CONEXANT SYSTEMS INC
Form DEFM14A
March 16, 2011

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

þ Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to Rule 14a-12

Conexant Systems, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common Stock, par value $0.01 per share of Conexant Systems, Inc.

(2) Aggregate number of securities to which transaction applies:

(A) 82,218,129 shares of common stock issued and outstanding (including restricted shares), (B) 24,640 shares of common stock underlying options to purchase common stock with an exercise price of less than the merger consideration of $2.40 per share, and (C) 3,636,333 shares of common stock subject to restricted stock unit awards.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value was determined based on the sum of (A) 82,218,129 shares of common stock (including restricted shares) issued and outstanding and owned by persons other than Conexant, Gold Holdings, Inc. (Gold), or Gold Acquisition Corp., or any other direct or indirect majority-owned subsidiary of Gold, as of February 23, 2011, multiplied by the merger consideration of $2.40 per share; (B) 24,640 shares of common stock underlying options to purchase common stock with an exercise price of less than the merger consideration of $2.40 per share, as of February 23, 2011, multiplied by $1.23 (which is the difference between the merger consideration of $2.40 per share and the weighted average exercise price of

such options); and (C) 3,636,333 shares of common stock subject to restricted stock unit awards, as of February 23, 2011, multiplied by the merger consideration of $2.40 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0001161 by the maximum aggregate value of the transaction.

(4) Proposed maximum aggregate value of transaction:

$206,081,016

(5) Total fee paid:

$23,926.01

þ Fee paid previously with preliminary materials:

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

March 16, 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of Conexant Systems, Inc. at 12:00 p.m. Pacific Time on Monday, April 18, 2011 at the Hyatt Regency San Francisco Airport, located at 1333 Bayshore Highway, Burlingame, California 94010.

On February 23, 2011, we entered into a merger agreement providing for the acquisition of Conexant by Gold Holdings, Inc., which we refer to as Gold. Gold is an affiliate of Golden Gate Capital. At the annual meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement and the other proposals described in this proxy statement. Only stockholders who hold shares of Conexant common stock at the close of business on March 10, 2011 will be entitled to vote. You may vote your shares at the annual meeting only if you are present in person or represented by proxy at the meeting.

If the planned merger takes place, each outstanding share of Conexant common stock will be converted into the right to receive $2.40 in cash, without interest and subject to any applicable withholding tax. The merger will be a taxable transaction for stockholders for U.S. federal income tax purposes.

Our board of directors has determined that the merger agreement and the consummation of the transactions contemplated thereby, including the merger, are advisable and in the best interests of, and fair to, Conexant and our stockholders. **Our board of directors recommends that stockholders vote FOR the adoption of the merger agreement, FOR each of the two director nominees named in this proxy statement, 1 YEAR on the proposal regarding an advisory vote on the frequency of the advisory vote on executive compensation and FOR each of the other proposals described in this proxy statement.**

Your vote is very important. Whether or not you expect to attend the annual meeting, please submit the enclosed proxy card (or submit your proxy by telephone or over the Internet) as soon as possible to ensure that your shares are represented at the annual meeting. Returning your proxy card (or submitting your proxy by telephone or over the Internet) will not prevent you from attending the annual meeting and voting in person should you choose to do so. If your shares are held in street name by your broker, you should instruct your broker to vote your shares by following the directions your broker provides. **Please note that a failure to vote your shares either in person at the meeting or by submitting a proxy or voting instruction form is the equivalent of a vote against the merger.**

This proxy statement provides detailed information about the merger and the other business to be considered by stockholders at the annual meeting. **We encourage you to read carefully the entire document, including the annexes.**

On behalf of your board of directors, thank you for your continued support.

Sincerely,

D. Scott Mercer
Chairman of the Board and
Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATORS HAVE APPROVED OR DISAPPROVED THE TRANSACTIONS DESCRIBED HEREIN OR DETERMINED WHETHER THIS PROXY STATEMENT IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement is dated March 16, 2011, and is first being mailed to stockholders of Conexant on or about March 16, 2011.

Table of Contents

CONEXANT SYSTEMS, INC.
4000 MacArthur Boulevard,
Newport Beach, California 92660

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE	12:00 p.m., Pacific Time on Monday, April 18, 2011
PLACE	Hyatt Regency San Francisco Airport, located at 1333 Bayshore Highway, Burlingame, California 94010
PROPOSALS	1. Adoption of the Agreement and Plan of Merger, dated as of February 20, 2011, by and among Conexant, Gold Holdings, Inc., and Gold Acquisition Corp., as such agreement may be amended from time to time 2. Election of two directors to serve as Class III directors to hold office until the annual meeting of stockholders in 2014 and until their successors are duly elected and qualified 3. An advisory vote on executive compensation 4. An advisory vote on the frequency of the advisory vote on executive compensation 5. Ratification of the appointment of Deloitte & Touche LLP as our independent registered public accountants for the fiscal year ending September 30, 2011 6. Approval of the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement 7. The transaction of other business that may properly come before the annual meeting (including adjournments and postponements thereof)
RECORD DATE	March 10, 2011
MEETING ADMISSION	You are entitled to attend and vote at the annual meeting only if you were a stockholder as of the close of business on March 10, 2011 or hold a valid proxy for the annual meeting.
PROXY VOTING	**Your vote is important.** Under Delaware law, the affirmative vote of the holders of a majority of the outstanding shares of Conexant common stock entitled to vote at the annual meeting is necessary to adopt the merger agreement (Proposal No. 1). Voting requirements for the other proposals are described in the enclosed proxy statement. We encourage you to read this proxy statement in its entirety and to submit a proxy so that your

shares will be represented and voted even if you do not attend the annual meeting. You may submit your proxy over the Internet, by telephone or by mail. If you do attend the annual meeting, you may revoke your proxy and vote in person.

After careful consideration, our board of directors has determined that the merger agreement and the consummation of the transactions contemplated thereby, including the merger, are advisable and in the best interests of, and fair to, Conexant and you, the stockholders. **The board of directors recommends that you vote FOR the adoption of the merger agreement (Proposal No. 1), FOR each of the two director nominees named in the proxy statement (Proposal No. 2), FOR the proposal regarding**

---

an advisory vote on executive compensation (Proposal No. 3), 1 YEAR on the proposal regarding an advisory vote on the frequency of the advisory vote on executive compensation (Proposal No. 4), FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accountants (Proposal No. 5) and FOR adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement (Proposal No. 6).

This proxy statement provides detailed information about the merger and the other business to be considered by stockholders at the annual meeting. **We encourage you to read carefully the entire document, including the annexes.**

BY ORDER OF THE BOARD OF DIRECTORS OF CONEXANT SYSTEMS, INC.,

Mark Peterson
Senior Vice President, Chief Legal Officer and Secretary

Newport Beach, California
March 16, 2011

YOUR VOTE IS IMPORTANT. PLEASE SUBMIT YOUR PROXY FOR YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE ANNUAL MEETING.

TABLE OF CONTENTS

	Page
Summary	1
Parties to the Merger (page 12)	1
The Merger (page 12)	1
Treatment of Equity Awards and Other Equity-Based Compensation (page 41)	1
Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger (page 20)	2
Opinion of Financial Advisor (page 25)	2
Financing of the Merger (page 31)	2
Interests of Executive Officers and Directors in the Merger (page 31)	3
Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 51)	3
Termination of the Merger Agreement (page 52)	3
Termination Fee and Expense Reimbursement (page 53)	3
U.S. Federal Income Tax Consequences to Stockholders (page 39)	4
Regulatory Approvals (page 38)	4
Litigation Relating to the Merger (page 39)	4
Appraisal Rights (page 35)	4
Questions and Answers About the Annual Meeting	5
Cautionary Statement Regarding Forward-Looking Statements	9
Information About the Annual Meeting of Stockholders	9
Date, Time and Place of the Annual Meeting of Stockholders	9
Purpose of the Annual Meeting of Stockholders	10
Recommendation of Our Board of Directors	10
Record Date and Outstanding Shares	10
Quorum Requirement	10
Vote Required	10
Attending and Voting at the Annual Meeting of Stockholders	11
Proxies	11
Parties to the Merger	12
Conexant	12
Gold	12
Merger Sub	12
PROPOSAL NO. 1 ADOPTION OF THE MERGER AGREEMENT	12
Overview	13
Background of the Merger	13
Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger	20
Projected Financial Information	22
Opinion of Qatalyst Partners LP	25
Financing of the Merger	31
Interests of Executive Officers and Directors in the Merger	31
Appraisal Rights	35
Regulatory Approvals Required for the Merger	38
Litigation Relating to the Merger	39
Material U.S. Federal Income Tax Consequences of the Merger	39

