restricted and subject to forfeiture on the terms and conditions hereinafter set forth. As used herein, the term “Performance Unit” shall mean a non-voting unit of measurement which is deemed solely for purposes of calculating the amount of payment under the Plan and this Award Certificate to be equivalent to one outstanding share of the Corporation’s Common Stock (subject to adjustment in accordance with Section 7.1 of the Plan). The Performance Units shall be used solely as a device for the determination of the payment to eventually be paid to the Participant if such Performance Units vest pursuant to Sections 4, 6 or 7 hereof. The Performance Units shall not be treated as property or as a trust fund of any kind. The Participant acknowledges that the Administrator may use a broker or other third party to facilitate its restricted stock unit award recordkeeping and agrees to comply with any administrative rules and procedures regarding restricted stock unit awards as may be in place from time to time. The Participant acknowledges and agrees that the Corporation may require that any Common Stock received under the Award be deposited in a brokerage account (in the name of the Participant) with a broker designated by the Corporation, and the Participant agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

3. Rights as a Stockholder; Dividends and Voting.

(a) Limitations on Rights Associated with Units. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 3(b) below with respect to dividend equivalent rights) and no voting rights, with respect to the Performance Units and any shares of Common Stock underlying such Performance Units.

(b) Dividend Equivalent Rights Distributions. In the event that the Corporation pays an ordinary cash dividend on its Common Stock and the related dividend payment record date occurs at any time after the Award Date and before all of the Performance Units subject to the Award have either been paid pursuant to Section 5 or terminated pursuant to Sections 4, 6 or 7, the Corporation shall credit the Participant as of such record date with an additional number of Performance Units equal to (i) the per-share cash dividend paid by the Corporation on its Common Stock with respect to such record date, multiplied by (ii) the total number of outstanding and unpaid Performance Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan and/or Section 12 hereof) subject to the Award as of such record date, divided by (iii) the fair market value of a share of Common Stock (as determined under the Plan) on such record date. Any Performance Units credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Performance Units to which they relate. No crediting of Performance Units shall be made pursuant to this Section 3(b) with respect to any Performance Units which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Sections 4, 6 or 7.

4. Vesting.

(a) Subject to Sections 6 and 7 below, the Award shall vest and become nonforfeitable based on the Corporation's achievement of the performance goals set forth on Exhibit A attached hereto for each Performance Period (as defined in Exhibit A). The number of Performance Units that vest and become payable under the Award shall be determined based on the level of results or achievement of the targets set forth on Exhibit A.

(b) Subject to Sections 6 and 7, any Performance Units subject to the Award corresponding to a particular Performance Period that do not vest in accordance with Exhibit A hereto with respect to that Performance Period shall terminate as of the last day of that Performance Period (for clarity, after giving effect to the Administrator's determination of performance for that Performance Period pursuant to Exhibit A).

(c) Except as otherwise expressly provided herein, the Participant has no right to pro-rated vesting with respect to the Award if his or her Separation Date (as defined in Section 6) occurs before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was actually in the service of the Corporation and/or any of its subsidiaries).

(d) If any unvested Performance Units terminate pursuant to this Agreement, such Performance Units shall automatically terminate and be cancelled as of the applicable termination date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

(e) The provisions of Sections 6 and 7 below supersede any provisions to the contrary in the Corporation's Executive Change in Control Retention Plan as well as in any written offer letter, employment agreement or other agreement between the Participant and the Corporation. In the event of any inconsistency between this Agreement, on the one hand, and any such offer letter or employment

agreement, or the Corporation's Executive Change in Control Retention Plan, on the other hand, this Agreement shall control.

5. Timing and Manner of Payment of Performance Units. Subject to Section 8 below, upon or as soon as practicable after any Performance Units subject to the Award vest pursuant to Section 4, Section 6, Section 7, and/or Exhibit A, as applicable, and in all events by the 15th day of the third calendar month following the calendar month in which the applicable vesting date occurs, the Corporation shall deliver to the Participant a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Administrator in its discretion) equal to the number of Performance Units subject to the Award (including any Performance Units issued in respect of dividend equivalent rights) that vested on that vesting date. The Corporation's obligation to deliver shares of Common Stock or otherwise make payment with respect to vested Performance Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares or any such payment with respect to the vested Performance Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Corporation may, in its sole discretion, either ignore fractional share interests or settle them in cash. For clarity, a particular Performance Unit may vest only once.

6. Effect of Termination of Employment or Services. If the Participant ceases to be employed by or ceases to provide services to the Corporation or any of its Subsidiaries prior to the last day of a Performance Period, the following rules shall apply as to the Performance Units subject to the Award that correspond to such Performance Period (the last day that the Participant is employed by or provides services to the Corporation or any of its Subsidiaries is referred to as the Participant's "**Separation Date**").

(a) Other than as expressly provided below in this Section 6, the Participant's Performance Units, to the extent unvested on the Separation Date, shall terminate on the Separation Date. For the avoidance of doubt, if the Separation Date occurs on or following the last day of a Performance Period but before the payment of any Performance Units for such Performance Period, the Participant shall remain eligible to receive payment of any Performance Units that vest for such Performance Period.

(b) If the Participant's employment by the Corporation or any of its subsidiaries is terminated in such a manner as would entitle the Participant to severance under the Corporation's Executive Change in Control Retention Plan or a written offer letter or employment agreement between the Participant and the Corporation, and the Participant satisfies any release and other conditions to such severance benefits (such termination, a "**Qualifying Termination**"), the Participant shall remain eligible to vest in the Performance Units subject to the Award in accordance with Exhibit A as though the Separation Date had not occurred. If, after such a Separation Date but prior to the end of the applicable Performance Period, an Acceleration Event (as defined below) should occur, the fixed number of Performance Units determined under Section 7(a) below shall immediately vest and become payable upon the closing of the Acceleration Event without regard to Section 7(b) below.

(c) If the Participant has a Qualifying Termination on or following an Acceleration Event, the remaining then outstanding fixed number of Performance Units determined under Section 7(a) below shall immediately vest and become payable upon the Severance Date.

7. Effect of Certain Corporate Transactions.

(a) In the event of the occurrence, at any time after the Award Date and prior to the end of the Performance Period, of an event described in Section 7.2 of the Plan (which generally covers certain mergers or similar reorganizations) that the Corporation does not survive (or does not survive as a public company in respect of its Common Stock) (an “**Acceleration Event**”), then the number of Performance Units corresponding to each Performance Period under the Award that had not ended prior to the closing date of such Acceleration Event shall become “fixed” and no longer subject to performance measures after such Acceleration Event. For purposes of so fixing the number of Performance Units subject to each such Performance Period, the Performance Period shall be considered to end with the Acceleration Event and such number of Performance Units shall be determined in accordance with Exhibit A based on the Corporation’s performance for the shortened Performance Period(s). No adjustment shall be made pursuant to this Section 7(a) as to any Performance Period that ended prior to the date of the closing of the Acceleration Event. Furthermore, this Section 7 does not apply to any Performance Units that terminate pursuant to Section 6 prior to the date of the closing of the Acceleration Event.

(b) If, in connection with such Acceleration Event, the Administrator has made a provision for the assumption of the Award or the Award would otherwise continue in accordance with its terms in the circumstances, a pro-rata portion of the fixed number of Performance Units determined pursuant to Section 7(a) above with respect to each Performance Period shortened pursuant to Section 7(a) above shall immediately vest and become payable upon the closing of the Acceleration Event, with such pro-rata portion calculated by multiplying such fixed number of Performance Units by a fraction, the numerator of which shall be the number of days that have elapsed from the beginning of the applicable Performance Period through and including the closing date of the Acceleration Event, and the denominator shall be the total number of days in the applicable Performance Period. The Participant shall remain eligible to vest in the remaining (after giving effect to the preceding sentence) portion of the fixed number of Performance Units on the vesting date scheduled to occur at the end of the applicable Performance Period (as the Performance Period was originally scheduled to occur, without giving effect to any shortening of the Performance Period to occur pursuant to Section 7(a)), subject to Section 6.

(c) If the Award is to terminate in connection with such Acceleration Event and the Administrator has not made a provision for the assumption of the Award, the fixed number of Performance Units determined under Section 7(a) above shall immediately vest upon the closing of the Acceleration Event.

(d) For purposes of this Section 7, an award shall be deemed to have been “assumed” if (without limiting other circumstances in which an award is assumed) the award continues after an Acceleration Event, and/or is assumed and continued by the surviving entity following such event (including, without limitation, an entity that, as a result of such event, owns the Corporation or all or substantially all of the Corporation’s assets directly or through one or more subsidiaries (a “**Parent**”), and confers the right to purchase or receive, as applicable and subject to vesting and the other terms and conditions of the award, for each share of Common Stock subject to the award immediately prior to the event, the consideration (whether cash, shares, or other securities or property) received in the event by the stockholders of the Corporation for each share of Common Stock sold or exchanged in such event; provided, however, that if the consideration offered for a share of Common Stock in the event is not solely the ordinary common stock of a successor corporation or a Parent, the Administrator may provide for the consideration to be received upon exercise or payment of the award, for each share subject to the award, to be solely ordinary common stock of the successor corporation or a Parent equal in fair market value to the per share consideration received by the stockholders participating in the event. Any

acceleration of vesting upon an Acceleration Event may be deemed to occur immediately prior to such event in order to give effect to such acceleration.

8. Section 409A. Notwithstanding anything to the contrary herein or in the Plan, if the Participant is a “specified employee” within the meaning of Section 409A of the Code, and, as a result of that status, any portion of the payments hereunder would otherwise be subject to taxation pursuant to Section 409A of the Code, the Participant shall not be entitled to any payments upon a separation from service until the earlier of (i) the date which is six (6) months after his or her separation from service for any reason other than death, or (ii) the date of the Participant’s death; provided that the first such payment thereafter shall include all amounts that would have been paid earlier but for such six (6) month delay.

9. Non-Transferability of Award. This Award is personal and, prior to the time they have become vested pursuant to Sections 4, 6 or 7 hereof, neither the Performance Units nor any rights hereunder may be transferred, assigned, pledged or hypothecated by the Participant in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution, nor shall any such rights be subject to execution, attachment or similar process; provided, however, that such restrictions shall not apply to transfers to the Corporation. Except as otherwise provided herein, any attempted alienation, assignment, pledge, hypothecation, attachment, execution or similar process, whether voluntary or involuntary, with respect to all or any part of the Participant’s unvested rights under this Award, shall be null and void.

10. No Right to Continued Employment or Service. Except as provided in Sections 6 and 7, the vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under the Award. Except as provided in Sections 6 and 7, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided in Section 6 above. Nothing contained in the Plan or the Award constitutes a continued employment or service commitment by the Corporation, confers upon the Participant any right to remain in the employ of or service to the Corporation, interferes with the right of the Corporation at any time to terminate such employment or services, or affects the right of the Corporation to increase or decrease the Participant’s other compensation. By accepting this Award, the Participant acknowledges and agrees that (a) any person who is terminated before full vesting of an award, such as the one granted to the Participant by this Award Certificate, could attempt to argue that he or she was terminated to preclude vesting; (b) the Participant promises never to make such a claim; and (c) except as otherwise expressly provided herein, in any event, the Participant has no right to pro-rated vesting with respect to the Award if his or her service terminates before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was actually in the service of the Corporation and/or any of its Subsidiaries).

11. Tax Consequences.

(a) Tax Consultation. The Participant understands that he or she may suffer adverse tax consequences as a result of his or her acceptance of the Award. The Participant represents that he or she has consulted with any tax consultants he or she deems advisable in connection with the acceptance of the Award and that he or she is not relying on the Corporation for any tax advice. By accepting this Award, the Participant acknowledges that he or she shall be solely responsible for the satisfaction of any taxes that may arise (including taxes arising under Section 409A of the Code), and that the Corporation shall not have any obligation whatsoever to pay such taxes.

(b) Withholding. Upon any distribution of shares of Common Stock in respect of the Performance Units, the Corporation shall automatically reduce the number of shares of Common Stock to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or any of its subsidiaries with respect to such distribution of shares at the applicable withholding rates. In the event that the Corporation cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the Performance Units, the Corporation (or a subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment. The Participant agrees to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 11.

12. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of Performance Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to an ordinary cash dividend for which dividend equivalents are credited pursuant to Section 3(b).

13. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

14. Binding Effect. This Award Certificate shall extend to, be binding upon and inure to the benefit of the Participant and the Participant's legal representatives, heirs, successors and assigns (subject, however, to the limitations set forth in Section 9 with respect to the transfer of this Award Certificate or any rights hereunder or of the Performance Units), and upon the Corporation and its successors and assigns, regardless of any change in the business structure of the Corporation, be it through spin-off, merger, sale of stock, sale of assets or any other transaction.

15. Notices. Any notice to the Corporation contemplated by this Award Certificate shall in writing and be addressed to it in care of its President; and any notice to the Participant shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

16. Plan. The Award and all rights of the Participant under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Certificate. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

17. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Participant with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

18. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

19. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

20. Choice of Law; Arbitration. This Award Certificate shall be governed by, and construed in accordance with, the laws of the State of California (disregarding any choice-of-law provisions). If the Participant is a party to an agreement with the Corporation to arbitrate claims, such agreement to arbitrate claims shall apply as to any dispute or disagreement regarding the Participant's rights under this Award Certificate.

21. Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Certificate shall be construed and interpreted consistent with that intent.

22. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

23. No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Performance Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Award.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name of Executive Officer]

[Title]

ACCEPTED AND AGREED:

[Name of Participant]

EXHIBIT A
PERFORMANCE VESTING REQUIREMENTS

Subject to Sections 6 and 7, the Award shall vest and become nonforfeitable as set forth below:

- One-third of the total number of Performance Units subject to the Award (the “**Fiscal 2018 Target Performance Units**”) shall be eligible to vest and become payable based on the Corporation’s Relative TSR Percentage for the Corporation’s fiscal year 2018 (the “**Fiscal 2018 Performance Period**”), with such number determined by multiplying the Fiscal 2018 Target Performance Units by the applicable percentage determined in accordance with the following table.
- One-third of the total number of Performance Units subject to the Award (the “**Fiscal 2018-2019 Target Performance Units**”) shall be eligible to vest and become payable based on the Corporation’s Relative TSR Percentage for the two-year performance period consisting of the Corporation’s 2018 and 2019 fiscal years (the “**Fiscal 2018-2019 Performance Period**”), with such number determined by multiplying the Fiscal 2018-2019 Target Performance Units by the applicable percentage determined in accordance with the following table.
- One-third of the total number of Performance Units subject to the Award (the “**Fiscal 2018-2020 Target Performance Units**”) shall be eligible to vest and become payable based on the Corporation’s Relative TSR Percentage for the three-year performance period consisting of the Corporation’s 2018, 2019 and 2020 fiscal years (the “**Fiscal 2018-2020 Performance Period**”), with such number determined by multiplying the Fiscal 2018-2020 Target Performance Units by the applicable percentage determined in accordance with the following table.

Relative TSR Percentage for the Applicable Performance Period	Applicable Percentage for that Performance Period
Less than -30%	0%
-30%	25%
-20%	50%
0%	100%
25%	150%
50% or greater	200%

For a Relative TSR Percentage between the levels indicated for a particular performance period, the applicable percentage for that Performance Period will be determined pro-rata

on a straight-line basis between the two closest points listed in the table above. Notwithstanding the foregoing, if the Corporation's TSR for a particular Performance Period is a negative number, the applicable percentage for that Performance Period shall in no case be greater than 100%.

Defined Terms. For purposes of this Exhibit A, the following definitions shall apply:

“Relative TSR Percentage” means the Corporation's TSR for the applicable Performance Period as compared to the TSR achieved by the Index during the applicable Performance Period, expressed as a percentage.

“Index” means the SPDR S&P Semiconductor ETF (NYSE: XSD).

“Performance Period” means either the Fiscal 2018 Performance Period, the Fiscal 2018-2019 Performance Period, or the Fiscal 2018-2020 Performance Period, as applicable.

“TSR” means total stockholder return and shall be determined with respect to the Corporation and the Index for a particular Performance Period by dividing: (a) the applicable Ending Price for such Performance Period by (b) the applicable Beginning Price for such Performance Period. For purposes of determining TSR, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares at the closing market price on the date of distribution. Any non-cash distributions shall be valued at fair market value.

“Beginning Price” means, with respect to the Corporation and the Index for a particular Performance Period, the average of the closing market prices of the Corporation's Common Stock or shares of the Index, as applicable, on the principal exchange on which such shares are traded for the period of thirty (30) consecutive trading days ending with the last trading day immediately prior to the beginning of such Performance Period. As to a share which goes ex-dividend during such thirty (30) day period, the closing market prices as to such share for the portion of such period preceding the ex-dividend date shall be equitably and proportionately adjusted to exclude the amount of the related dividend.

“Ending Price” means, with respect to the Corporation and the Index for a particular Performance Period, the average of the closing market prices of the Corporation's Common Stock or shares of the Index, as applicable, on the principal exchange on which such shares are traded for the period of thirty (30) consecutive trading days ending with the last trading day of such Performance Period. As to a share which goes ex-dividend during such thirty (30) day period, the closing market prices as to such share for the portion of such period preceding the ex-dividend date shall be equitably and proportionately adjusted to exclude the amount of the related dividend.

Effect of an Acceleration Event. Upon an Acceleration Event, the Ending Price for the purpose of determining the Corporation's TSR shall equal the transaction price per share of the Common Stock paid in connection with such Acceleration Event. The Ending Price for the purpose of determining the Index's TSR shall be determined as otherwise provided above but measured based on the average of the closing market prices of the Index's shares on the principal exchange

on which such shares are traded for the period of thirty (30) consecutive trading days ending with the last trading day immediately prior to the date of the closing of such Acceleration Event.

Adjustment. With respect to the computation of TSR, Beginning Price, and Ending Price, there shall also be an equitable and proportionate adjustment to the extent (if any) necessary to preserve the intended incentives of the awards and mitigate the impact of any stock split, stock dividend or reverse stock split occurring during the applicable year.

Determination. In the event of any ambiguity or discrepancy, the determination of the Administrator shall be final and binding. Subject to Sections 6 and 7 of the Agreement, any Performance Units corresponding to a particular Performance Period that vest with respect to that Performance Period pursuant to this Exhibit A shall be considered to have vested as of the last day of that Performance Period.



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
PERFORMANCE UNIT AWARD CERTIFICATE

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Participant**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock, par value \$0.01 per share (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the performance unit award (the “**Award**”) described in this Award Certificate to the Participant.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.

2. Award of Performance Units. Pursuant to the Plan, the Corporation hereby awards to the Participant as of the date hereof an Award with respect to [Amount] performance units (subject to adjustment in accordance with Section 7.1 of the Plan) (the “**Performance Units**”), which Performance Units are restricted and subject to forfeiture on the terms and conditions hereinafter set forth. As used herein, the term “Performance Unit” shall mean a non-voting unit of measurement which is deemed solely for purposes of calculating the amount of payment under the Plan and this Award Certificate to be equivalent to one outstanding share of the Corporation’s Common Stock (subject to adjustment in accordance with Section 7.1 of the Plan). The Performance Units shall be used solely as a device for the determination of the payment to eventually be paid to the Participant if such Performance Units vest pursuant to Sections 4, 6 or 7 hereof. The Performance Units shall not be treated as property or as a trust fund of any kind. The Participant acknowledges that the Administrator may use a broker or other third party to facilitate its restricted stock unit award recordkeeping and agrees to comply with any administrative rules and procedures regarding restricted stock unit awards as may be in place from time to time. The Participant acknowledges and agrees that the Corporation may require that any Common Stock received under the Award be

deposited in a brokerage account (in the name of the Participant) with a broker designated by the Corporation, and the Participant agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

3. Rights as a Stockholder; Dividends and Voting.

(a) Limitations on Rights Associated with Units. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 3(b) below with respect to dividend equivalent rights) and no voting rights, with respect to the Performance Units and any shares of Common Stock underlying such Performance Units.

(b) Dividend Equivalent Rights Distributions. In the event that the Corporation pays an ordinary cash dividend on its Common Stock and the related dividend payment record date occurs at any time after the Award Date and before all of the Performance Units subject to the Award have either been paid pursuant to Section 5 or terminated pursuant to Section 6, the Corporation shall credit the Participant as of such record date with an additional number of Performance Units equal to (i) the per-share cash dividend paid by the Corporation on its Common Stock with respect to such record date, multiplied by (ii) the total number of outstanding and unpaid Performance Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan and/or Section 12 hereof) subject to the Award as of such record date, divided by (iii) the fair market value of a share of Common Stock (as determined under the Plan) on such record date. Any Performance Units credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Performance Units to which they relate. No crediting of Performance Units shall be made pursuant to this Section 3(b) with respect to any Performance Units which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Section 6.

4. Vesting. Subject to Sections 6 and 7 below, the Award shall vest and become nonforfeitable based on the Corporation's achievement of the performance goals set forth on Exhibit A attached hereto for the Performance Period (as defined below). The number of Performance Units that vest and become payable under the Award shall be determined based on the level of results or achievement of the targets set forth on Exhibit A. Subject to Section 7, any Performance Units subject to the Award that do not vest in accordance with Exhibit A shall terminate as of the last day of the Performance Period. Except as otherwise expressly provided herein, the Participant has no right to pro-rated vesting with respect to the Award if his or her services terminates before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was actually in the service of the Corporation and/or any of its Subsidiaries). For purposes of this Award Certificate, the "**Performance Period**" shall mean the period of three years covering the Corporation's fiscal years [_____].

5. Timing and Manner of Payment of Performance Units. Subject to Sections 6, 7 and 8 below, upon or as soon as practicable after the last day of the Performance Period, but in all events by the 15th day of the third calendar month following the calendar month in which the last day of the Performance Period occurs, the Corporation shall (i) deliver to the Participant a number of shares

of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Administrator in its discretion) equal to one-half (1/2) of the number of Performance Units subject to the Award that had vested as of the last day of the Performance Period, and (ii) make a cash payment to the Participant with respect to the remaining one-half (1/2) of the number of Performance Units that had vested as of the last day of the Performance Period in an amount equal to (i) the per-share closing price of a share of Common Stock on the last day of the Performance Period, multiplied by (ii) one-half (1/2) of the number of Performance Units that had vested as of the last day of the Performance Period. The Corporation reserves the right to settle any Performance Units credited as dividend equivalents pursuant to Section 3(b) by cash payment. The Corporation's obligation to deliver shares of Common Stock or otherwise make payment with respect to vested Performance Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares or any such payment with respect to the vested Performance Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Corporation may, in its sole discretion, either ignore fractional share interests or settle them in cash. For clarity, a particular Performance Unit may vest only once.

6. **Effect of Termination of Employment or Services.** If the Participant ceases to be employed by or ceases to provide services to the Corporation or any of its Subsidiaries, the following rules shall apply (the last day that the Participant is employed by or provides services to the Corporation or any of its Subsidiaries is referred to as the Participant's "**Separation Date**");

(a) other than as expressly provided below in this Section 6, the Participant's Performance Units (including, for clarity, any stock units credited as dividend equivalents pursuant to Section 3(b)), to the extent unvested on the Separation Date, shall terminate on the Separation Date; and

(b) if the termination of the Participant's employment or services is as a result of the Participant's death or "Disability" (as defined below), (a) the Participant's Performance Units, to the extent not previously terminated as of the Separation Date, shall continue to be eligible to vest following the Separation Date in accordance with Exhibit A; (b) the Participant's Performance Units shall be subject to pro-rata vesting such that the number of Performance Units subject to the Award that shall become vested as of the last day of the Performance Period shall equal (i) the number of Performance Units subject to the Award that would have become vested as of the last day of the Performance Period in accordance with Exhibit A (assuming no termination of employment had occurred), multiplied by (ii) a fraction, the numerator of which shall be the number of whole months during the Performance Period the Participant was employed by or rendered services to the Corporation or one of its Subsidiaries, and the denominator of which shall be thirty-six (36); and (c) any Performance Units subject to the Award that do not vest in accordance with the foregoing clause (b) shall terminate as of the last day of the Performance Period.

