

CONEXANT SYSTEMS INC

Form 425

January 12, 2011

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Filing Person: Standard Microsystems Corporation
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Subject Company: Conexant Systems, Inc.
Commission File No.: 000-24923

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SMSC Announces Agreement
to Acquire Conexant Systems, Inc.
January 2011

Additional Information

n Additional Information About This Transaction

n In connection with the proposed transaction, SMSC will file with the Securities and Exchange Commission (the “SEC”) a Registration Statement on Form S-4 that will include a proxy statement of Conexant and a prospectus of SMSC. The definitive proxy statement/prospectus will be mailed to stockholders of Conexant. Conexant and SMSC urge investors and security holders to read the proxy statement/prospectus regarding the proposed transaction when it becomes available because it will contain important information about the proposed transaction. You may obtain a free copy of the proxy statement/prospectus (when available) and other related documents filed by SMSC and Conexant with the SEC at the SEC’s website at www.sec.gov. The proxy statement/prospectus (when it is available) and other documents filed by SMSC or Conexant with the SEC relating to the proposed transaction may also be obtained for free by accessing SMSC’s website at www.smsc.com by clicking on the link for “Investor Relations”, then clicking on the link for “SEC Filings” or by accessing Conexant’s website at www.conexant.com and clicking on the “Investors” link and then clicking on the link for “Financial Information” and then clicking on the link for “SEC Filings”.

n Participants in This Transaction

n SMSC, Conexant and their respective directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from Conexant stockholders in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of Conexant stockholders in connection with the proposed transaction, including the interests of such participants in the proposed transaction, will be set forth in the proxy statement/prospectus when it is filed with the SEC. You can find information about SMSC’s executive officers and directors in SMSC’s definitive proxy statement filed with the SEC on June 14, 2010. You can find information about Conexant’s executive officers and directors in Conexant’s definitive proxy statement filed with the SEC on December 10, 2010. You can obtain free copies of these documents from SMSC or Conexant, respectively, using the contact information above.

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n Forward Looking Statements

n Except for historical information contained herein, the matters set forth in this document are forward-looking statements about expected future events and financial and operating results that involve risks and uncertainties. These uncertainties may cause SMSC’s or Conexant’s actual future results to be materially different from those discussed in the forward-looking statements. These risks and uncertainties include risks relating to the ability to obtain regulatory approvals of the transaction on the proposed terms and schedule; the failure of Conexant stockholders to approve the transaction; a failure to consummate or delay in consummating the Merger for other reasons; the risk

that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues; and other risks relating to the companies' businesses set forth in their filings with the SEC.

n Our forward looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations and may not reflect the potential impact of any future acquisitions, mergers or divestitures. All forward-looking statements speak only as of the date hereof and are based upon the information available to SMSC and Conexant at this time. Such statements are subject to change, and SMSC and Conexant do not undertake to update such statements, except to the extent required under applicable law and regulation. These and other risks and uncertainties, including potential liability resulting from pending or future litigation, are detailed from time to time in SMSC's and Conexant's reports filed with the SEC. Investors are advised to read each company's Annual Report on Form 10-K and quarterly reports on Form 10-Q filed with the SEC, particularly those sections entitled "Other Factors That May Affect Future Operating Results" or "Risk Factors" for a more complete discussion of these and other risks and uncertainties.

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Agreement Overview

Transaction Value

Anticipated Closing

Conditions

Approximately \$2.25 per share - \$1.125 in cash and \$1.125 in stock (but no more than 0.04264 nor less than 0.03489 SMSC shares)

Approximately \$284 million, including the assumption of Conexant's net debt

First Half of Calendar Year 2011

Satisfaction of regulatory requirements, approval by Conexant shareholders and other customary closing conditions

Terms

Accretive Deal

Accretive to non-GAAP gross margin, non-GAAP operating margin and non-GAAP EPS, immediately upon closing

Expect \$8 - \$10M in annualized pre-tax cost synergies by end of Q4 Fiscal 2012

A History of Serving The Semiconductor Industry

Leading developer of connectivity
solutions that deliver data and multimedia
content in PCs, automobiles and portable
consumer devices

Headquarters: Hauppauge, NY

Year Founded: 1971

Key Product Lines:

Computing & Connectivity Products

Automotive Products

Consumer Electronics Solutions

Analog Products

Employees: ~1,000

Worldwide Offices: North America,
EMEA, Asia and Japan

Leading designer of semiconductor
solutions for imaging, audio, embedded
modem, and video surveillance
applications

Headquarters: Newport Beach, CA

Year Founded: 1999

Key Product Lines:

Imaging

Audio

Embedded Modems

Video Surveillance

Employees: ~600

Worldwide Offices: North America,
EMEA, Asia and Japan

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Automotive

Embedded Controller

Industrial Networking

Portable Products

PCs

Storage

Video & Graphics

Wireless Audio

Security

Battery Charging

USB Connectivity

Ethernet

Portable Power

USB Hubs

USB

Docking &

Accessories

SMSC Extending Connectivity to Content

USB

USB

USB

USB

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Conexant Market Segments

Imaging

Audio

Video

Embedded

Modem

Multifunction Printer SOC

and Fax

Interactive Displays

Tablet PCs

PC Audio

Speakers/Intercom

USB Headsets/Personal

Media Players

Video

Home alarm solutions

PCTV

STB modems

POS terminal

PC Modem

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Automotive

Embedded Controller

Industrial Networking

Portable Products

PCs

Storage

Video & Graphics

Security

Battery Charging

USB Connectivity

Ethernet

Docking &

Accessories

Expanding Connectivity with Conexant

Embedded

Audio

Connectivity

Products

World Class

Audio

Portable Power

USB Hubs

USB

USB

USB

USB

USB

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Balanced End Market Presence

Note: Not all segments included.

LTM Revenue

\$391M

LTM Revenue

\$241M

LTM Revenue*

\$632M

Last twelve month revenue based on 11/30/10 results for SMISC and 10/1/10 results for Conexant

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Highly Complementary Customer Base

Common

Customers

RAZOR

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Significant Revenue Scale

n Combined Company Scale Places it Among Top
Semiconductor Peer Revenue Performance

\$900

\$800

\$700

\$600

\$500

\$400

\$300

\$200

\$100

Cypress

Semiconductor

Intersil

Corp

Realtek

Semiconductor

Integrated Device

Technology Inc.

Semtech

Corp

Cirrus

Logic Inc.

Power

Integrations Inc.

Micrel Inc.

Monolithic Power

Systems Inc.

Volterra

Semiconductor

Corp

\$851

\$806

\$731

\$632

\$606

\$423

\$391

\$310

\$293

\$283

\$218

\$175

\$152

Silicon

Image Inc

\$241

Based on 11/30/10 results for SMSC and 10/1/10 results for Conexant

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The Combination of Conexant & SMSC

n Connectivity solutions with content

n Complementary products providing a breadth of
customer solutions

n A set of world class customers

n Global analog/mixed-signal engineering capability

n Immediately accretive upon close