i

Table of Contents

	Page
The Merger Agreement	41
PROPOSAL NO. 2 ELECTION OF DIRECTORS	54
Information as to Nominees for Director and Continuing Directors	54
Information Concerning the Board of Directors	57
Report of the Audit Committee	64
Executive Compensation	65
Executive Officers	65
Compensation Discussion and Analysis	65
Report of the Compensation and Management Development Committee	77
Compensation Committee Interlocks and Insider Participation	77
Summary Compensation Table Fiscal Years 2010, 2009 and 2008	77
Grants of Plan-Based Awards Fiscal 2010	79
Outstanding Equity Awards at 2010 Fiscal Year-End	81
Option Exercises and Stock Vested Fiscal 2010	82
Employment and Separation Agreements	82
Potential Payments upon Termination of Employment or Change of Control	87
Equity Compensation Plan Information	89
PROPOSAL NO. 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION	92
PROPOSAL NO. 4 ADVISORY VOTE ON FREQUENCY OF ADVISORY VOTE ON EXECUTIVE COMPENSATION	93
Market Prices and Dividends	94
Dividend Policy	94
Security Ownership of Certain Beneficial Owners and Management	95
PROPOSAL NO. 5 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS	96
Principal Accounting Fees and Services	96
Section 16(a) Beneficial Ownership Reporting Compliance	97
PROPOSAL NO. 6 APPROVAL OF ADJOURNMENT OF ANNUAL MEETING	97
Other Matters	97
Other Matters for Action at the Annual Meeting	97
2012 Stockholder Proposals or Nominations	97
Annual Report to Stockholders and Financial Statements	98
Delivery of Documents to Stockholders Sharing an Address	98
Where You Can Find More Information	99
List of Annexes	
Annex A Agreement and Plan of Merger, dated as of February 20, 2011, among Conexant Systems, Inc., Gold Holdings, Inc. and Gold Acquisition Corp.	A-1
Annex B Opinion of Qatalyst Partners LP, dated February 23, 2011	B-1
Annex C Section 262 of the General Corporation Law of the State of Delaware	C-1

SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement, the annexes and the other documents to which we refer in order to fully understand the merger and the related transactions. See Where You Can Find More Information on page 99. Each item in this summary refers to the page of this proxy statement on which that subject is discussed in more detail. Except as otherwise specifically noted in this proxy statement, Conexant, we, our, us and similar words in this proxy statement refer to Conexant Systems, Inc. and its subsidiaries.

Parties to the Merger (page 12)

Conexant

Conexant, a Delaware corporation, is a fabless semiconductor company that designs, develops, and sells semiconductor system solutions, comprised of semiconductor devices, software, and reference designs, for imaging, audio, embedded-modem, and video applications.

Gold

Gold Holdings, Inc., referred to as Gold, is a Delaware corporation that was formed by affiliates of Golden Gate Capital solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement.

Merger Sub

Gold Acquisition Corp., referred to as Merger Sub, is a Delaware corporation and a wholly owned subsidiary of Gold that was formed solely for the purpose of consummating the merger.

The Merger (page 12)

On February 23, 2011, we entered into an Agreement and Plan of Merger, dated as of February 20, 2011 and referred to as the merger agreement, with Gold and Merger Sub, which provides for the merger of Merger Sub with and into Conexant, with Conexant surviving the merger as a wholly owned subsidiary of Gold.

As a result of the merger, each share of Conexant common stock issued and outstanding immediately prior to the effective time of the merger (other than dissenting shares, treasury shares and shares held by Gold or any of its subsidiaries) will be converted into the right to receive $2.40 in cash, which amount is referred to as the per share merger consideration, without interest and subject to any applicable withholding tax. After the merger is completed, you will no longer have any rights as a Conexant stockholder, other than the right to receive the per share merger consideration and subject to the rights described under Proposal No. 1 Adoption of the Merger Agreement Appraisal Rights. As a result of the merger, Conexant will cease to be a publicly traded company and Gold will own 100% of the equity of Conexant.

The merger agreement is included as Annex A to this proxy statement and is incorporated by reference into this proxy statement.

Treatment of Equity Awards and Other Equity-Based Compensation (page 41)

Each option to acquire Conexant common stock granted under our equity compensation plans that is outstanding immediately prior to the effective time of the merger, whether vested or unvested, will be cancelled and converted into the right to receive, with respect to each such option, an amount of cash equal to the excess, if any, of the per share merger consideration over the exercise price per share under the option for each share subject to such option. Any option with an exercise price greater than or equal to the per share merger consideration shall be cancelled without consideration and be of no further force and

effect. In addition, at the effective time of the merger, the vesting of each share of restricted stock will be accelerated, and each such share will be cancelled and converted into the right to receive the per share merger consideration.

Each restricted stock unit, referred to as an RSU, that, as of the effective time of the merger, is outstanding and either (1) vested, (2) held by a non-employee director, or (3) held by a management-level employee at the rank of senior vice president or above will be cancelled and converted into the right to receive, with respect to each such unit, an amount of cash equal to the per share merger consideration. With respect to each RSU that, as of the effective time of the merger, is outstanding and held by an employee of Conexant and that is not otherwise described above, such RSU will be cancelled at the effective time of the merger and the holder of such RSU will be entitled to receive with respect to each RSU on the date that the RSU would have otherwise vested had the effective time not occurred an amount of cash equal to the per share merger consideration; provided that such payment will only be required if (a) the employee continues to be employed continuously by the surviving corporation through and including the original vesting date of such RSUs and (b) the employee has not otherwise been issued or granted any incentive compensation following the effective time of the merger (but prior to such original vesting date) that the surviving corporation s board of directors has determined in good faith in its sole discretion to be an appropriate replacement for such RSUs. All other RSUs will be cancelled without consideration and be of no further force and effect.

Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger (page 20)

Our board of directors has determined that the merger agreement and the consummation of the transactions contemplated thereby, including the merger, are advisable and in the best interests of, and fair to, Conexant and our stockholders and recommends that stockholders vote FOR Proposal No. 1, adoption of the merger agreement, and FOR Proposal No. 6, adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

In evaluating the merger agreement and the merger, the board of directors consulted with our management and legal and financial advisors and considered a number of strategic, financial and other considerations, as described under the heading Proposal No. 1 Adoption of the Merger Agreement Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger beginning on page 22.

Opinion of Financial Advisor (page 25)

In connection with the proposed merger, our financial advisor, Qatalyst Partners LP, referred to as Qatalyst, delivered to the board of directors Qatalyst s written opinion dated February 23, 2011 that, as of such date and based upon and subject to the considerations, limitations and other matters set forth therein, the consideration to be received by stockholders (other than Gold or any affiliate of Gold) in the merger was fair, from a financial point of view, to such holders. The full text of Qatalyst s opinion to the board of directors is attached as Annex B to this proxy statement and is incorporated by reference in its entirety into this proxy statement. **Qatalyst s opinion was directed only to the fairness, as of the date of the Qatalyst opinion and from a financial point of view, to stockholders (other than Gold or any affiliate of Gold) of the merger consideration to be received by such holders in the merger, was provided to the board of directors in connection with its evaluation of the merger, did not address any other aspect of the merger, does not constitute a recommendation as to how any stockholder should vote with respect to the merger or any other matter and does not in any manner address the price at which the Conexant common stock will trade at any time.**

Financing of the Merger (page 31)

The total amount of funds necessary to complete the merger and the related transactions is anticipated to be approximately $204 million, not including amounts necessary to pay customary fees

2

and expenses. Prior to our execution of the merger agreement, Gold entered into, and provided a copy to us of, an equity commitment letter with an affiliate of Gold in support of Gold s payment and other obligations under the merger agreement. The equity commitment letter provides for a maximum commitment under the letter of $205 million. The merger is not subject to a financing condition.

Interests of Executive Officers and Directors in the Merger (page 31)

You should be aware that some of our directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of stockholders generally. The board of directors was aware of these interests and considered them, among other matters, in reaching its decisions to adopt the merger agreement and to recommend that stockholders vote FOR the adoption of the merger agreement. These interests include:

- Our directors and executive officers hold options to acquire Conexant common stock that will be cancelled and converted into the right to receive, with respect to each such option, an amount of cash equal to the excess, if any, of the per share merger consideration over the exercise price per share under the option for each share subject to such option;

- Our directors and executive officers also hold RSUs that will vest and be converted into the right to receive an amount in cash, without interest, equal to the per share merger consideration;

- We have entered into agreements with certain of our executive officers that contain provisions pursuant to which, in the event we terminate such individual s employment without cause or, in certain cases, if the executive resigns for good reason, the named executive officer will become entitled to specified severance benefits; and

- Under the merger agreement, Gold has agreed to cause the surviving corporation to indemnify each of our directors and officers against certain liabilities and to maintain policies of directors and officers liability insurance covering each director and officer.