If any unvested Performance Units are terminated hereunder, such Performance Units shall automatically terminate and be cancelled as of the applicable termination date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

For purposes of this Award Certificate, “**Disability**” means a “total and permanent disability” within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator.

7. Effect of Change in Control. In the event of the occurrence, at any time after the Award Date and prior to the end of the Performance Period, of an event described in Section 7.2 of the Plan (which generally covers certain mergers or similar reorganizations) that the Corporation does not survive (or does not survive as a public company in respect of its Common Stock) or a Change in Control (as defined below) (an “**Acceleration Event**”), then, unless the Administrator has made a provision for the substitution, assumption, exchange or other continuation or settlement of the Award or the Award would otherwise continue in accordance with its terms in the circumstances, the Performance Period shall terminate immediately prior to such Acceleration Event, and the number of Performance Units subject to the Award that shall vest upon such Acceleration Event shall be determined in accordance with Exhibit A based on the Corporation’s actual performance for the shortened Performance Period and after pro-rating the performance goals set forth on Exhibit A to reflect the shortened Performance Period. Any Performance Units subject to the Award that do not vest after giving effect to the preceding sentence shall terminate as of the occurrence of such Acceleration Event. For purposes hereof, a “**Change in Control**” shall mean (i) a merger or consolidation in which the stockholders of the Corporation immediately prior to such merger or consolidation do not hold, immediately after such merger or consolidation, more than 50% of the combined voting power of the surviving or acquiring entity (or parent corporation thereof), (ii) the sale of substantially all of the assets of the Corporation or assets representing over 50% of the operating revenues of the Corporation, or (iii) any person shall become the beneficial owner of over 50% of the Corporation’s outstanding Common Stock or the combined voting power of the Corporation’s then outstanding voting securities entitled to vote generally, or become a controlling person as defined in Rule 405 promulgated under the Securities Act.

8. Section 409A. Notwithstanding anything to the contrary herein or in the Plan, if the Participant is a “specified employee” within the meaning of Section 409A, and, as a result of that status, any portion of the payments hereunder would otherwise be subject to taxation pursuant to Section 409A of the Code, the Participant shall not be entitled to any payments upon a separation from service until the earlier of (i) the date which is six (6) months after his or her separation from service for any reason other than death, or (ii) the date of the Participant’s death; provided that the first such payment thereafter shall include all amounts that would have been paid earlier but for such six (6) month delay.

9. Non-Transferability of Award. This Award is personal and, prior to the time they have become vested pursuant to Sections 4, 6 or 7 hereof, neither the Performance Units nor any rights hereunder may be transferred, assigned, pledged or hypothecated by the Participant in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution, nor shall any such rights be subject to execution, attachment or similar process; provided, however, that such restrictions shall not apply to transfers to the Corporation. Except as otherwise provided herein, any attempted alienation, assignment, pledge, hypothecation, attachment, execution or similar process, whether voluntary or involuntary, with respect to all or any part of the Participant’s unvested rights under this Award, shall be null and void.

10. No Right to Continued Employment or Service. Except as provided in Sections 6 and 7, the vesting schedule requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under the Award. Except as provided in Sections 6 and 7, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of services as provided in Section 6 above. Nothing contained in the Plan or the Award constitutes a continued employment or service commitment by the Corporation, confers upon the Participant any right to remain in the employ of or service to the Corporation, interferes with the right of the Corporation at any time to terminate such employment or services, or affects the right of the Corporation to increase or decrease the Participant's other compensation. By accepting this Award, the Participant acknowledges and agrees that (a) any person who is terminated before full vesting of an award, such as the one granted to the Participant by this Award Certificate, could attempt to argue that he or she was terminated to preclude vesting; (b) the Participant promises never to make such a claim; and (c) except as otherwise expressly provided herein, in any event, the Participant has no right to pro-rated vesting with respect to the Award if his or her service terminates before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was actually in the service of the Corporation and/or any of its Subsidiaries).

11. Tax Consequences.

(a) Tax Consultation. The Participant understands that he or she may suffer adverse tax consequences as a result of his or her acceptance of the Award. The Participant represents that he or she has consulted with any tax consultants he or she deems advisable in connection with the acceptance of the Award and that he or she is not relying on the Corporation for any tax advice. By accepting this Award, the Participant acknowledges that he or she shall be solely responsible for the satisfaction of any taxes that may arise (including taxes arising under Section 409A of the Code), and that the Corporation shall not have any obligation whatsoever to pay such taxes.

(b) Withholding. Upon or in connection with any payment in respect of the Award, the Corporation shall first deduct from any cash portion of such payment the full amount of any taxes which the Corporation may be required to withhold with respect to such payment, and to the extent the aggregate cash portion of such payment is insufficient to satisfy the Corporation's applicable withholding obligations, the Corporation shall then automatically reduce the number of any shares of Common Stock to be delivered in payment by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (as determined under the Plan), to satisfy any remaining withholding obligations of the Corporation with respect to such payment, at the applicable withholding rates. In the event that the Corporation cannot legally satisfy such withholding obligations by reduction of shares, or in the event that the withholding procedure described in the preceding sentence is insufficient to satisfy the Corporation's applicable withholding obligations with respect to any payment under the Award, the Corporation shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local law to be withheld with respect to

such payment. The Participant agrees to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 11.

12. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of Performance Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 3(b). Furthermore, the Administrator shall adjust the performance measures and performance goals referenced in Exhibit A hereof to the extent (if any) it determines that the adjustment is necessary or advisable to preserve the intended incentives and benefits to reflect (1) any material change in corporate capitalization, any material corporate transaction (such as a reorganization, combination, separation, merger, acquisition, or any combination of the foregoing), or any complete or partial liquidation of the Corporation, (2) any of the circumstances referenced in Section 5.2.2(b) of the Plan or (3) any other similar special circumstances.

13. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

14. Binding Effect. This Award Certificate shall extend to, be binding upon and inure to the benefit of the Participant and the Participant's legal representatives, heirs, successors and assigns (subject, however, to the limitations set forth in Section 9 with respect to the transfer of this Award Certificate or any rights hereunder or of the Performance Units), and upon the Corporation and its successors and assigns, regardless of any change in the business structure of the Corporation, be it through spin-off, merger, sale of stock, sale of assets or any other transaction.

15. Notices. Any notice to the Corporation contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Participant shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

16. Plan. The Award and all rights of the Participant under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Certificate. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

17. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Participant with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

18. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

19. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

20. Choice of Law; Arbitration. This Award Certificate shall be governed by, and construed in accordance with, the laws of the State of California (disregarding any choice-of-law provisions). If the Participant is a party to an agreement with the Corporation to arbitrate claims, such agreement to arbitrate claims shall apply as to any dispute or disagreement regarding the Participant's rights under this Award Certificate.

21. Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Certificate shall be construed and interpreted consistent with that intent.

22. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

23. No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Performance Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Award.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]

**EXHIBIT A****PERFORMANCE GOALS****[Date] Award**

Subject to Sections 6 and 7, the Award shall vest and become nonforfeitable with respect to the percentage of the total number of Performance Units subject to the Award (subject to adjustment under Section 7.1 of the Plan) set forth in the chart below based on the Corporation's [cumulative operating income and cumulative net revenue] for the Performance Period.

If the Corporation's [cumulative operating income or cumulative net revenue] for the Performance Period is between two of the performance levels indicated below, the percentage of the Performance Units that will vest will be determined based on lineal interpolation between the two performance levels. Any Performance Units that do not vest based on the performance requirements set forth in this Exhibit A will automatically terminate as of the last day of the Performance Period.

[Add Grid]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
OPTION AWARD CERTIFICATE

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Optionee**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the option described in this Award Certificate to the Optionee.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.
2. Grant of Option. Pursuant to the Plan, the Corporation hereby grants to the Optionee as of the date hereof the option to purchase all or any part of an aggregate of [Amount] shares of Common Stock (the “**Option**”), subject to adjustment in accordance with Section 7.1 of the Plan. The Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.
3. Option Price. The price to be paid for Common Stock upon exercise of the Option or any part thereof shall be \$[Market Price] per share, subject to adjustment in accordance with Section 7.1 of the Plan (the “**Exercise Price**”).
4. Vesting. Subject to Section 10 below, the Option shall vest and become exercisable with respect to [twenty-five percent (25%) or thirty-three point three percent (33.3%)] of the total number of shares of Common Stock subject to the Option (subject to adjustment under Section 7.1 of the Plan) on each of the [first, second, third and fourth or first, second and third] anniversaries of the Award Date. The Optionee has no right to pro-rated vesting with respect to the Option if his or her services to the Corporation or one of its Subsidiaries terminates before any applicable vesting date with respect to the Option (regardless of the portion of the vesting period the Optionee was in service to the Corporation and/or any of its Subsidiaries).

5. Securities Law Requirements. No part of the Option shall be exercised if counsel to the Corporation determines that any applicable registration requirement under the Securities Act of 1933, as amended (the “**Securities Act**”) or any other applicable requirement of Federal or State law has not been met.

6. Term of Option. The Option shall terminate in any event on the earliest of (a) the [day before the 6 year anniversary of grant] at 11:59 PM, (b) the expiration of the period described in Section 7 below, (c) the expiration of the period described in Section 8 below, (d) the expiration of the period described in Section 9 below, or (e) in connection with certain corporate events as provided in Section 7.2 of the Plan.

7. Exercise Following Termination of Service. If the Optionee’s service with the Corporation terminates for any reason, or no reason, whether voluntarily or involuntarily, with or without cause, other than death, Disability or Retirement (as defined below), any portion of the Option granted hereunder held by such person which is not then vested and exercisable shall terminate and any portion of the Option which is then vested and exercisable may (subject to earlier termination as provided in Section 6) be exercised within thirty (30) consecutive days after the date of such cessation of service.

8. Exercise Following Death or Disability. If the Optionee’s service with the Corporation terminates by reason of the Optionee’s death or Disability (as defined below), the Option (to the extent it has not previously been exercised and is then exercisable) may (subject to earlier termination as provided in Section 6) be exercised within one (1) year after the date of the Optionee’s death or termination by reason of Disability. In the case of death, the exercise may be made by his or her representative or by the person entitled thereto under the Optionee’s will or the laws of descent and distribution; provided however, that such representative or such person consents in writing to abide by and be subject to the terms of the Plan and this Award Certificate and such writing is delivered to the President of the Corporation. For purposes hereof, “**Disability**” means a “total and permanent disability” within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator.

9. Exercise Following Retirement. If the Optionee’s service with the Corporation terminates by reason of Retirement (as defined below) the Option (to the extent it has not previously been exercised and is then exercisable) may (subject to earlier termination pursuant to Section 6) be exercised within ninety (90) days after the date of the Optionee’s Retirement. For purposes hereof, “**Retirement**” shall mean the voluntary cessation of employment by an individual upon the attainment of age sixty-five (65) and the completion of not less than twenty (20) years of service with the Corporation or a Subsidiary.

10. Vesting and Exercise Following Change in Control. Notwithstanding any other provision to the contrary contained herein, subject to the provisions of Section 7 of the Plan, if within one (1) year following a Change in Control (as defined below) the Optionee (i) is terminated without Cause (as defined below, and not on account of the Optionee’s death or Disability) or (ii) terminates employment as a result of a Constructive Termination (as defined below) that occurs with respect to the Optionee, then any outstanding Options shall automatically become fully vested

and exercisable as of the date of the Optionee's termination of employment, whether or not then otherwise exercisable, without any further action on the part of the Administrator.

For purposes hereof, "**Cause**" shall mean that the Optionee (i) has been negligent in the discharge of his or her duties to the Corporation or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of disability or analogous condition) incapable of performing those duties, (ii) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses), (iii) has materially breached any of the provisions of any agreement with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries, or (iv) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has induced a principal for whom the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries acts as agent to terminate such agency relationship.

For purposes hereof, a "**Change in Control**" shall mean (i) a merger or consolidation in which the stockholders of the Corporation immediately prior to such merger or consolidation do not hold, immediately after such merger or consolidation, more than 50% of the combined voting power of the surviving or acquiring entity (or parent corporation thereof), (ii) the sale of substantially all of the assets of the Corporation or assets representing over 50% of the operating revenues of the Corporation, or (iii) any person shall become the beneficial owner of over 50% of the Corporation's outstanding Common Stock or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally, or become a controlling person as defined in Rule 405 promulgated under the Securities Act.