In addition to the foregoing, prior to the closing, some or all of our executive officers may discuss or enter into agreements, arrangements or understandings with Gold or Merger Sub regarding their continued employment with the surviving corporation, or the right to purchase or participate in the equity of Gold.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 51)

As more fully described in this proxy statement and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, adoption of the merger agreement by our stockholders, the receipt of all approvals and consents required to be obtained in connection with the merger from any governmental entity and the expiration or termination of all applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, referred to as the HSR Act, and any material foreign antitrust laws.

We currently expect to complete the merger during the second quarter of calendar 2011. However, we cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (page 52)

Either Gold or we can terminate the merger agreement under certain circumstances, which would prevent the merger from being completed.

Termination Fee and Expense Reimbursement (page 53)

A termination fee of $7,700,000 may be payable by us to Gold upon the termination of the merger agreement under several circumstances. In addition, we are required to reimburse Gold for its

out-of-pocket expenses, up to $1,000,000, in situations where the termination fee would be payable or certain other situations, including if the merger agreement is terminated as a result of a vote against the merger by the stockholders or if the stockholder vote is not held before July 26, 2011.

U.S. Federal Income Tax Consequences to Stockholders (page 39)

The merger will be a taxable transaction to U.S. holders of Conexant common stock for U.S. federal income tax purposes.

You should read Proposal No. 1 Adoption of the Merger Agreement Material U.S. Federal Income Tax Consequences of the Merger for a more complete discussion of the U.S. federal income tax consequences of the transaction. Tax matters can be complicated, and the tax consequences of the transaction to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the transaction to you.

The U.S. federal income tax consequences described above may not apply to all holders of Conexant common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult with your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Regulatory Approvals (page 38)

Under the HSR Act and the rules and regulations promulgated thereunder, Gold and Conexant are required to make certain filings with the Antitrust Division of the U.S. Department of Justice (DOJ) and the U.S. Federal Trade Commission (FTC). The merger may not be consummated until the applicable waiting periods under the HSR Act have expired or have been terminated. The applicable waiting period under the HSR Act was terminated on March 11, 2011.

Litigation Relating to the Merger (page 39)

Conexant, the members of our board of directors and, in certain of the lawsuits, our President and Chief Operating Officer, our Chief Financial Officer, Standard Microsystems Corporation, referred to as SMSC, and/or Comet Acquisition Corp., a wholly owned subsidiary of SMSC, were named as defendants in purported class action lawsuits in connection with the transactions previously contemplated by the terminated merger agreement, dated as of January 9, 2011, among Conexant, SMSC and Comet Acquisition Corp., which is referred to as the SMSC merger agreement.

Appraisal Rights (page 35)

Under Delaware law, holders of Conexant common stock who do not vote in favor of the adoption of the merger agreement and who properly demand appraisal rights will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of Conexant common stock in lieu of receiving the merger consideration if the merger is completed. This value could be more than, the same as, or less than the merger consideration. The relevant provisions of the General Corporation Law of the State of Delaware, which is referred to as the DGCL, are included as Annex C to this proxy statement. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in loss of the right of appraisal.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because you have been identified as a stockholder of Conexant as of the close of business on the record date for the annual meeting. This proxy statement contains important information about the merger and the annual meeting of stockholders, and you should read this proxy statement carefully.

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to vote on the adoption of the merger agreement. The merger agreement provides that at the effective time of the merger, Merger Sub will merge with and into Conexant, with Conexant surviving the merger as a wholly owned subsidiary of Gold.

Please see Proposal No. 1 Adoption of the Merger Agreement beginning on page 12 for a more detailed description of the merger and the merger agreement. A copy of the merger agreement is attached to this proxy statement as Annex A.

Q What other proposals are being presented at the annual meeting?

A: In addition to the merger proposal, stockholders will be asked to vote on the following proposals at the annual meeting:

election of two directors to serve as Class III directors to hold office until the annual meeting of stockholders in 2014 and until their successors are duly elected and qualified (Proposal No. 2);

an advisory vote on executive compensation (Proposal No. 3);

an advisory vote on the frequency of the advisory vote on executive compensation (Proposal No. 4);

ratification of the appointment of Deloitte & Touche LLP, referred to as Deloitte & Touche, as our independent registered public accountants for the fiscal year ending September 30, 2011 (Proposal No. 5);

approval of the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement (Proposal No. 6); and

the transaction of other business that may properly come before the annual meeting (including adjournments and postponements thereof).

Q Who is entitled to vote at the annual meeting?

A: All stockholders of record as of the close of business on March 10, 2011, the record date for the annual meeting, are entitled to vote at the annual meeting. On that date, 82,218,129 shares of Conexant common stock were outstanding and entitled to vote.

As of the record date, our executive officers and directors, together with their affiliates, held an aggregate of 524,582 shares of Conexant common stock, which represents less than 1% of all shares outstanding and entitled

to vote at the annual meeting.

Q: What vote is required to approve each proposal?

A: Proposal No. 1, adoption of the merger agreement, requires the affirmative vote of the holders of a majority of the outstanding shares of Conexant common stock entitled to vote at the annual meeting. If you do not submit a proxy or voting instructions or do not vote in person at the meeting, or if you ABSTAIN from voting on the adoption of the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement.

For Proposal No. 2, the two director nominees who receive the highest number of affirmative votes will be elected. Votes WITHHELD from a nominee will not be counted in determining the outcome of the nominee s election. However, if the number of shares voted FOR a director does not exceed the

number of shares WITHHELD from the nominee, the director will be required to tender his or her resignation in accordance with the policy described below under Proposal No. 2 Election of Directors.

For each other proposal to be submitted for a vote of stockholders at the annual meeting, our bylaws require that the proposal receives the affirmative vote of a majority of the shares of Conexant common stock present or represented by proxy at the meeting and entitled to vote on the proposal to be approved. Please be advised, however, that Proposal No. 3 (an advisory vote on executive compensation), Proposal No. 4 (an advisory vote on the frequency of the advisory vote on executive compensation) and Proposal No. 5 (ratification of the appointment of our independent registered public accountants) are advisory only and are not binding on us. The board of directors (or a committee of the board of directors, as applicable) will consider the outcome of the vote on each of these proposals in considering what action, if any, should be taken in response to the advisory vote by stockholders.

Q: How does the board of directors recommend that I vote?

A: The board of directors recommends that you vote your shares:

FOR the adoption of the merger agreement (Proposal No. 1);

FOR each of the two director nominees named in this proxy statement (Proposal No. 2);

FOR the proposal regarding an advisory vote on executive compensation (Proposal No. 3);

1 YEAR on the proposal regarding an advisory vote on the frequency of the advisory vote on executive compensation (Proposal No. 4);

FOR ratification of the appointment of Deloitte & Touche as our independent registered public accountants (Proposal No. 5); and

FOR adjournment of the annual meeting, if necessary (Proposal No. 6).

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement, including the annexes, please fill out, sign and date the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the annual meeting. You may also submit a proxy over the Internet or by telephone to instruct how your shares will be voted at the annual meeting. If you properly submit a proxy, the persons named as proxies will vote your shares at the annual meeting as you direct on the proxy. If you have Internet access, we encourage you to submit your proxy via the Internet. If you hold your stock in street name through a bank, broker or other nominee, you must submit voting instructions to your bank, broker or nominee in accordance with the instructions you have received from such bank, broker or nominee.

Submitting your proxy or voting instructions will ensure that your shares are represented and voted at the annual meeting. Please see the additional information below regarding voting shares held in street name.

If you properly submit a proxy or voting instruction form and do not indicate how you want to vote, your shares will be voted in accordance with the recommendation of our board of directors on each of the proposals listed in the notice of annual meeting and in the best judgment of the named proxies with respect to any other matters

properly presented for a vote at the annual meeting.

Q: Why is my vote important?

A: If you do not submit a proxy or voting instructions or vote in person at the annual meeting, it will be more difficult for us to obtain the necessary quorum to hold the annual meeting. In addition, because the merger proposal must be approved by the holders of a majority of the outstanding shares of Conexant common stock entitled to vote at the annual meeting, **your failure to submit a proxy or voting**

instructions or to vote in person at the annual meeting will have the same effect as a vote against Proposal No. 1, adoption of the merger agreement.

If you do not submit a proxy or voting instructions or do not vote in person at the meeting, your shares will not be counted in determining the outcome of any of the other proposals at the annual meeting except as otherwise described below under If my shares are held in street name by my broker, will my broker vote my shares for me if I do not submit voting instructions?

Q: How will abstentions be counted?

A: If you ABSTAIN from voting on any of Proposals No. 1, No. 3, No. 4, No. 5, or No. 6, the effect will be the same as a vote against such proposal.

Q: Can I attend the annual meeting and vote my shares in person?

A: Yes. All stockholders, including stockholders of record and stockholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the annual meeting.

If your shares of Conexant common stock are registered directly in your name with our transfer agent, Mellon Investor Services, Inc., you are considered the stockholder of record with respect to those shares. If you are a stockholder of record as of the close of business on the record date, you may attend the annual meeting of stockholders and vote your shares in person rather than signing and returning your proxy card or otherwise providing proxy instructions.

If your shares of Conexant common stock are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and this proxy statement is being forwarded to you by your bank, broker or nominee, who is considered the record holder with respect to those shares. As the beneficial owner, you have the right to direct your bank, broker or nominee how to vote, and you are invited to attend the annual meeting. However, since you are not the record holder, you may not vote these shares in person at the annual meeting unless you obtain a legal proxy from the bank, broker or nominee, giving you the right to vote the shares at the annual meeting.

In addition, you must bring a form of personal photo identification with you to be admitted.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me if I do not submit voting instructions?

A: If you do not instruct your broker, your broker will generally have the discretion to vote your shares only on matters that are considered routine. We do not believe that any of the proposals listed in the notice of annual meeting are considered routine matters, with the exception of Proposal No. 5, ratification of the appointment of Deloitte & Touche as our independent registered public accountants. Therefore, if you are a street-name holder and do not submit voting instructions to your broker, your shares will constitute broker non-votes with respect to all of the proposals listed in the notice of annual meeting except for Proposal No. 5, on which your broker will have discretionary authority to vote your shares. A broker non-vote will have the same effect as a vote against Proposal No. 1, the adoption of the merger agreement, but will not be counted in determining the outcome of Proposals No. 2, No. 3, No. 4, or No. 6.

You should instruct your broker as to how to vote your shares, following the directions your broker provides to you.

Q: May I change my vote after I have submitted my proxy or voting instructions?

A: Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before your proxy is voted at the annual meeting by:

- delivering a written notice of revocation to our Corporate Secretary before the annual meeting;
- delivering a valid, later-dated proxy; or
- voting in person at the annual meeting.

Table of Contents

Attendance at the annual meeting will not by itself constitute a revocation of a proxy. Written notices of revocation and other communications about revoking your proxy should be addressed to Conexant at 4000 MacArthur Boulevard, Newport Beach, California 92660, Attention: Corporate Secretary.

If you hold shares through a bank, broker or other nominee, you may change or revoke any prior voting instructions by contacting your bank, broker or nominee or, if you have obtained a legal proxy from your bank, broker or nominee giving you the right to vote your shares at the annual meeting, by attending the annual meeting and voting in person.

Q: If I am a Conexant stockholder, should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. If the merger agreement is adopted at the annual meeting and the merger is thereafter completed, you will receive written instructions for exchanging your stock certificates for the merger consideration.

Q: What happens if I transfer my shares of common stock after the record date?

A: The record date for the annual meeting is earlier than the effective date of the merger. Therefore, transferors of shares of Conexant common stock after the record date but prior to the consummation of the merger will retain their right to vote at the annual meeting, but the right to receive the merger consideration will transfer with the shares.

Q: Who is paying for this proxy solicitation?

A: We will pay the costs of printing and mailing this proxy statement to stockholders and all other costs incurred by us in connection with the solicitation of proxies. We have retained Morrow & Co., LLC, a proxy solicitation firm, to solicit proxies on our behalf and have agreed to pay Morrow & Co., LLC an estimated fee of $25,000, plus its reasonable out-of-pocket expenses for its services. In addition to the mailed proxy materials, our directors, officers and other employees may also solicit proxies or votes in person, in writing or by telephone, e-mail or other means of communication. Directors, officers and other employees will not be paid any additional compensation for soliciting proxies. We will also reimburse banks, brokers, nominees and other record holders for their reasonable expenses in forwarding proxy materials to beneficial owners of Conexant common stock.

Q: Who can help answer my questions?

A: If you have any questions or need further assistance in voting your shares of Conexant common stock, or if you need additional copies of this proxy statement or the proxy card, please contact Morrow & Co., LLC, our proxy solicitor, in writing at 470 West Ave., Stamford, CT 06902, or by telephone at (800) 607-0088.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains or incorporates by reference a number of forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by, or including the words could, would, should, target, plan, believe expect, intend, anticipate, estimate, project, potential, possible or other similar expressions. In particular, forward-looking statements contained in this proxy statement include expectations regarding our financial condition, results of operations, earnings outlook and prospects and may include statements regarding the period following the completion of the proposed merger.

The forward-looking statements involve certain risks and uncertainties and may differ materially from actual results. Our ability to predict results or the actual effects of our plans and strategies is subject to inherent uncertainty. Factors that may cause actual results or earnings to differ materially from such forward-looking statements include, among others, the following:

- the inability to complete the merger on the proposed terms and schedule because of the failure to obtain stockholder or regulatory approvals;
- a failure to consummate or delay in consummating the merger for other reasons;
- the amount of the costs, fees and expenses related to the merger, including as a result of unexpected factors or events and unanticipated tax consequences of the merger;
- disruption from the merger 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 Conexant s business set forth in its filings with the Securities and Exchange Commission, referred to as the SEC.

You are cautioned not to place undue reliance on these statements, which speak only as of the date of this proxy statement or the date that any other document is filed with the SEC. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement and attributable to us or to any person acting on our behalf are expressly qualified in their entirety by the preceding cautionary statement.

INFORMATION ABOUT THE ANNUAL MEETING OF STOCKHOLDERS

This section contains information for stockholders about the annual meeting of stockholders.

Together with this proxy statement, we are also sending you a notice of annual meeting of stockholders and a form of proxy that is being solicited by the board of directors for use at the annual meeting. The information and instructions

contained in this section are addressed to stockholders and all references to you in this section should be understood to be addressed to stockholders.

Date, Time and Place of the Annual Meeting of Stockholders

This proxy statement is being furnished by the board of directors in connection with the solicitation of proxies from holders of Conexant common stock for use at the annual meeting of stockholders to be held at the Hyatt Regency San Francisco Airport, located at 1333 Bayshore Highway, Burlingame, California 94010, on Monday, April 18, 2011, beginning at 12:00 p.m. Pacific Time, and at any adjournment or postponement of the annual meeting.

Table of Contents

Purpose of the Annual Meeting of Stockholders

The following proposals will be considered and voted upon at the annual meeting of stockholders:

- adoption of the merger agreement (Proposal No. 1);
- election of two directors to serve as Class III directors to hold office until the annual meeting of stockholders in 2014 and until their successors are duly elected and qualified (Proposal No. 2);
- an advisory vote on executive compensation (Proposal No. 3);
- an advisory vote on the frequency of the advisory vote on executive compensation (Proposal No. 4);
- ratification of the appointment of Deloitte & Touche as our independent registered public accountants for the fiscal year ending September 30, 2011 (Proposal No. 5);
- approval of the adjournment of the annual meeting, if necessary, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement (Proposal No. 6); and
- the transaction of other business that may properly come before the annual meeting (including adjournments and postponements thereof).

Recommendation of Our Board of Directors

Our board of directors recommends that stockholders vote FOR the adoption of the merger agreement, FOR each of the two director nominees named in this proxy statement, 1 YEAR on the proposal regarding an advisory vote on the frequency of the advisory vote on executive compensation and FOR each of the other proposals described in this proxy statement. For more information concerning the recommendation of the board of directors with respect to the merger, see Proposal No. 1 Adoption of the Merger Agreement Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger beginning on page 20 of this proxy statement.

Record Date and Outstanding Shares

The record date for the annual meeting of stockholders is March 10, 2011. Only stockholders of record of Conexant common stock as of the close of business on the record date will be entitled to notice of, and to vote at, the annual meeting of stockholders and any adjournments or postponements thereof. At the close of business on the record date, there were 82,218,129 shares of Conexant common stock issued and outstanding held by stockholders of record. The number of record stockholders does not include persons whose stock is held in nominee or street name accounts through banks, brokers or other nominees.

Quorum Requirement

The presence at the annual meeting, in person or by proxy, of the holders of a majority of shares of Conexant common stock outstanding on the record date constitutes a quorum for the transaction of business at the annual meeting. Your shares will be counted for purposes of determining whether a quorum exists for the annual meeting if you return a signed and dated proxy card, if you submit a proxy by telephone or over the Internet, or if you vote in person at the annual meeting, even if you ABSTAIN from voting on the proposals.

If a quorum is not present at the annual meeting of stockholders, we expect that the annual meeting will be postponed or adjourned to a later date.

Vote Required

Each share of Conexant common stock outstanding on the record date will be entitled to one vote, in person or by proxy, on each matter submitted for the vote of stockholders.