For purposes hereof, "**Constructive Termination**" shall mean the Optionee's voluntary termination within one (1) year of the Optionee's knowledge of the occurrence of (i) a reduction in the Optionee's base salary after a Change in Control from that in effect immediately prior to the Change in Control, or (ii) a material or substantial reduction or change in job duties, responsibilities, and requirements after a Change in Control from the Optionee's duties, responsibilities, and requirements immediately prior to the Change in Control; provided, however, that a termination shall not be treated as a Constructive Termination unless both (a) the Optionee provides written notice to the Corporation of the condition claimed to constitute a Constructive Termination within sixty (60) days of the initial existence of such condition(s) (such notice to be delivered in accordance with Section 17 below), and (b) the Corporation fails to remedy such condition(s) within thirty (30) days of receiving such written notice thereof. A termination shall not be treated as a Constructive Termination if the Optionee shall have specifically consented in writing to the occurrence of the event giving rise to the claim of Constructive Termination.

11. Non-Transferability. The Option and any other rights of the Optionee under this Award Certificate or the Plan are non-transferable and exercisable only by the Optionee, except as set forth in Section 5.7 of the Plan. Except as otherwise provided herein or in the Plan, any attempted sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge, whether voluntary or involuntary, with respect to all or any part of the Option or any right thereunder, shall be null and void and, at the Corporation's option, shall cause all of the Optionee's rights under this Award Certificate and the Plan to terminate.

12. Effect of Exercise. Upon exercise of all or any part of the Option, the number of shares of Common Stock subject to the Option under this Award Certificate shall be reduced by the number of shares with respect to which such exercise is made.

13. Exercise of Option. The Option may be exercised by (a) delivering to the Corporation a written notice of exercise in substantially the form prescribed from time to time by the Administrator or completing such other notice procedure as the Administrator from time to time may require, and (b) delivering to the Corporation the full payment of the Exercise Price for each share of Common Stock purchased under the Option. Any notice of exercise shall specify the number of shares of Common Stock with respect to which the Option is exercised and shall be signed (or otherwise authorized in accordance with the exercise procedures then in effect) by the person exercising the Option. If the Option is exercised by a person other than the Optionee, such notice shall be accompanied by proof, satisfactory to the Corporation, of such person's right to exercise the Option. The Exercise Price shall be payable (a) in U.S. dollars in cash (by check), (b) by delivery of shares of stock registered in the name of the Optionee having a fair market value at the time of exercise equal to the amount of the purchase price, (c) any combination of the payment of cash and the delivery of stock, or (d) as otherwise approved by the Administrator in its sole and absolute discretion. The Optionee acknowledges that the Administrator may use a broker or other third party to facilitate its stock option recordkeeping and exercises and agrees to comply with any administrative rules and procedures regarding stock option exercises as may be in place from time to time. The Optionee acknowledges and agrees that the Corporation may require that any Common Stock purchased under the Option be deposited in a brokerage account (in the name of the Optionee) with a broker designated by the Corporation, and the Optionee agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

14. Withholding Taxes. If the Optionee is an employee or former employee of the Corporation when all or part of the Option is exercised, the Corporation may require the Optionee to deliver payment of any withholding taxes (in addition to the Exercise Price) in cash with respect to the difference between the Option price and the fair market value of the Common Stock acquired upon exercise.

15. Issuance of Shares. Subject to the foregoing conditions, the Corporation, as soon as reasonably practicable after receipt of a proper notice of exercise and without transfer or issue tax or other incidental expense to the person exercising the Option, shall deliver to such person at the principal office of the Corporation, or such other location as may be acceptable to the Corporation and such person, one or more certificates for the shares of Common Stock with respect to which the Option is exercised. Such shares shall be fully paid and nonassessable and shall be issued in the name of such person. However, at the request of the Optionee, such shares may be issued in

the names of the Optionee and his or her spouse as (a) joint tenants with right of survivorship, (b) community property, or (c) tenants in common without right of survivorship.

16. Rights as a Stockholder. Subject to Section 8.7 of the Plan, neither the Optionee nor any other person entitled to exercise the Option shall have any rights as a stockholder of the Corporation with respect to the stock subject to the Option until a certificate for such shares has been issued to him or her upon exercise of the Option.

17. Notices. Any notice to the Company contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Optionee shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

18. Not a Contract of Employment. Nothing in this Award Certificate gives the Optionee the right to remain in the employ of the Corporation or any Subsidiary or to affect the absolute and unqualified right of the Corporation and any of its subsidiaries to terminate Optionee's employment at any time for any reason or no reason and with or without cause or prior notice. Except to the extent explicitly provided otherwise in a then effective written employment contract executed by Optionee and the Corporation, Optionee is an at will employee whose employment may be terminated without liability at any time for any reason. By accepting this Award, Optionee acknowledges and agrees that (a) a person whose employment is terminated before full vesting of an award, such as the one granted by this Award Certificate, could attempt to argue that he or she was terminated to preclude vesting of the award, (b) that Optionee agrees never to make such a claim, and (c) in any event, Optionee has no right to pro-rated vesting with respect to the Award if his or her employment terminates before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Optionee was actually employed by the Corporation and/or any of its Subsidiaries).

19. Plan. The Option and all rights of the Optionee under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Optionee agrees to be bound by the terms of the Plan and this Award Certificate. The Optionee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Optionee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

20. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Optionee with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

21. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall

remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

22. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

23. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

24. Choice of Law; Arbitration. This Award Certificate shall be governed by and construed in accordance with the internal substantive laws (not the law of choice of laws) of the State of California. If the Optionee is a party to an agreement with the Corporation to arbitrate claims, such agreement to arbitrate claims shall apply as to any dispute or disagreement regarding the Optionee's rights under this Award Certificate.

25. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

26. No Advice Regarding Grant. The Optionee is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Optionee may determine is needed or appropriate with respect to the Option (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Option). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Option. Except for the withholding rights set forth in Section 14 above and Section 8.5 of the Plan, the Optionee is solely responsible for any and all tax liability that may arise with respect to the Option and any shares that may be acquired upon exercise of the Option.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
OPTION AWARD CERTIFICATE
SWITZERLAND EMPLOYEES

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Optionee**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the option described in this Award Certificate to the Optionee.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. **Definitions.** Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.
2. **Grant of Option.** Pursuant to the Plan, the Corporation hereby grants to the Optionee as of the date hereof the option to purchase all or any part of an aggregate of [Amount] shares of Common Stock (the “**Option**”), subject to adjustment in accordance with Section 7.1 of the Plan. The Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.
3. **Option Price.** The price to be paid for Common Stock upon exercise of the Option or any part thereof shall be \$[Market Price] per share, subject to adjustment in accordance with Section 7.1 of the Plan (the “**Exercise Price**”).
4. **Vesting.** Subject to Section 10 below, the Option shall vest and become exercisable with respect to [twenty-five percent (25%) or thirty-three point three percent (33.3%)] of the total number of shares of Common Stock subject to the Option (subject to adjustment under Section 7.1 of the Plan) on each of the [first, second, third and fourth or first, second and third] anniversaries of the Award Date. The Optionee has no right to pro-rated vesting with respect to the Option if his or her services to the Corporation or one of its Subsidiaries terminates before any applicable vesting date with respect to the Option (regardless of the portion of the vesting period the Optionee was in service to the Corporation and/or any of its Subsidiaries).

5. Securities Law Requirements. No part of the Option shall be exercised if counsel to the Corporation determines that any applicable registration requirement under the Securities Act of 1933, as amended (the “**Securities Act**”) or any other applicable requirement of Federal or State law has not been met.

6. Term of Option. The Option shall terminate in any event on the earliest of (a) the [day before the 11 year anniversary of grant] at 11:59 PM, (b) the expiration of the period described in Section 7 below, (c) the expiration of the period described in Section 8 below, (d) the expiration of the period described in Section 9 below, or (e) in connection with certain corporate events as provided in Section 7.2 of the Plan.

7. Exercise Following Termination of Service. If the Optionee’s service with the Corporation terminates for any reason, or no reason, whether voluntarily or involuntarily, with or without cause, other than death, Disability or Retirement (as defined below), any portion of the Option granted hereunder held by such person which is not then vested and exercisable shall terminate and any portion of the Option which is then vested and exercisable may (subject to earlier termination as provided in Section 6) be exercised within thirty (30) consecutive days after the date of such cessation of service.

8. Exercise Following Death or Disability. If the Optionee’s service with the Corporation terminates by reason of the Optionee’s death or Disability (as defined below), the Option (to the extent it has not previously been exercised and is then exercisable) may (subject to earlier termination as provided in Section 6) be exercised within one (1) year after the date of the Optionee’s death or termination by reason of Disability. In the case of death, the exercise may be made by his or her representative or by the person entitled thereto under the Optionee’s will or the laws of descent and distribution; provided however, that such representative or such person consents in writing to abide by and be subject to the terms of the Plan and this Award Certificate and such writing is delivered to the President of the Corporation. For purposes hereof, “**Disability**” means a “total and permanent disability” within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator.

9. Exercise Following Retirement. If the Optionee’s service with the Corporation terminates by reason of Retirement (as defined below) the Option (to the extent it has not previously been exercised and is then exercisable) may (subject to earlier termination pursuant to Section 6) be exercised within ninety (90) days after the date of the Optionee’s Retirement. For purposes hereof, “**Retirement**” shall mean the voluntary cessation of employment by an individual upon the attainment of age sixty-five (65) and the completion of not less than twenty (20) years of service with the Corporation or a Subsidiary.

10. Vesting and Exercise Following Change in Control. Notwithstanding any other provision to the contrary contained herein, subject to the provisions of Section 7 of the Plan, if within one (1) year following a Change in Control (as defined below) the Optionee (i) is terminated without Cause (as defined below, and not on account of the Optionee’s death or Disability) or (ii) terminates employment as a result of a Constructive Termination (as defined below) that occurs with respect to the Optionee, then any outstanding Options shall automatically become fully vested

and exercisable as of the date of the Optionee's termination of employment, whether or not then otherwise exercisable, without any further action on the part of the Administrator.

For purposes hereof, "**Cause**" shall mean that the Optionee (i) has been negligent in the discharge of his or her duties to the Corporation or any of its Subsidiaries, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of disability or analogous condition) incapable of performing those duties, (ii) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has been convicted of a felony or misdemeanor (other than minor traffic violations or similar offenses), (iii) has materially breached any of the provisions of any agreement with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries, or (iv) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; has improperly induced a vendor or customer to break or terminate any contract with the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries; or has induced a principal for whom the Corporation, any of its Subsidiaries or any affiliate of the Corporation or any of its Subsidiaries acts as agent to terminate such agency relationship.

For purposes hereof, a "**Change in Control**" shall mean (i) a merger or consolidation in which the stockholders of the Corporation immediately prior to such merger or consolidation do not hold, immediately after such merger or consolidation, more than 50% of the combined voting power of the surviving or acquiring entity (or parent corporation thereof), (ii) the sale of substantially all of the assets of the Corporation or assets representing over 50% of the operating revenues of the Corporation, or (iii) any person shall become the beneficial owner of over 50% of the Corporation's outstanding Common Stock or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally, or become a controlling person as defined in Rule 405 promulgated under the Securities Act.

For purposes hereof, "**Constructive Termination**" shall mean the Optionee's voluntary termination within one (1) year of the Optionee's knowledge of the occurrence of (i) a reduction in the Optionee's base salary after a Change in Control from that in effect immediately prior to the Change in Control, or (ii) a material or substantial reduction or change in job duties, responsibilities, and requirements after a Change in Control from the Optionee's duties, responsibilities, and requirements immediately prior to the Change in Control; provided, however, that a termination shall not be treated as a Constructive Termination unless both (a) the Optionee provides written notice to the Corporation of the condition claimed to constitute a Constructive Termination within sixty (60) days of the initial existence of such condition(s) (such notice to be delivered in accordance with Section 17 below), and (b) the Corporation fails to remedy such condition(s) within thirty (30) days of receiving such written notice thereof. A termination shall not be treated as a Constructive Termination if the Optionee shall have specifically consented in writing to the occurrence of the event giving rise to the claim of Constructive Termination.