Proposal No. 1, adoption of the merger agreement, requires the affirmative vote of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting. If you do not

10

submit a proxy or voting instructions or do not vote in person at the meeting, or if you ABSTAIN from voting on the adoption of the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement.

For Proposal No. 2, each share of common stock outstanding on the record date is entitled to one vote on each of the two director nominees. The two director nominees who receive the highest number of affirmative votes will be elected. However, if the number of shares voted FOR a director does not exceed the number of shares WITHHELD from the nominee, the director may be required to tender his or her resignation in accordance with the policy described below in Proposal No. 2 Election of Directors.

For each other proposal to be submitted for a vote of stockholders at the annual meeting, our bylaws require that the proposal receives the affirmative vote of a majority of the shares of common stock present or represented by proxy at the meeting and entitled to vote on the proposal to be approved. Please be advised, however, that Proposal No. 3 (an advisory vote on executive compensation), Proposal No. 4 (an advisory vote on the frequency of the advisory vote on executive compensation) and Proposal No. 5 (ratification of the appointment of our independent registered public accountants) are advisory only and are not binding on us. The board of directors (or a committee of the board of directors, as applicable) will consider the outcome of the vote on each of these proposals in considering what action, if any, should be taken in response to the advisory vote by stockholders.

Attending and Voting at the Annual Meeting of Stockholders

Only stockholders as of the close of business on the record date, authorized proxy holders and our guests may attend the annual meeting. If you are a stockholder of record as of the close of business on the record date and you attend the annual meeting of stockholders, you may vote in person by completing a ballot at the annual meeting even if you already have signed, dated and returned a proxy card or submitted a proxy by telephone or over the Internet. If your shares of common stock are held in the name of a bank, broker or other nominee, you may not vote your shares of common stock in person at the annual meeting of stockholders unless you obtain a legal proxy from the record holder giving you the right to vote the shares of common stock. In addition, whether you are a stockholder of record or a beneficial owner, you must bring a form of personal photo identification with you in order to be admitted. We reserve the right to refuse admittance to anyone without proper proof of share ownership or proper photo identification.

Proxies

Each copy of this proxy statement mailed to holders of Conexant common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a stockholder of record, you should vote your shares by (i) completing, signing, dating and returning the enclosed proxy card, (ii) calling the telephone number on your proxy card or (iii) following the Internet proxy submission instructions on your proxy card to ensure that your vote is counted at the annual meeting, or at any adjournment or postponement thereof, regardless of whether you plan to attend the annual meeting. Instructions for submitting a proxy by telephone or over the Internet are printed on the proxy card. In order to submit a proxy via the Internet, please have your proxy card available so you can input the required information from the card.

If you hold your stock in street name through a bank, broker or other nominee, you must submit voting instructions to your bank, broker or nominee in accordance with the instructions you have received from your bank, broker or nominee.

All shares represented by valid proxies that are received through this solicitation, and that are not revoked, will be voted in accordance with the instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted in accordance with the recommendation of the board of directors on each of the proposals indicated above. According to our bylaws, director

nominations and other business to be conducted at an annual meeting of stockholders may only be brought before the meeting pursuant to the notice of annual meeting, by or at the direction of the board of directors, or by any stockholder who was a stockholder of record at the

time notice of the meeting was given, who is entitled to vote at the meeting and who complies with the notice provisions set forth in the bylaws. No matters other than the matters described in this document are anticipated to be presented for action at the annual meeting or at any adjournment or postponement thereof.

Your vote is important. Please sign, date and return your proxy card or submit your proxy and/or voting instructions by telephone or over the Internet promptly.

PARTIES TO THE MERGER

Conexant

Conexant, a Delaware corporation, is a fabless semiconductor company that designs, develops, and sells semiconductor system solutions, comprised of semiconductor devices, software, and reference designs, for imaging, audio, embedded-modem, and video applications. These solutions include a comprehensive portfolio of imaging solutions for multifunction printers, fax platforms, and interactive display frame market segments. Our audio solutions include high definition (HD) audio integrated circuits, HD audio codecs, and speakers-on-a-chip solutions for personal computers (PCs), PC peripheral sound systems, audio subsystems, speakers, notebook docking stations, voice-over-IP speakerphones, USB headsets supporting Microsoft Office Communicator and Skype, and audio-enabled surveillance applications. We also offer a full suite of embedded-modem solutions for set-top boxes, point-of-sale systems, home automation and security systems, and desktop and notebook PCs. Additional products include decoders and media bridges for video surveillance, security and monitoring applications, and system solutions for analog video-based multimedia applications.

Our common stock currently trades on The NASDAQ Global Select Market under the symbol CNXT. Our principal executive offices are located at 4000 MacArthur Boulevard, Newport Beach, California 92660, and our telephone number is (949) 483-5536.

Gold

Gold is a Delaware corporation that was formed by affiliates of Golden Gate Capital solely for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement and the related equity commitment. The address of the principal executive offices of Gold is c/o Golden Gate Private Equity, Inc., One Embarcadero Center, 39th Floor, San Francisco, California 94111, and its telephone number is (415) 983-2700.

Merger Sub

Merger Sub is a Delaware corporation and a wholly owned subsidiary of Gold that was formed solely for the purpose of consummating the merger. The address of the principal executive offices of Merger Sub is c/o Golden Gate Private Equity, Inc., One Embarcadero Center, 39th Floor, San Francisco, California 94111, and its telephone number is (415) 983-2700.

PROPOSAL NO. 1 ADOPTION OF THE MERGER AGREEMENT

The following is a description of the material aspects of the merger, including the merger agreement. While we believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire proxy statement, including the merger agreement attached to this proxy statement as Annex A, for a more complete understanding of the merger.

Overview

The merger agreement, dated as of February 20, 2011, among Conexant, Gold and Merger Sub provides for the merger of Merger Sub, a newly formed and wholly owned subsidiary of Gold, with and into Conexant, with Conexant surviving the merger as a wholly owned subsidiary of Gold. Upon consummation of the merger, each share of Conexant common stock issued and outstanding (other than dissenting shares, treasury shares and shares held by Gold or any of its subsidiaries) will be converted into the right to receive the per share merger consideration.

Background of the Merger

Our board of directors and management have regularly engaged in a review of our business plans and other strategic opportunities, including the evaluation of the market in which we compete, the possibility of pursuing strategic alternatives, such as acquisitions, and the possible sale of our company or certain of our assets, each with the view towards enhancing stockholder value. In addition, we have held discussions from time to time with various companies and private equity firms that expressed preliminary interest in pursuing a potential acquisition of our company. However, except as described below, none of these discussions resulted in a firm indication of interest in acquiring our company. Our practice has been to conduct all potential strategic discussions with third parties under the supervision of our Chairman and Chief Executive Officer, or CEO, D. Scott Mercer, with Mr. Mercer taking the lead in such discussions where appropriate. The practice of our board of directors has been to receive updates from Mr. Mercer on such discussions at regularly scheduled board meetings or more frequently, if appropriate, at special board meetings. In addition, Mr. Mercer updates members of the board of directors on an informal basis in between board meetings, as he deems appropriate.

On July 28, 2010, Christine King, President and CEO of SMSC, contacted Mr. Mercer to arrange a time for the two to speak.

On August 3, 2010, Ms. King called Mr. Mercer to express SMSC s interest in exploring strategic opportunities with us.

On August 4, 2010, we and SMSC entered into a mutual non-disclosure agreement and began sharing non-public information with each other. The mutual non-disclosure agreement was amended on August 9, 2010 to confirm the parties understanding that neither party would seek or obtain confidential information about the other party through Steven J. Bilodeau, who is a member of the board of directors of both SMSC and us. Mr. Bilodeau was excluded from all communications between us and SMSC regarding a potential transaction.

On August 19, 2010, Mr. Mercer, Jean Hu, our Chief Financial Officer, Treasurer and Senior Vice President, Business Development, and Sailesh Chittipeddi, our President and Chief Operating Officer, met with Ms. King and Robert Hollingsworth, SMSC s Senior Vice President/General Manager, Connectivity business, at the Newport Beach, California office of O Melveny & Myers LLP, our outside legal counsel, which we refer to as OMM, to discuss potential strategic opportunities. At this meeting, each management team presented to the other a corporate overview, including information concerning its respective markets, products, technology and financials.

On August 31, 2010, Ms. Hu and Mr. Chittipeddi met with Douglas Smith, SMSC s Chief Technology Officer, and Carl Falcon, SMSC s Vice President of Business Development, at our Newport Beach office to discuss the technology portfolio of each company and potential research and development synergies.

Between September 7 and September 22, 2010, representatives of each of us and SMSC exchanged additional information regarding the respective businesses and participated in follow-up calls regarding those information exchanges.