11. Non-Transferability. The Option and any other rights of the Optionee under this Award Certificate or the Plan are non-transferable and exercisable only by the Optionee, except as set forth in Section 5.7 of the Plan. Except as otherwise provided herein or in the Plan, any attempted sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge, whether voluntary or involuntary, with respect to all or any part of the Option or any right thereunder, shall be null and void and, at the Corporation's option, shall cause all of the Optionee's rights under this Award Certificate and the Plan to terminate.

12. Effect of Exercise. Upon exercise of all or any part of the Option, the number of shares of Common Stock subject to the Option under this Award Certificate shall be reduced by the number of shares with respect to which such exercise is made.

13. Exercise of Option. The Option may be exercised by (a) delivering to the Corporation a written notice of exercise in substantially the form prescribed from time to time by the Administrator or completing such other notice procedure as the Administrator from time to time may require, and (b) delivering to the Corporation the full payment of the Exercise Price for each share of Common Stock purchased under the Option. Any notice of exercise shall specify the number of shares of Common Stock with respect to which the Option is exercised and shall be signed (or otherwise authorized in accordance with the exercise procedures then in effect) by the person exercising the Option. If the Option is exercised by a person other than the Optionee, such notice shall be accompanied by proof, satisfactory to the Corporation, of such person's right to exercise the Option. The Exercise Price shall be payable (a) in U.S. dollars in cash (by check), (b) by delivery of shares of stock registered in the name of the Optionee having a fair market value at the time of exercise equal to the amount of the purchase price, (c) any combination of the payment of cash and the delivery of stock, or (d) as otherwise approved by the Administrator in its sole and absolute discretion. The Optionee acknowledges that the Administrator may use a broker or other third party to facilitate its stock option recordkeeping and exercises and agrees to comply with any administrative rules and procedures regarding stock option exercises as may be in place from time to time. The Optionee acknowledges and agrees that the Corporation may require that any Common Stock purchased under the Option be deposited in a brokerage account (in the name of the Optionee) with a broker designated by the Corporation, and the Optionee agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

14. Withholding Taxes. If the Optionee is an employee or former employee of the Corporation when all or part of the Option is exercised, the Corporation may require the Optionee to deliver payment of any withholding taxes (in addition to the Exercise Price) in cash with respect to the difference between the Option price and the fair market value of the Common Stock acquired upon exercise.

15. Issuance of Shares. Subject to the foregoing conditions, the Corporation, as soon as reasonably practicable after receipt of a proper notice of exercise and without transfer or issue tax or other incidental expense to the person exercising the Option, shall deliver to such person at the principal office of the Corporation, or such other location as may be acceptable to the Corporation and such person, one or more certificates for the shares of Common Stock with respect to which the Option is exercised. Such shares shall be fully paid and nonassessable and shall be issued in the name of such person. However, at the request of the Optionee, such shares may be issued in

the names of the Optionee and his or her spouse as (a) joint tenants with right of survivorship, (b) community property, or (c) tenants in common without right of survivorship.

16. Rights as a Stockholder. Subject to Section 8.7 of the Plan, neither the Optionee nor any other person entitled to exercise the Option shall have any rights as a stockholder of the Corporation with respect to the stock subject to the Option until a certificate for such shares has been issued to him or her upon exercise of the Option.

17. Notices. Any notice to the Company contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Optionee shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

18. Not a Contract of Employment. Nothing in this Award Certificate gives the Optionee the right to remain in the employ of the Corporation or any Subsidiary or to affect the absolute and unqualified right of the Corporation and any of its subsidiaries to terminate Optionee's employment at any time for any reason or no reason and with or without cause or prior notice. Except to the extent explicitly provided otherwise in a then effective written employment contract executed by Optionee and the Corporation, Optionee is an at will employee whose employment may be terminated without liability at any time for any reason. By accepting this Award, Optionee acknowledges and agrees that (a) a person whose employment is terminated before full vesting of an award, such as the one granted by this Award Certificate, could attempt to argue that he or she was terminated to preclude vesting of the award, (b) that Optionee agrees never to make such a claim, and (c) in any event, Optionee has no right to pro-rated vesting with respect to the Award if his or her employment terminates before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Optionee was actually employed by the Corporation and/or any of its Subsidiaries).

19. Plan. The Option and all rights of the Optionee under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Optionee agrees to be bound by the terms of the Plan and this Award Certificate. The Optionee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Optionee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

20. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Optionee with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

21. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall

remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

22. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

23. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

24. Choice of Law; Arbitration. This Award Certificate shall be governed by and construed in accordance with the internal substantive laws (not the law of choice of laws) of the State of California. If the Optionee is a party to an agreement with the Corporation to arbitrate claims, such agreement to arbitrate claims shall apply as to any dispute or disagreement regarding the Optionee's rights under this Award Certificate.

25. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

26. No Advice Regarding Grant. The Optionee is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Optionee may determine is needed or appropriate with respect to the Option (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Option). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Option. Except for the withholding rights set forth in Section 14 above and Section 8.5 of the Plan, the Optionee is solely responsible for any and all tax liability that may arise with respect to the Option and any shares that may be acquired upon exercise of the Option.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR STOCK UNIT AWARD CERTIFICATE

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Director**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock, par value \$0.01 per share (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the restricted stock unit award (the “**Award**”) described in this Award Certificate to the Director.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.

2. Award of Stock Units. Pursuant to the Plan, the Corporation hereby awards to the Director as of the date hereof an Award with respect to [Amount] stock units (subject to adjustment in accordance with Section 7.1 of the Plan) (the “**Stock Units**”), which Stock Units are restricted and subject to forfeiture on the terms and conditions hereinafter set forth. As used herein, the term “Stock Unit” shall mean a non-voting unit of measurement which is deemed solely for purposes of calculating the amount of payment under the Plan and this Award Certificate to be equivalent to one outstanding share of the Common Stock (subject to adjustment in accordance with Section 7.1 of the Plan). The Stock Units shall be used solely as a device for the determination of the payment to eventually be paid to the Director if such Stock Units vest pursuant to Sections 4, 6 or 7 hereof. The Stock Units shall not be treated as property or as a trust fund of any kind. The Director acknowledges that the Administrator may use a broker or other third party to facilitate its restricted stock unit award recordkeeping and agrees to comply with any administrative rules and procedures regarding restricted stock unit awards as may be in place from time to time. The Director acknowledges and agrees that the Corporation may require that any Common Stock received under the Award be deposited in a brokerage account (in the name of the Director) with a broker designated

by the Corporation, and the Director agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

3. Rights as a Stockholder; Dividends and Voting.

(a) Limitations on Rights Associated with Units. The Director shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 3(b) below with respect to dividend equivalent rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying such Stock Units.

(b) Dividend Equivalent Rights Distributions. In the event that the Corporation pays an ordinary cash dividend on its Common Stock and the related dividend payment record date occurs at any time after the Award Date and before all of the Stock Units subject to the Award have either been paid pursuant to Section 5 or terminated pursuant to Section 6, the Corporation shall credit the Director as of such record date with an additional number of Stock Units equal to (i) the per-share cash dividend paid by the Corporation on its Common Stock with respect to such record date, multiplied by (ii) the total number of outstanding and unpaid Stock Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan and/or Section 12 hereof) subject to the Award as of such record date, divided by (iii) the fair market value of a share of Common Stock (as determined under the Plan) on such record date. Any Stock Units credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units shall be made pursuant to this Section 3(b) with respect to any Stock Units which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Section 6.

4. Vesting. Subject to Sections 6 and 7 below, the Award shall vest and become nonforfeitable with respect to one hundred percent (100%) of the total number of Stock Units (subject to adjustment under Section 7.1 of the Plan) on the earlier of (i) the one-year anniversary of the Award Date and (ii) the date immediately preceding the date of the first annual meeting of the Corporation's stockholders that occurs in the Corporation's fiscal year immediately following the fiscal year in which the Award Date occurs (the earlier to occur of such dates, the "**Vesting Date**").

5. Timing and Manner of Payment of Stock Units. Subject to Sections 6, 7 and 8 below, upon or as soon as practicable following (and in all events within two and one-half months after) the Director's Separation From Service (as defined below and also referred to as the "**Payment Date**"), the Corporation shall make a cash payment to the Director with respect to the number of Stock Units subject to the Award that had vested (including any Stock Units that become vested in the circumstances pursuant to Sections 6 or 7) as of the Payment Date; provided, however, that the Corporation reserves the right to settle any Stock Units credited as dividend equivalents pursuant to Section 3(b) by cash payment. For purposes hereof, the Director's "**Separation From Service**" shall mean a "separation from service" within the meaning of Section 409A of the Code (and the published guidance and regulations promulgated thereunder) (which, generally, will be when the Director ceases to be a member of the Board). The amount of the cash payment described in the first sentence of this Section 5 as to a Stock Unit shall equal the per-share closing price of a share

of Common Stock on the Payment Date. The Corporation's obligation to make payment with respect to vested Stock Units is subject to the condition precedent that the Director or other person entitled under the Plan to receive payment with respect to the vested Stock Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Director shall have no further rights with respect to any Stock Units that are paid pursuant to this Section 5 or that terminate pursuant to Section 6.

6. Effect of Termination of Service.

(a) Death or Disability. Notwithstanding anything to the contrary herein or in the Plan, in the event that the Director's Separation From Service occurs prior to the Vesting Date as a result of the death or Disability (as defined below) of the Director, the Director's outstanding Stock Units (to the extent not then otherwise vested) shall be fully vested on the date of the Director's Separation From Service. For purposes of this Award Certificate, "**Disability**" means a "total and permanent disability" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator.

(b) Other Terminations of Service. Notwithstanding anything to the contrary herein or in the Plan, in the event that the Director's Separation From Service occurs prior to the Vesting Date as a result of any circumstances other than the Director's death or Disability, then a number of Stock Units subject to the Award (to the extent not then otherwise vested) shall become vested on the Separation From Service equal to (i) the total number of Stock Units subject to the Award, multiplied by (ii) a fraction (not greater than one), the numerator of which is the number of calendar days in the period beginning with the Award Date through and including the date of the Director's Separation From Service, and the denominator of which is the number of calendar days in the period beginning with the Award Date through and including the first July 1 that occurs after the Award Date. Any Stock Units (including, for clarity, any Stock Units credited as dividend equivalents pursuant to Section 3(b)) subject to the Award that are not vested on the Director's Separation From Service (after giving offset to any accelerated vesting required by this Section 6) shall terminate on such Separation From Service, regardless of the reason for such Separation From Service.

(c) Termination of Stock Units. If any unvested Stock Units are terminated hereunder, such Stock Units shall automatically terminate and be cancelled as of the date of the applicable Separation From Service without payment of any consideration by the Corporation and without any other action by the Director, or the Director's beneficiary or personal representative, as the case may be.

7. Effect of Change in Control. Notwithstanding any other provision to the contrary contained herein, subject to the provisions of Section 7 of the Plan, in the event of a Change in Control (as defined below), any outstanding Stock Units (to the extent not previously vested immediately prior to such Change in Control) shall automatically become fully vested as of (or, to the extent necessary to give effect to the acceleration, immediately prior to) the date of the Change in Control without any further action on the part of the Board, the stockholders or the Administrator. For purposes hereof, a "**Change in Control**" shall mean (i) a merger or consolidation in which the stockholders of the Corporation immediately prior to such merger or consolidation do not hold,

immediately after such merger or consolidation, more than 50% of the combined voting power of the surviving or acquiring entity (or parent corporation thereof), (ii) the sale of substantially all of the assets of the Corporation or assets representing over 50% of the operating revenues of the Corporation, or (iii) any person shall become the beneficial owner of over 50% of the Corporation's outstanding Common Stock or the combined voting power of the Corporation's then outstanding voting securities entitled to vote generally, or become a controlling person as defined in Rule 405 promulgated under the Securities Act.

8. Section 409A. Notwithstanding anything to the contrary herein or in the Plan, if the Director is a "specified employee" within the meaning of Section 409A of the Code, and, as a result of that status, any portion of the payments hereunder would otherwise be subject to taxation pursuant to Section 409A of the Code, the Director shall not be entitled to any payments upon a Separation From Service until the earlier of (i) the date which is six (6) months after his or her Separation From Service for any reason other than death, or (ii) the date of the Director's death; provided that the first such payment thereafter shall include all amounts that would have been paid earlier but for such six (6) month delay.

9. Non-Transferability of Award. This Award is personal and, prior to the time they have become vested pursuant to Sections 4, 6 or 7 hereof or Section 7.2 of the Plan, neither the Stock Units nor any rights hereunder may be transferred, assigned, pledged or hypothecated by the Director in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution (or a transfer not for value to a family trust established by the Director for the benefit of his or her family members, provided that the Director is a trustee of such trust and such trust remains revocable by the Director for his or her life), nor shall any such rights be subject to execution, attachment or similar process; provided, however that such restrictions shall not apply to transfers to the Corporation. Except as otherwise provided herein, any attempted alienation, assignment, pledge, hypothecation, attachment, execution or similar process, whether voluntary or involuntary, with respect to all or any part of the Director's unvested rights under this Award, shall be null and void.

10. No Right to Continued Service. The vesting schedule requires continued service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under the Award. Nothing contained in the Plan or the Award constitutes a continued service commitment by the Corporation, confers upon the Director any right to remain in service to the Corporation, interferes with the right of the Corporation at any time to terminate such service, or affects the right of the Corporation to increase or decrease the Director's other compensation.

11. Tax Consequences.

(a) Tax Consultation. The Director may suffer adverse tax consequences as a result of his or her acquisition or disposition of the Stock Units. The Director will be solely responsible for the satisfaction of any taxes that may arise (including taxes arising under Section 409A of the Code) with respect to the Award. The Corporation shall not have any obligation whatsoever to pay such taxes. The Corporation has not and will not provide any tax advice to the

Director. The Director should consult with his or her own personal tax advisors to the extent he or she deems advisable in connection with the acquisition or disposition of the Stock Units.

(b) Withholding. Upon or in connection with the distribution of cash in respect of the Stock Units, the Corporation shall deduct from such distribution the amount of any taxes which the Corporation may be required to withhold with respect to such distribution. The Director agrees to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 11.

12. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 3(b).

13. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

14. Binding Effect. This Award Certificate shall extend to, be binding upon and inure to the benefit of the Director and the Director's legal representatives, heirs, successors and assigns (subject, however, to the limitations set forth in Section 9 with respect to the transfer of this Award Certificate or any rights hereunder or of the Stock Units), and upon the Corporation and its successors and assigns, regardless of any change in the business structure of the Corporation, be it through spin-off, merger, sale of stock, sale of assets or any other transaction.

15. Notices. Any notice to the Corporation contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Director shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

16. Plan. The Award and all rights of the Director under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Director agrees to be bound by the terms of the Plan and this Award Certificate. The Director acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Director unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

17. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Director with regard to the subject matter of

this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

18. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

19. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

20. Choice of Law. This Award Certificate shall be governed by, and construed in accordance with, the laws of the State of California (disregarding any choice-of-law provisions).

21. Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Certificate shall be construed and interpreted consistent with that intent.

22. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

23. No Advice Regarding Grant. The Director is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Director may determine is needed or appropriate with respect to the Stock Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Award.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
NON-EMPLOYEE DIRECTOR STOCK UNIT AWARD CERTIFICATE

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Director**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock, par value \$0.01 per share (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the restricted stock unit award (the “**Award**”) described in this Award Certificate to the Director.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.

2. Award of Stock Units. Pursuant to the Plan, the Corporation hereby awards to the Director as of the date hereof an Award with respect to [Amount] stock units (subject to adjustment in accordance with Section 7.1 of the Plan) (the “**Stock Units**”), which Stock Units are restricted and subject to forfeiture on the terms and conditions hereinafter set forth. As used herein, the term “Stock Unit” shall mean a non-voting unit of measurement which is deemed solely for purposes of calculating the amount of payment under the Plan and this Award Certificate to be equivalent to one outstanding share of the Common Stock (subject to adjustment in accordance with Section 7.1 of the Plan). The Stock Units shall be used solely as a device for the determination of the payment to eventually be paid to the Director if such Stock Units vest pursuant to Sections 4, 6 or 7 hereof. The Stock Units shall not be treated as property or as a trust fund of any kind. The Director acknowledges that the Administrator may use a broker or other third party to facilitate its restricted stock unit award recordkeeping and agrees to comply with any administrative rules and procedures regarding restricted stock unit awards as may be in place from time to time. The Director acknowledges and agrees that the Corporation may require that any Common Stock received under the Award be deposited in a brokerage account (in the name of the Director) with a broker designated

by the Corporation, and the Director agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

3. Rights as a Stockholder; Dividends and Voting.

(a) Limitations on Rights Associated with Units. The Director shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 3(b) below with respect to dividend equivalent rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying such Stock Units.

(b) Dividend Equivalent Rights Distributions. In the event that the Corporation pays an ordinary cash dividend on its Common Stock and the related dividend payment record date occurs at any time after the Award Date and before all of the Stock Units subject to the Award have either been paid pursuant to Section 5 or terminated pursuant to Section 6, the Corporation shall credit the Director as of such record date with an additional number of Stock Units equal to (i) the per-share cash dividend paid by the Corporation on its Common Stock with respect to such record date, multiplied by (ii) the total number of outstanding and unpaid Stock Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan and/or Section 12 hereof) subject to the Award as of such record date, divided by (iii) the fair market value of a share of Common Stock (as determined under the Plan) on such record date. Any Stock Units credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units shall be made pursuant to this Section 3(b) with respect to any Stock Units which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Section 6.

4. Vesting. Subject to Sections 6 and 7 below, the Award shall vest and become nonforfeitable with respect to one hundred percent (100%) of the total number of Stock Units (subject to adjustment under Section 7.1 of the Plan) on the earlier of (i) the one-year anniversary of the Award Date and (ii) the date immediately preceding the date of the first annual meeting of the Corporation's stockholders that occurs in the Corporation's fiscal year immediately following the fiscal year in which the Award Date occurs (the earlier to occur of such dates, the "**Vesting Date**").

5. Timing and Manner of Payment of Stock Units. Subject to Sections 6, 7 and 8 below, upon or as soon as practicable following (and in all events within two and one-half months after) the earlier to occur of (1) the first anniversary of the Award Date or (2) the Director's Separation From Service (as defined below) (the earlier to occur of such events, the "**Payment Date**"), the Corporation shall deliver to the Director a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its discretion) equal to the number of Stock Units subject to the Award that had vested (including any Stock Units that become vested in the circumstances pursuant to Sections 6 or 7) as of the Payment Date (with any fractional Stock Units being rounded down to the nearest whole unit); provided, however, that the Corporation reserves the right to settle any Stock Units credited as dividend equivalents pursuant to Section 3(b) by cash payment with the amount of any such cash payment as to a Stock Unit to equal the per-share closing price of a share of Common

Stock on the Payment Date. For purposes hereof, the Director's "**Separation From Service**" shall mean a "separation from service" within the meaning of Section 409A of the Code (and the published guidance and regulations promulgated thereunder) (which, generally, will be when the Director ceases to be a member of the Board). The Corporation's obligation to make payment with respect to vested Stock Units is subject to the condition precedent that the Director or other person entitled under the Plan to receive payment with respect to the vested Stock Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Director shall have no further rights with respect to any Stock Units that are paid pursuant to this Section 5 or that terminate pursuant to Section 6.

6. Effect of Termination of Service.

(a) Death or Disability. Notwithstanding anything to the contrary herein or in the Plan, in the event that the Director's Separation From Service occurs prior to the Vesting Date as a result of the death or Disability (as defined below) of the Director, the Director's outstanding Stock Units (to the extent not then otherwise vested) shall be fully vested on the date of the Director's Separation From Service. For purposes of this Award Certificate, "**Disability**" means a "total and permanent disability" within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator.

(b) Other Terminations of Service. Notwithstanding anything to the contrary herein or in the Plan, in the event that the Director's Separation From Service occurs prior to the Vesting Date as a result of any circumstances other than the Director's death or Disability, then a number of Stock Units subject to the Award (to the extent not then otherwise vested) shall become vested on the Separation From Service equal to (i) the total number of Stock Units subject to the Award, multiplied by (ii) a fraction (not greater than one), the numerator of which is the number of calendar days in the period beginning with the Award Date through and including the date of the Director's Separation From Service, and the denominator of which is the number of calendar days in the period beginning with the Award Date through and including the first July 1 that occurs after the Award Date. Any Stock Units (including, for clarity, any Stock Units credited as dividend equivalents pursuant to Section 3(b)) subject to the Award that are not vested on the Director's Separation From Service (after giving offset to any accelerated vesting required by this Section 6) shall terminate on such Separation From Service, regardless of the reason for such Separation From Service.

(c) Termination of Stock Units. If any unvested Stock Units are terminated hereunder, such Stock Units shall automatically terminate and be cancelled as of the date of the applicable Separation From Service without payment of any consideration by the Corporation and without any other action by the Director, or the Director's beneficiary or personal representative, as the case may be.

7. Effect of Change in Control. Notwithstanding any other provision to the contrary contained herein, subject to the provisions of Section 7 of the Plan, in the event of a Change in Control (as defined below), any outstanding Stock Units (to the extent not previously vested immediately prior to such Change in Control) shall automatically become fully vested as of (or, to the extent necessary to give effect to the acceleration, immediately prior to) the date of the Change

in Control without any further action on the part of the Board, the stockholders or the Administrator. For purposes hereof, a “**Change in Control**” shall mean (i) a merger or consolidation in which the stockholders of the Corporation immediately prior to such merger or consolidation do not hold, immediately after such merger or consolidation, more than 50% of the combined voting power of the surviving or acquiring entity (or parent corporation thereof), (ii) the sale of substantially all of the assets of the Corporation or assets representing over 50% of the operating revenues of the Corporation, or (iii) any person shall become the beneficial owner of over 50% of the Corporation’s outstanding Common Stock or the combined voting power of the Corporation’s then outstanding voting securities entitled to vote generally, or become a controlling person as defined in Rule 405 promulgated under the Securities Act.

8. Section 409A. Notwithstanding anything to the contrary herein or in the Plan, if the Director is a “specified employee” within the meaning of Section 409A of the Code, and, as a result of that status, any portion of the payments hereunder would otherwise be subject to taxation pursuant to Section 409A of the Code, the Director shall not be entitled to any payments upon a Separation From Service until the earlier of (i) the date which is six (6) months after his or her Separation From Service for any reason other than death, or (ii) the date of the Director’s death; provided that the first such payment thereafter shall include all amounts that would have been paid earlier but for such six (6) month delay.

9. Non-Transferability of Award. This Award is personal and, prior to the time they have become vested pursuant to Sections 4, 6 or 7 hereof or Section 7.2 of the Plan, neither the Stock Units nor any rights hereunder may be transferred, assigned, pledged or hypothecated by the Director in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution (or a transfer not for value to a family trust established by the Director for the benefit of his or her family members, provided that the Director is a trustee of such trust and such trust remains revocable by the Director for his or her life), nor shall any such rights be subject to execution, attachment or similar process; provided, however that such restrictions shall not apply to transfers to the Corporation. Except as otherwise provided herein, any attempted alienation, assignment, pledge, hypothecation, attachment, execution or similar process, whether voluntary or involuntary, with respect to all or any part of the Director’s unvested rights under this Award, shall be null and void.

10. No Right to Continued Service. The vesting schedule requires continued service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under the Award. Nothing contained in the Plan or the Award constitutes a continued service commitment by the Corporation, confers upon the Director any right to remain in service to the Corporation, interferes with the right of the Corporation at any time to terminate such service, or affects the right of the Corporation to increase or decrease the Director’s other compensation.

11. Tax Consequences.

(a) Tax Consultation. The Director may suffer adverse tax consequences as a result of his or her acquisition or disposition of the Stock Units. The Director will be solely responsible for the satisfaction of any taxes that may arise (including taxes arising under Section

409A of the Code) with respect to the Award. The Corporation shall not have any obligation whatsoever to pay such taxes. The Corporation has not and will not provide any tax advice to the Director. The Director should consult with his or her own personal tax advisors to the extent he or she deems advisable in connection with the acquisition or disposition of the Stock Units.