On September 13, 2010, Mr. Mercer and Ms. King had a call in which they reviewed the various discussions held to this point regarding our and SMSC s management and business and the potential synergies that could result from a combined company.

On September 22, 2010, at a Newport Beach hotel, Ms. King, Kris Sennesael, SMSC s Vice President and Chief Financial Officer, Roger Wendelken, SMSC s Vice President of Worldwide Sales, Mr. Falcon and Mr. Smith met with Mr. Mercer, Ms. Hu, Mr. Chittipeddi and Christian Scherp, our Executive Vice President, Sales, to discuss sales and marketing and potential synergies between the two companies.

On October 20, 2010, at a meeting in Palo Alto, California with Mr. Mercer, Ms. King provided an oral expression of interest on behalf of SMSC to acquire us at a price between $2.10 and $2.25 per share, payable up to 30% in SMSC stock and the remainder in cash, subject to completion of due diligence, SMSC board approval and availability of financing. Ms. King also indicated that SMSC was retaining financial advisors.

On October 22, 2010, Mr. Chittipeddi and the Vice President of Corporate Development for a company we refer to as Party A met at our Newport Beach office to discuss a potential technology partnership between the two companies. During that discussion, the representative of Party A indicated that Party A would be interested in discussing a potential strategic transaction with us. We had previously entered into a short form mutual non-disclosure agreement, dated October 15, 2010, with Party A, but following the October 22 meeting, we determined to enter into a new non-disclosure agreement with Party A that would contemplate more extensive diligence sharing and would also include customary non-solicitation and standstill provisions. This non-disclosure agreement was entered into between us and Party A on November 1, 2010 and the parties thereafter began to exchange diligence information.

Also on October 22, 2010, at a special meeting of our board of directors, Mr. Mercer reported to the board regarding the discussions and interactions with SMSC with respect to a potential transaction between the two companies. Mr. Bilodeau did not attend this meeting or the portions of any subsequent Conexant or SMSC board meeting during which the potential transaction with SMSC or any related matters were discussed. After discussing potential financial advisors, the board instructed management to retain Qatalyst to act as our financial advisor in connection with a potential sale transaction with SMSC or any other party. The board selected Qatalyst based on the substantial experience one of its principals had with us and the substantial experience and reputation of Qatalyst in the semiconductor and technology marketplace in general. Management also reviewed for the board certain ongoing inquires and discussions with third parties regarding potential partnerships, acquisitions or joint venture relationships with us. The board instructed management to continue these discussions and to work with Qatalyst to identify and contact other potentially interested parties.

Beginning October 25, 2010, at the instruction of our management, Qatalyst contacted four potential strategic parties to gauge their interest in obtaining further information about us in connection with a potential acquisition of our company. Qatalyst selected its list of potential acquirors based on its knowledge of the semiconductor industry, experience with the industry participants and discussions with our management. One of the four targeted parties was Party A, which, as described above, had previously expressed an interest in a potential transaction with us and agreed to explore a potential acquisition. Another of the targeted companies, which we refer to as Party B, indicated, as described below, that it was not interested in an acquisition of the whole company, but that it would consider an acquisition of our imaging business. The two remaining targeted companies declined to proceed. Four other strategic parties were considered by Qatalyst and discussed with our board but were not contacted due to an expected low likelihood of interest and concern about the potential harm to us and to our discussions with SMSC if leaks regarding a potential transaction were to occur.

On October 26, 2010, at the request of Mr. Mercer, Ms. King submitted to Mr. Mercer a written, non-binding proposal for SMSC to acquire us at a price between $2.10 and $2.25 per share, up to 30% of which would be payable in SMSC stock and the remainder in cash, subject to completion of due diligence, SMSC board approval and availability of financing.

On October 28, 2010, representatives of each of Qatalyst and Credit Suisse Securities (USA) LLC, SMSC s financial advisor, which we refer to as Credit Suisse, held a conference call to review SMSC s October 26 non-binding proposal letter and to clarify the timing and next steps of a potential transaction between SMSC and us. In addition, Qatalyst representatives confirmed with Credit Suisse that SMSC

Table of Contents

understood that, although not expressly addressed in the letter, we would not be willing to accept a financing condition to the transaction.

On November 1, 2010, Qatalyst sent a revised confidentiality agreement to Credit Suisse which contained non-solicitation and standstill provisions; Qatalyst also requested a diligence call to discuss SMSC s revenue.

On November 2, 2010, our representatives had an introductory call with representatives of Party B regarding a potential acquisition of our company. We had previously entered into several mutual non-disclosure agreements with Party B in connection with various business discussions between the parties, most recently in July 2010 with respect to discussions regarding a potential joint venture between the parties. We did not amend this non-disclosure agreement to contemplate due diligence disclosures in connection with a potential acquisition transaction as Party B did not request diligence information from us with respect to an acquisition transaction during the November 2 call or in any subsequent communications with us.

Also on November 2, 2010, representatives of each of Conexant, SMSC, Qatalyst and Credit Suisse held a conference call for SMSC to present information regarding its revenue and growth prospects.

On November 8, 2010, at a special meeting of our board, Qatalyst and our management updated the board on the continued discussions with SMSC, including the details of SMSC s October 26 non-binding proposal. Qatalyst also provided the board with an update on discussions with potential acquirors (including Party A and Party B) and discussed other strategic alternatives and parties, as well as our stand alone plan. After discussion, the board agreed that, other than those that had already been contacted, there were no other parties, including private equity firms or other financial acquirors, that would likely be interested in a potential transaction given our unique market characteristics and substantial debt position. Accordingly, and in light of the potential harm to us and to our discussions with SMSC if leaks regarding a potential transaction were to occur, the board determined that no additional parties should be contacted regarding a potential transaction at that time. After discussion of potential responses to SMSC and how to best maximize stockholder value in both the short term and long term, the board determined to move forward with additional discussions and continued mutual diligence with SMSC and instructed management to work with Qatalyst to formulate a proposed response to SMSC s non-binding proposal.

On November 10, 2010, on a conference call with Ms. King, Mr. Mercer responded to SMSC s October 26 non-binding proposal, indicating that we expected a total price per share of $3.00, of which 50% to 60% would be payable in SMSC stock and the remainder in cash, so that Conexant stockholders could receive a more meaningful participation in the potential synergies of the transaction. In addition, Ms. King and Mr. Mercer discussed the diligence process.

On November 17, 2010, Ms. Hu, Mr. Scherp and representatives of Qatalyst held a follow-up due diligence call with Messrs. Wendelken, Sennesael and Falcon and representatives of Credit Suisse to review our updated financial plan, a copy of which we had provided to SMSC in advance of this call. The updated financial plan included our revised three year financial projections as well as updated quarterly financial projections for our 2011 fiscal year. We had revised the financial projections to reflect the determination by our management that certain of the assumptions used in preparing the projections that we had provided to SMSC in August 2010 had changed due to the weakness in PC and consumer markets.

On November 23, 2010, in a call to Mr. Mercer, the CEO of Party A indicated that Party A was interested in making a proposal to acquire us and would try to submit a proposal in the next week.

On November 29, 2010, in a call to Mr. Mercer, Ms. King made a revised oral, non-binding proposal to acquire us for $2.10 per share, 50% of which would be payable in SMSC stock and the remainder in cash. Mr. Mercer responded on

December 1, 2010, in a call to Ms. King, that we would be willing to engage in further discussions at $2.45 per share. Ms. King responded that SMSC had very limited flexibility with respect to the offer price.

On December 1 and December 7, 2010, representatives of Qatalyst spoke with representatives of Party B to discuss Party B s interest in a potential acquisition of our company. Party B advised that it was not interested in acquiring the entire company, but was considering the acquisition of a portion of our company.

On December 6, 2010, representatives of Qatalyst spoke with representatives of Party A s financial advisor regarding Party A s interest in a potential acquisition of our company. The representatives of Qatalyst requested that Party A advise as to when it expected to be able to submit a proposal to us for a potential acquisition transaction. On December 8, 2010, representatives of Qatalyst had a follow-up discussion on this topic with Party A s chief financial officer and business development officer. The representatives of Party A advised that they were not in a position to submit an acquisition proposal to us and that there was no specific timeline for when such a proposal might be forthcoming. They also advised that they had received all information that they needed from us in order to make such a determination, and that they were not seeking further diligence information from us. Neither Party A nor Party B ultimately made an acquisition proposal to us.

On December 8, 2010, at a special meeting of our board, the board received a report from Qatalyst regarding the discussions between the management teams of Conexant and SMSC relating to a potential transaction and the price ranges for such a transaction. Qatalyst also reported to the board regarding the status of discussions with Party A and Party B. The board also discussed with Qatalyst the mix of consideration (stock versus cash) in the event of a transaction between us and SMSC and how such a mix might impact the overall return to stockholders. Qatalyst discussed the potential opportunity for stockholders to participate in any stock price appreciation of the combined company.

On December 9, 2010, Ms. King and Mr. Mercer met at SMSC s San Jose, California office to continue their discussions regarding price and mix of consideration. At the conclusion of these discussions, Ms. King and Mr. Mercer both indicated that they, subject to the negotiation of an acceptable merger agreement, would be prepared to recommend to their respective boards of directors an acquisition of us by SMSC at a price of $2.25 per share of Conexant common stock, with 50% of the merger consideration to be paid in cash and 50% of the merger consideration to be paid in SMSC common stock.

On December 10, 2010, we received from SMSC a draft exclusivity agreement and amendment to the existing mutual non-disclosure agreement, which included, among other things, customary non-solicitation and standstill provisions. We and SMSC, and our respective legal advisors, negotiated the terms of these agreements through December 15, 2010.

On December 12, 2010, representatives of SMSC sent an initial due diligence request list to us. In response to this diligence request, we began populating an electronic data site and beginning on December 15, 2010, representatives and advisors of SMSC were given access to this data site. The data site contained diligence information regarding us, organized in accordance with the due diligence request list provided by SMSC.

On December 14, 2010, at a special meeting of our board, Mr. Mercer reported to the board on his discussions with Ms. King regarding price, timing and the mix of consideration. Management also described to the board SMSC s request that we enter into an exclusivity agreement as a condition to continuing its discussions with us and management s corresponding expectation that SMSC would amend its existing confidentiality agreement with us to include a mutual standstill, which would restrict SMSC s ability to acquire Conexant stock without our prior consent. Qatalyst then reviewed its efforts to gauge interest from other potential strategic parties and expressed its view that, at that point in the process, all likely parties had been contacted and given a reasonable opportunity to express their interest in a potential acquisition of our company and that the only bona fide interested party was SMSC. After discussion with our management, financial advisors and outside counsel, the board authorized management to enter into an exclusivity agreement with SMSC.

On December 15, 2010, we and SMSC entered into the amendment to our mutual non-disclosure agreement (including customary mutual non-solicitation and standstill provisions) and an exclusivity agreement, pursuant to which we agreed to negotiate exclusively with SMSC through January 15, 2011.

On December 20, 2010, Cleary Gottlieb Steen & Hamilton LLP, SMSC s outside legal counsel, provided to OMM an initial draft of the SMSC merger agreement. From December 20, 2010 to January 9, 2011, SMSC and we, together with our respective outside legal and financial advisors, engaged in negotiations of the SMSC merger agreement and other related documentation, including with respect to representations and warranties, interim operating covenants, solicitation of alternative transactions, conditions to closing, termination rights and termination fees. During this period, tentative agreement on these and other issues was reached by SMSC and us over the course of numerous discussions involving the companies management teams and our respective legal and financial advisors. In addition, during this period, each party continued its due diligence review of the business and operations of the other.

On December 29, 2010, Ms. King; Messrs. Wendelken, Sennesael, Smith and Falcon; Walter Siegel, SMSC s Senior Vice President and General Counsel; and representatives of Credit Suisse met with Ms. Hu; Messrs. Mercer, Chittipeddi and Scherp; Mark Peterson, our Senior Vice President, Chief Legal Officer and Secretary; Michael Vishny, our Senior Vice President, Human Resources; Scott Allen, our Senior Vice President, Communications and Investor Relations; and representatives of Qatalyst at our Newport Beach office and via conference call to discuss diligence efforts and SMSC s updated expected financial results, copies of which we had received on December 27, 2010. In a conversation with Ms. King during the course of these meetings, Mr. Mercer indicated that we wished to explore alternative transaction structures to address the risk that SMSC s stock price would decline due to its earnings results and guidance, and specifically identified having a greater portion of the consideration in cash or a collar with respect to the stock portion of the consideration.

On December 30, 2010, at a special meeting of our board, Qatalyst updated the board with respect to the status of negotiations with SMSC and the anticipated process and timing to reach resolution with respect to the remaining transaction issues. Qatalyst and management also reviewed for the board the results of their business diligence on SMSC, including with respect to the anticipated earnings results and guidance to be issued by SMSC on January 10, 2011. Qatalyst discussed the potential impact on SMSC s stock price from the release by SMSC of its earnings results and guidance, as well as the anticipated concurrent announcement of the SMSC merger transaction. Qatalyst also discussed alternative measures to address the risk of a decrease in SMSC s stock price post-announcement, including seeking a greater portion of the consideration in cash and requesting a collar with respect to the stock portion of the consideration. Mr. Mercer advised the board that he had indicated to SMSC the need to consider these alternatives. OMM also reviewed for the board the terms of the SMSC merger agreement and the remaining open points for negotiation and then addressed questions from the board with respect to the SMSC merger agreement and related negotiations.

On January 2, 2011, Ms. King and Mr. Mercer held a conference call in which they tentatively agreed to a collar structure with respect to the stock portion of the merger consideration, subject to negotiation of the specific terms of the collar.

On January 7, 2011, our management received and reviewed with representatives of Qatalyst SMSC s draft Quarterly Report on Form 10-Q and the related draft earnings release and investor call materials in advance of their planned release and filing on January 10, 2011. Representatives of each of Conexant, Qatalyst, SMSC and Credit Suisse participated in a conference call to discuss these drafts. Representatives of Credit Suisse and Qatalyst exchanged emails to confirm the specific terms of the collar.

On January 8, 2011, at a special meeting of our board, Qatalyst reviewed SMSC s anticipated earnings results and guidance and updated its financial analysis of the merger consideration as well as the basis for its proposed fairness

opinion. Qatalyst then delivered to the board an oral opinion, followed by a written opinion dated January 9, 2011, to the effect that, as of these dates and based on and subject to the considerations, limitations and other matters set forth in its written opinion, the consideration proposed to

be received by holders of Conexant common stock pursuant to the SMSC merger agreement was fair, from a financial point of view, to such holders (other than SMSC or any affiliate of SMSC). OMM reviewed for the board of directors the revisions to the SMSC merger agreement from the version discussed at the December 30 board meeting. After discussion, our board of directors determined that the SMSC merger agreement and the consummation of the transactions contemplated thereby, including the merger, were advisable and in the best interests of, and fair to, us and our stockholders, approved the SMSC merger agreement and voted to recommend that stockholders vote in favor of the adoption of the SMSC merger agreement.

On January 9, 2011, the SMSC board approved the SMSC merger agreement at a special telephonic meeting and determined that the merger and the terms of the SMSC merger agreement were advisable and fair to and in the best interests of SMSC and its stockholders.

On the afternoon of January 9, 2011, we, SMSC and Merger Sub executed and delivered the SMSC merger agreement. The following morning, we and SMSC issued a joint press release announcing the execution of the SMSC merger agreement.

On January 10, 2011, Qatalyst received an unsolicited oral inquiry from Golden Gate Capital, expressing an interest in a potential all cash acquisition of our company. No price or other material terms or conditions were provided by Golden Gate Capital in its inquiry. In accordance with the terms of the SMSC merger agreement, we promptly notified SMSC of the inquiry.

On January 11, 2011, Mr. Mercer received an unsolicited email inquiry from an investment banker on behalf of an undisclosed company, which we refer to as Party C, expressing its interest in our imaging business. No price or other material terms and conditions were provided by Party C in its inquiry. As such, our board has not received any proposal from Party C that would form the basis of a determination that it would reasonably be expected to result in or lead to a superior proposal, as such term was defined in the SMSC merger agreement or the merger agreement with Gold, described below. Party C has not advised us whether or when it would provide any proposal.

On January 18, 2011, we and Qatalyst each received an unsolicited written proposal from Golden Gate Private Equity, Inc., an affiliate of Golden Gate Capital, to acquire all of the outstanding shares of Conexant common stock at a price in the range of $2.35 to $2.45 per share in cash, subject to certain terms and conditions, including completion of due diligence. In accordance with the terms of the SMSC merger agreement, we promptly notified SMSC of the Golden Gate Capital proposal.

On January 20, 2011, at a special meeting of the board, our management reviewed for the board the written proposal from Golden Gate Capital. Qatalyst also provided its financial analysis of the Golden Gate Capital proposal. After discussion and consultation with Qatalyst and outside legal counsel, the board determined that the Golden Gate Capital proposal would reasonably be expected to result in or lead to a superior proposal, as such term was defined in the SMSC merger agreement, and that the failure to enter into discussions and negotiations with Golden Gate Capital regarding its proposal would reasonably be expected to result in a breach of the fiduciary duties of the board to stockholders under applicable law. The board then authorized management to enter into a non-disclosure agreement and thereafter to furnish non-public information to, and enter into discussions and negotiations with, Golden Gate Capital. In accordance with the terms of the SMSC merger agreement, we promptly notified SMSC of the board s determination.