(b) Withholding. Upon or in connection with the distribution of cash or any distribution of shares of Common Stock in respect of the Stock Units, the Corporation shall deduct from such distribution the amount of any taxes which the Corporation may be required to withhold with respect to such distribution. The Director agrees to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 11.

12. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 3(b).

13. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

14. Binding Effect. This Award Certificate shall extend to, be binding upon and inure to the benefit of the Director and the Director's legal representatives, heirs, successors and assigns (subject, however, to the limitations set forth in Section 9 with respect to the transfer of this Award Certificate or any rights hereunder or of the Stock Units), and upon the Corporation and its successors and assigns, regardless of any change in the business structure of the Corporation, be it through spin-off, merger, sale of stock, sale of assets or any other transaction.

15. Notices. Any notice to the Corporation contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Director shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

16. Plan. The Award and all rights of the Director under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Director agrees to be bound by the terms of the Plan and this Award Certificate. The Director acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Director unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

17. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Director with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

18. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

19. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

20. Choice of Law. This Award Certificate shall be governed by, and construed in accordance with, the laws of the State of California (disregarding any choice-of-law provisions).

21. Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Certificate shall be construed and interpreted consistent with that intent.

22. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

23. No Advice Regarding Grant. The Director is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Director may determine is needed or appropriate with respect to the Stock Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Award.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
OPTION AWARD CERTIFICATE
(NON-EMPLOYEE DIRECTORS)

THIS AWARD is made this [Grant Date] (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Optionee**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock (the “**Common Stock**”).

B. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the option described in this Award Certificate to the Optionee.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. **Definitions.** Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan.
2. **Grant of Option.** Pursuant to the Plan, the Corporation hereby grants to the Optionee as of the date hereof the option to purchase all or any part of an aggregate of [Amount] shares of Common Stock (the “**Option**”), subject to adjustment in accordance with Section 7.1 of the Plan. The Option is not intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.
3. **Option Price.** The price to be paid for Common Stock upon exercise of the Option or any part thereof shall be \$[Market Price] per share, subject to adjustment in accordance with Section 7.1 of the Plan (the “**Exercise Price**”).
4. **Vesting.** Subject to Sections 9 and 10 below, the Option shall vest and become exercisable with respect to [twenty-five percent (25%) or thirty-three point three percent (33.3%)] of the total number of shares of Common Stock subject to the Option (subject to adjustment under Section 7.1 of the Plan), on each of the [first, second, third and fourth or first, second and third] anniversaries of the Award Date. The Optionee has no right to pro-rated vesting with respect to the Option if his or her services to the Corporation or one of its Subsidiaries terminates before any

applicable vesting date with respect to the Option (regardless of the portion of the vesting period the Optionee was in service to the Corporation and/or any of its Subsidiaries).

5. Early Termination of Service. Notwithstanding any other provision of this Award Certificate, including Section 8, Section 9, or Section 10 hereof, no portion of the Option may be exercised for six (6) months after the date of the award.

6. Securities Law Requirements. No part of the Option shall be exercised if counsel to the Corporation determines that any applicable registration requirement under the Securities Act of 1933, as amended (the “**Securities Act**”) or any other applicable requirement of Federal or State law has not been met.

7. Term of Option. The Option shall terminate in any event on the earliest of (a) the [day before the 6 year anniversary of grant] at 11:59 PM, (b) the expiration of the period described in Section 8 below, (c) the expiration of the period described in Section 9 below, or (d) in connection with certain corporate events as provided in Section 7.2 of the Plan.

8. Exercise Following Cessation of Service. If the Optionee’s service with the Corporation terminates for any reason, or no reason, whether voluntarily or involuntarily, with or without cause, other than death, Disability or Board Retirement (as defined below), any portion of the Option granted hereunder held by such person which is not then exercisable shall terminate and any portion of the Option which is then exercisable may be exercised within ninety (90) consecutive days after the date of such cessation or until the expiration of the stated term of the Option, whichever period is shorter.

9. Vesting and Exercise Following Death, Disability or Board Retirement. If the Optionee’s service with the Corporation ceases by reason of the Optionee’s death, Disability or Board Retirement (as defined below), any outstanding Options shall automatically become fully vested and exercisable as of the date of the Optionee’s termination of service with the Corporation and the Option shall, subject to Section 5 above, be exercisable for three (3) years after the date of cessation or until the expiration of the stated term of the Option, whichever period is shorter.

If the Optionee dies or suffers a disability within the three-year period following Board Retirement, the Option shall remain fully exercisable for three (3) years after the death or Disability or until the expiration of the stated term of the Option, whichever period is shorter. In case of death, the exercise may be made by the Optionee’s designated beneficiary or, if no such beneficiary has been designated, by the Optionee’s estate or by the person or persons who acquire the right to exercise it by bequest or inheritance provided that such person consents in writing to abide by and be subject to the terms of the Plan and this Award Certificate and such writing is delivered to the President or Chairman of the Corporation.

For purposes hereof, “**Board Retirement**” means termination of an Optionee’s services as a member of the Board (a) after ten (10) years of service as a Director, or (b) after five (5) years of service as a Director if the Optionee is sixty-five (65) years of age at the time of termination.

For purposes hereof, “**Disability**” means a “total and permanent disability” within the meaning of Section 22(e)(3) of the Code or as otherwise determined by the Administrator.

10. Vesting and Exercise Following Change in Control. Notwithstanding any other provision to the contrary contained herein, subject to the provisions of Section 7 of the Plan, in the event of a Change in Control (as defined below), any outstanding Options shall automatically become fully vested and exercisable as of the date of the Change in Control, whether or not then exercisable, without any further action on the part of the Administrator.

For purposes hereof, a “**Change in Control**” shall mean (i) a merger or consolidation in which the stockholders of the Corporation immediately prior to such merger or consolidation do not hold, immediately after such merger or consolidation, more than 50% of the combined voting power of the surviving or acquiring entity (or parent corporation thereof), (ii) the sale of substantially all of the assets of the Corporation or assets representing over 50% of the operating revenues of the Corporation, or (iii) any person shall become the beneficial owner of over 50% of the Corporation’s outstanding Common Stock or the combined voting power of the Corporation’s then outstanding voting securities entitled to vote generally, or become a controlling person as defined in Rule 405 promulgated under the Securities Act.

11. Non-Transferability. The Option and any other rights of the Optionee under this Award Certificate or the Plan are non-transferable and exercisable only by the Optionee, except as set forth in Section 5.7 of the Plan. Except as otherwise provided herein or in the Plan, any attempted sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge, whether voluntary or involuntary, with respect to all or any part of the Option or any right thereunder, shall be null and void and, at the Corporation’s option, shall cause all of the Optionee’s rights under this Award Certificate and the Plan to terminate.

12. Effect of Exercise. Upon exercise of all or any part of the Option, the number of shares of Common Stock subject to the Option under this Award Certificate shall be reduced by the number of shares with respect to which such exercise is made.

13. Exercise of Option. The Option may be exercised by (a) delivering to the Corporation a written notice of exercise in substantially the form prescribed from time to time by the Administrator or completing such other notice procedure as the Administrator from time to time may require, and (b) delivering to the Corporation the full payment of the Exercise Price for each share of Common Stock purchased under the Option. Any notice of exercise shall specify the number of shares of Common Stock with respect to which the Option is exercised and shall be signed (or otherwise authorized in accordance with the exercise procedures then in effect) by the person exercising the Option. If the Option is exercised by a person other than the Optionee, such notice shall be accompanied by proof, satisfactory to the Corporation, of such person’s right to exercise the Option. The Exercise Price shall be payable (a) in U.S. dollars in cash (by check), (b) by delivery of shares of stock registered in the name of the Optionee having a fair market value at the time of exercise equal to the amount of the purchase price, (c) any combination of the payment of cash and the delivery of stock, or (d) as otherwise approved by the Administrator in its sole and absolute discretion. The Optionee acknowledges that the Administrator may use a broker or other third party to facilitate its stock option recordkeeping and exercises and agrees to comply with any administrative rules and procedures regarding stock option exercises as may be in place from time to time. The Optionee acknowledges and agrees that the Corporation may require that any Common Stock purchased under the Option be deposited in a brokerage account (in the name of the Optionee)

with a broker designated by the Corporation, and the Optionee agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

14. Withholding Taxes. The Corporation may require the Optionee to deliver payment of any withholding taxes (in addition to the Exercise Price) with respect to the difference between the purchase price and the fair market value of the Common Stock acquired upon exercise.

15. Issuance of Shares. Subject to the foregoing conditions, the Corporation, as soon as reasonably practicable after receipt of a proper notice of exercise and without transfer or issue tax or other incidental expense to the person exercising the Option, shall deliver to such person at the principal office of the Corporation, or such other location as may be acceptable to the Corporation and such person, one or more certificates for the shares of Common Stock with respect to which the Option is exercised. Such shares shall be fully paid and nonassessable and shall be issued in the name of such person. However, at the request of the Optionee, such shares may be issued in the names of the Optionee and his or her spouse as (a) joint tenants with right of survivorship, (b) community property, or (c) tenants in common without right of survivorship.

16. Rights as a Stockholder. Subject to Section 8.7 of the Plan, neither the Optionee nor any other person entitled to exercise the Option shall have any rights as a stockholder of the Corporation with respect to the stock subject to the Option until a certificate for such shares has been issued to him or her upon exercise of the Option.

17. Notices. Any notice to the Company contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Optionee shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

18. Plan. The Option and all rights of the Optionee under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Optionee agrees to be bound by the terms of the Plan and this Award Certificate. The Optionee acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Optionee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

19. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Optionee with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

20. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall

remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

21. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

22. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator's determinations shall be conclusive and binding on all interested persons.

23. Choice of Law. This Award Certificate shall be governed by and construed in accordance with the internal substantive laws (not the law of choice of laws) of the State of California.

24. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

25. No Advice Regarding Grant. The Optionee is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Optionee may determine is needed or appropriate with respect to the Option (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Option). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Option. Except for the withholding rights set forth in Section 14 above and Section 8.5 of the Plan, the Optionee is solely responsible for any and all tax liability that may arise with respect to the Option and any shares that may be acquired upon exercise of the Option.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]



SEMTECH CORPORATION
2017 LONG-TERM EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD CERTIFICATE

THIS AWARD is made this [●], 2017 (the “**Award Date**”) by Semtech Corporation, a Delaware corporation (the “**Corporation**”), to [Legal Name] (the “**Participant**”).

RECITALS

A. The Corporation has established the Corporation’s 2017 Long-Term Equity Incentive Plan (the “**Plan**”) in order to provide eligible persons of the Corporation with an opportunity to acquire shares of the Corporation’s common stock, par value \$0.01 per share (the “**Common Stock**”).

B. Pursuant to the Share Purchase Agreement (the “**Purchase Agreement**”) dated as of June 29, 2017 among, *inter alia*, Semtech Quebec Inc. (the “**Purchaser**”), Semtech Canada Corporation, Kamran Ahmed, Stephane Tremblay, Giovanni Forte and Anthony Verelli in their capacity as trustees of Trellia Trust, YUL Ventures Investment Fund Inc., Christie Digital Systems Canada Inc., Jean-Sébastien Cournoyer and the Participant, the Purchaser is acquiring from the Vendors all of the issued and outstanding shares of AptoVision Technologies Inc. (the “**Acquired Company**”) as of the Award Date.

C. Pursuant to Section 2.4 of the Purchase Agreement, the Participant is exchanging at Closing its Rollover Options of the Acquired Company for restricted stock units of Semtech, which exchange is intended to meet the conditions of subsection 7(1.4) of the Canadian Income Tax Act (the “**ITA**”).

D. The Administrator has determined that it would be in the best interests of the Corporation and its stockholders to grant the restricted stock unit award (the “**Award**”) described in this Award Certificate to the Participant in accordance with Section 8.10 of the Plan.

NOW, THEREFORE, this Award is made on the following terms and conditions:

1. Definitions. Capitalized terms used in this Award Certificate and not otherwise defined herein shall have the meanings given to such terms in the Plan or the Purchase Agreement, as applicable. Additionally, the following words and terms will have the respective meanings set out below:

(a) “**ITA**” means the *Income Tax Act* (Canada).

(b) “**Vested Percentage**” means the percentage obtained by dividing (i) the number of Rollover Units that have vested in accordance with Section 4 by (ii) the total number of Rollover Units.

(c) “**Rollover Units**” means the Stock Units issued on the date hereof as adjusted in accordance with Section 3.3 of the Purchase Agreement but not subject to any other adjustment.

2. Award of Stock Units. Pursuant to the Plan, the Corporation hereby awards to the Participant as of the date hereof an Award with respect to **[Amount]** restricted stock units (subject to adjustment in accordance with Section 7.1 of the Plan) (the “**Stock Units**”), which Stock Units are restricted and subject to forfeiture on the terms and conditions hereinafter set forth. For greater certainty, the number of Rollover Units under this Award shall automatically adjust in accordance with Section 3.3 of the Purchase Agreement. As used herein, the term “Stock Unit” shall mean a non-voting unit of measurement which is deemed solely for purposes of calculating Participant’s Award entitlement under the Plan and this Award Certificate to be equivalent to one outstanding share of the Common Stock (subject to adjustment in accordance with Section 7.1 of the Plan). The Stock Units shall be used solely as a device for the determination of the issuance of Common Stock to eventually be made to the Participant if such Stock Units vest pursuant to Section 4 hereof. The Stock Units shall not be treated as property or as a trust fund of any kind. The Participant acknowledges that the Administrator may use a broker or other third party to facilitate its restricted stock unit award recordkeeping and agrees to comply with any administrative rules and procedures regarding restricted stock unit awards as may be in place from time to time. The Participant acknowledges and agrees that the Corporation may require that any Common Stock received under the Award be deposited in a brokerage account (in the name of the Participant) with a broker designated by the Corporation, and the Participant agrees to take such reasonable steps as the Corporation may require to open and maintain such an account.

3. Rights as a Stockholder; Dividends and Voting.

(a) Limitations on Rights Associated with Units. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 3(b) below with respect to dividend equivalent rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying such Stock Units.

(b) Dividend Equivalent Rights Distributions. In the event that the Corporation pays an ordinary cash dividend on its Common Stock and the related dividend payment record date occurs at any time after the Award Date and before all of the Stock Units subject to the Award have either been paid pursuant to Section 5 or terminated pursuant to Section 4, the Corporation shall credit the Participant as of such record date with an additional number of Stock Units (rounded

down to the nearest whole number) equal to (i) the per-share cash dividend paid by the Corporation on its Common Stock with respect to such record date, multiplied by (ii) the total number of outstanding and unpaid Stock Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan and/or Section 9 hereof) subject to the Award as of such record date, divided by (iii) the fair market value of a share of Common Stock (as determined under the Plan) on such record date. Any Stock Units credited pursuant to the foregoing provisions of this Section 3(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units shall be made pursuant to this Section 3(b) with respect to any Stock Units which, as of such record date, have either been paid pursuant to Section 5 or terminated pursuant to Section 4. As a result of the Corporation (i) paying the cash dividend and (ii) concurrently crediting additional Stock Units to the Participant under this Section 3(b), the aggregate in-the-money value of all Stock Units held by the Participant determined immediately after such transactions will be substantially the same as, but not more than, the aggregate in-the money value of all Stock Units held by the Participant determined immediately prior to such transactions. Such crediting of additional Stock Units is intended to meet the conditions of subsection 110(1.7) of the ITA.

4. Vesting; Termination of Employment.

(a) Vesting in General. Subject to Section 4(b) below, the Award shall vest and become nonforfeitable with respect to [●] percent (●%) of the total number of Stock Units (subject to adjustment under Section 7.1 of the Plan) on each [●]. The Participant has no right to pro-rated vesting with respect to the Award if his or her services to the Corporation or one of its direct or indirect Subsidiaries terminates (excluding any notice of termination period required by any applicable statute, civil law, common law or contract) before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was in service to the Corporation and/or any of its Subsidiaries).

(b) Effect of Termination of Employment. If the service of the Participant with the Corporation or any of its direct or indirect Subsidiaries, is terminated for any reason, then the Stock Units (including, for clarity, any stock units credited as dividend equivalents pursuant to Section 3(b)) which have not vested as of the date of the Participant's termination of service (excluding any notice of termination period required by any applicable statute, civil law, common law or contract) (the "**Termination Date**") shall terminate. If any unvested Stock Units are terminated hereunder, such Stock Units shall automatically terminate and be cancelled as of the applicable termination date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

5. Timing and Manner of Settlement of Stock Units. On or as soon as practicable following (and in all events within thirty (30) days after) the vesting of any portion of the Award pursuant to Section 4, the Corporation shall issue to the Participant a number of authorized but previously unissued shares of Common Stock equal to the number of Stock Units subject to the Award that vested on that particular vesting date. The Corporation's obligation to issue shares of

Common Stock with respect to vested Stock Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares with respect to the vested Stock Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Participant shall have no further rights with respect to any Stock Units that are settled pursuant to this Section 5 or that terminate pursuant to Section 4(b).

6. Non-Transferability of Award. This Award is personal and, prior to the time they have become vested pursuant to Section 4 hereof or Section 7.2 of the Plan, neither the Stock Units nor any rights hereunder may be transferred, assigned, pledged or hypothecated by the Participant in any way (whether by operation of law or otherwise), other than by will or the laws of descent and distribution, nor shall any such rights be subject to execution, attachment or similar process; provided, however, that such restrictions shall not apply to transfers to the Corporation. Except as otherwise provided herein, any attempted alienation, assignment, pledge, hypothecation, attachment, execution or similar process, whether voluntary or involuntary, with respect to all or any part of the Participant's unvested rights under this Award, shall be null and void.

7. Not a Contract of Employment. Nothing in this Award Certificate gives the Participant the right to remain in the employ of or other service to the Corporation or any Subsidiary or to affect the absolute and unqualified right of the Corporation and any of its Subsidiaries to terminate the Participant's employment or other service at any time for any reason or no reason and with or without cause or prior notice, in accordance with applicable laws. Except to the extent explicitly provided otherwise in a then effective written employment contract executed by the Participant and the Corporation, or any of its direct or indirect Subsidiaries, or as otherwise provided by applicable laws, the Participant is an at will employee whose employment may be terminated without liability at any time for any reason. By accepting this Award, the Participant acknowledges and agrees that (a) any person who is terminated before full vesting of an award, such as the one granted to the Participant by this Award Certificate, could attempt to argue that he or she was terminated to preclude vesting, (b) the Participant promises never to make such a claim, and (c) in any event, the Participant has no right to pro-rated vesting with respect to the Award if his or her employment or other service terminates (excluding any notice of termination period required by any applicable statute, civil law, common law or contract) before any applicable vesting date with respect to the Award (regardless of the portion of the vesting period the Participant was actually employed by the Corporation and/or any of its direct or indirect Subsidiaries).

8. Tax Consequences.

(a) Tax Consultation. The Participant may suffer adverse tax consequences as a result of his or her acquisition or disposition of the Stock Units. The Participant will be solely responsible for the satisfaction of any taxes that may arise (including taxes arising under Section 409A of the Code and the ITA) with respect to the Award. The Corporation shall not have any obligation whatsoever to pay such taxes. The Corporation has not and will not provide any tax advice to the Participant. The Participant should consult with his or her own personal tax advisors to the extent he or she deems advisable in connection with the acquisition or disposition of the Stock Units.

(b) Withholding. Upon any issuance of shares of Common Stock in respect of the Stock Units, the Corporation shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such issuance of shares at the applicable withholding rates. In the event that the Corporation cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of any other withholding event in respect of the Stock Units, the Corporation (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment. The Participant agrees to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 8.

9. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan, the Administrator shall make adjustments in accordance with such section in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 3(b).

10. Severability. In the event that any provision or portion of this Award Certificate shall be determined to be invalid or unenforceable for any reason, in whole or in part, in any jurisdiction, the remaining provisions of this Award Certificate shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law in such jurisdiction, and such invalidity or unenforceability shall have no effect in any other jurisdiction.

11. Binding Effect. This Award Certificate shall extend to, be binding upon and inure to the benefit of the Participant and the Participant's legal representatives, heirs, successors and assigns (subject, however, to the limitations set forth in Section 6 with respect to the transfer of this Award Certificate or any rights hereunder or of the Stock Units), and upon the Corporation and its successors and assigns, regardless of any change in the business structure of the Corporation, be it through spin-off, merger, sale of stock, sale of assets or any other transaction.

12. Notices. Any notice to the Corporation contemplated by this Award Certificate shall be in writing and addressed to it in care of its President; and any notice to the Participant shall be addressed to him or her at the address on file with the Corporation on the date hereof or at such other address as he or she may hereafter designate in writing.

13. Plan. The Award and all rights of the Participant under this Award Certificate are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Award Certificate. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Award Certificate. Unless otherwise expressly provided in other sections of this Award Certificate, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set

forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof. Notwithstanding the foregoing, in application to this Award, the terms and conditions of the provisions of the Plan shall be modified as follows:

(i) Section 3.2(j) of the Plan shall not apply, and

(ii) Section 7.2, first paragraph, fifth sentence of the Plan shall be read as follows: “then the Administrator may make provision for the termination, assumption, substitution or exchange of any or all outstanding share based awards or the cash, securities or property deliverable to the holder of any or all outstanding share-based awards, based upon, to the extent relevant under the circumstances, the distribution or consideration payable to holders of the Common Stock upon or in respect of such event”.

14. Entire Agreement. This Award Certificate, together with the Plan, constitutes the entire understanding between the Corporation and the Participant with regard to the subject matter of this Award Certificate. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter of this Award Certificate.

15. Waiver. The waiver of any breach of any duty, term or condition of this Award Certificate shall not be deemed to constitute a waiver of any preceding or succeeding breach of the same or of any other duty, term or condition of this Award Certificate.

16. Interpretation. The interpretation, construction, performance and enforcement of the terms and conditions of this Award Certificate and the Plan shall lie within the sole discretion of the Administrator, and the Administrator’s determinations shall be conclusive and binding on all interested persons.

17. Choice of Law; Arbitration. This Award Certificate shall be governed by, and construed in accordance with, the laws of the State of California (disregarding any choice-of-law provisions). If the Participant is a party to an agreement with the Corporation to arbitrate claims, such agreement to arbitrate claims shall apply as to any dispute or disagreement regarding the Participant’s rights under this Award Certificate.

18. Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Award Certificate shall be construed and interpreted consistent with that intent.

19. Section Headings. The section headings of this Award Certificate are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

20. No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Stock Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award).

Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Certificate) or recommendation with respect to the Award.

SEMTECH CORPORATION,

a Delaware corporation

By:

[Name]

CERTIFICATION

I, Mohan R. Maheswaran, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Semtech Corporation;
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 30, 2017

/s/ Mohan R. Maheswaran

Mohan R. Maheswaran

President and Chief Executive Officer

CERTIFICATION

I, Emeka N. Chukwu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Semtech Corporation;
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 30, 2017

/s/ Emeka N. Chukwu

Emeka N. Chukwu

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 USC 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Semtech Corporation (the "Company") for the period ended July 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mohan R. Maheswaran, Chief Executive Officer of the Company, hereby certify pursuant to 18 USC §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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.

Date: August 30, 2017

/s/ Mohan R. Maheswaran

Mohan R. Maheswaran

President and Chief Executive Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, has been provided to Semtech Corporation and will be retained by Semtech Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The information contained in this Exhibit 32.1 is being furnished and shall not be deemed "filed" for the purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Exhibit 32.1 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference to this Exhibit 32.1 in such filing.

CERTIFICATION PURSUANT TO
18 USC 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Semtech Corporation (the “Company”) for the period ended July 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Emeka N. Chukwu, Chief Financial Officer of the Company, hereby certify pursuant to 18 USC §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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.

Date: August 30, 2017

/s/ Emeka N. Chukwu

Emeka N. Chukwu

Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002, has been provided to Semtech Corporation and will be retained by Semtech Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The information contained in this Exhibit 32.2 is being furnished and shall not be deemed “filed” for the purposes of section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information in this Exhibit 32.2 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference to this Exhibit 32.2 in such filing.