On the afternoon of January 21, 2011, we contacted Golden Gate Capital to notify it of our board s response to its proposal. On January 22, 2011, we entered into a mutual non-disclosure agreement with Golden Gate Private Equity, Inc. and provided Golden Gate Capital and its representatives with access to our electronic data site.

On the afternoon of January 24, 2011, representatives of Golden Gate Capital met with Mr. Mercer, Mr. Chittipeddi, Ms. Hu, Mr. Peterson and representatives of Qatalyst and OMM at OMM s Newport Beach office to receive management presentations regarding product, market, sales and financial information. At a meeting that evening in Newport Beach, Mr. Mercer, Mr. Chittipeddi, Ms. Hu, Mr. Peterson and

representatives of Golden Gate Capital continued their discussions regarding our business as well as the potential fit of our company as a portfolio company for Golden Gate Capital. On January 25, 2011, representatives of Golden Gate Capital met with Ms. Hu at our Newport Beach office to further discuss our financial performance and information.

On January 29, 2011, Ms. Hu, Mr. Chittipeddi and representatives of Qatalyst met with representatives of Golden Gate Capital at Golden Gate Capital s San Francisco office to continue discussions regarding our business, strategy and potential fit with Golden Gate Capital.

On January 31, 2011, we delivered a draft merger agreement to Golden Gate Capital, along with a marked copy showing the differences between such draft and the SMSC merger agreement. From January 31, 2011 through February 20, 2011, our representatives responded to due diligence inquiries from representatives of Golden Gate Capital on various aspects of our business and operations. During this same time period, we and Golden Gate Capital, together with our respective outside legal and financial advisors, engaged in negotiations of a definitive agreement and other related documentation.

On February 10, 2011, Qatalyst received an unsolicited oral inquiry from a private equity firm, which we refer to as Party D, expressing its interest in a potential transaction with us. No price or other material terms and conditions were provided by Party D in its inquiry. As such, our board has not received any proposal from Party D that would form the basis of a determination that it would reasonably be expected to result in or lead to a superior proposal, as such term was defined in the SMSC merger agreement or the merger agreement with Gold, described below. Party D has not advised us whether or when it would provide any proposal.

On February 11, 2011, Qatalyst received an unsolicited oral inquiry from Party B expressing its interest in a potential acquisition of our imaging business. No price or other material terms and conditions were provided by Party B in its inquiry. As such, our board has not received any proposal from Party B that would form the basis of a determination that it would reasonably be expected to result in or lead to a superior proposal, as such term was defined in the SMSC merger agreement or the merger agreement with Gold, described below. Party B has not advised us whether or when it would provide any proposal.

On February 20, 2011, Golden Gate Capital submitted to us a merger agreement, signed by Gold and Merger Sub, along with an equity commitment letter from another affiliate of Golden Gate Capital, providing for the acquisition of Conexant by Gold at a price of $2.40 per share in cash. OMM and Kirkland & Ellis LLP, legal advisors to Golden Gate Capital, discussed certain clarifications to the terms of the merger agreement and the equity commitment letter. In accordance with the terms of the SMSC merger agreement, we promptly notified SMSC of the revised written proposal.

On February 21, 2011, Golden Gate Capital submitted an updated merger agreement, signed by Gold and Merger Sub, along with an updated equity commitment letter. In accordance with the terms of the SMSC merger agreement, we promptly notified SMSC of the revised written proposal.

Later in the afternoon of February 21, 2011, at a special meeting of our board of directors, our management and OMM reviewed for the board the revised written proposal from Golden Gate Capital to acquire all outstanding shares of our common stock at a price of $2.40 per share in cash. Qatalyst also provided its financial analysis of the Golden Gate Capital proposal. After discussion and consultation with Qatalyst and outside legal counsel, the board determined that the Golden Gate Capital proposal constituted a superior proposal, as such term was defined in the SMSC merger agreement. In accordance with the terms of the SMSC agreement, we promptly notified SMSC of the board s determination. The following morning, we issued a press release announcing the board s determination.

On February 22, 2011, SMSC informed us that it did not plan to increase its offer above $2.25 per share in response to the Golden Gate Capital proposal. SMSC also informed us that it had agreed to waive its four day match period under the SMSC merger agreement. The following morning, SMSC issued a press release announcing its intention not to increase its offer and agreement to waive the match period.

On February 23, 2011, at a special meeting of our board, Qatalyst reviewed the basis for its proposed fairness opinion. Qatalyst then delivered to the board an oral opinion, followed by a written opinion dated February 23, 2011, to the effect that, as of such date and based on and subject to the considerations, limitations and other matters set forth in its written opinion, the consideration proposed to be received by holders of Conexant common stock (other than Gold or any affiliate of Gold) pursuant to the merger agreement was fair, from a financial point of view, to such holders. After discussion and consideration of matters described in Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger, our board of directors determined that the merger agreement and the consummation of the transactions contemplated thereby, including the merger, are advisable and in the best interests of, and fair to, us and our stockholders, approved the merger agreement, voted to recommend that our stockholders vote in favor of the adoption of the merger agreement, and approved termination of the SMSC merger agreement and payment to SMSC of $7.7 million in respect of the termination fee. Promptly following the special meeting of our board, we wired the $7.7 million termination fee to SMSC, notified SMSC that we were terminating the SMSC agreement and executed and delivered to Gold the merger agreement.

Recommendation of Our Board of Directors as to the Merger; Reasons for the Merger

In evaluating the merger agreement and the merger, our board of directors consulted with our management and legal and financial advisors and, in reaching its decision to approve the merger agreement and to recommend that stockholders vote in favor of the adoption of the merger agreement, considered a variety of factors supporting the adoption of the merger agreement, including the following:

Merger consideration. Our board considered that the per share merger consideration of $2.40 represented approximately a 12% premium above the per share merger consideration under the SMSC merger agreement (assuming that the closing price of SMSC common stock on February 18, 2011, the last trading day before receipt of the revised Golden Gate Capital proposal, of $23.93 would be the average stock price for purposes of the SMSC merger agreement and the closing price at the time of the proposed SMSC merger). The offer price of $2.40 per share also represented a 54% premium above the average closing price of our common stock for the 30-trading-day period ending on January 5, 2011.

Review of prospects in remaining independent. Our board considered our financial condition, results of operations, and business and earnings prospects if we were to remain independent in light of various factors, including our substantial debt position and long term lease obligations. Our board also considered the potential adverse effects of intense competition in the semiconductor industry in light of our small size and substantial debt burden. Our board concluded that there were significant risks in remaining independent.

SMSC s statement to us that it would not raise its offer. Our board considered SMSC s statement that it would not increase its offer and SMSC s corresponding waiver of the match period under the SMSC merger agreement.

Opinion of Qatalyst. Our board considered the financial analysis reviewed by Qatalyst, including on February 21 and 23, 2011, and Qatalyst s opinion delivered on February 23, 2011, to the effect that, as of such date and based on and subject to the considerations, limitations and other matters set forth in its written opinion, the consideration proposed to be received by holders of our common stock (other than Gold or any affiliate of Gold) pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of Qatalyst s written opinion is attached as Annex B to this proxy statement.

In addition, our board of directors considered a number of other factors supporting the fairness of the merger, including the following:

the adoption of the merger agreement requires the approval of the holders of a majority of the outstanding shares of our common stock entitled to vote at the annual meeting;

subject to certain conditions, the terms of the merger agreement allow our board to exercise its fiduciary duty to consider unsolicited alternative transaction proposals;

subject to certain conditions, the terms of the merger agreement allow our board to change its recommendation that stockholders vote in favor of adoption of the merger agreement;

the fact that the terms of the Gold merger agreement were based on the negotiated terms of the SMSC merger agreement and were generally equally as fair to us as the terms of the SMSC merger agreement;

the likelihood that the merger would be completed based on, among other things (not necessarily in order of relative importance):

the reputation of Golden Gate Capital and its affiliate providing Gold with the equity commitment letter;

Golden Gate Capital s ability to complete large acquisition transactions and its familiarity with us;

that there is no financing or due diligence condition to the completion of the merger and the merger agreement;

the receipt of the executed commitment letter from the affiliate of Golden Gate Capital and the terms of the commitment letter, including the commitment of up to $205 million in funding, the lack of conditionality to the equity commitment letter and the representations regarding availability of financing;

our ability, under certain circumstances pursuant to the merger agreement and the equity commitment letter, to seek specific performance of Gold s obligation to cause the equity commitment signatory to make contributions to Gold pursuant to the equity commitment letter; and

our ability, pursuant to the merger agreement, to seek specific performance to prevent breaches of the merger agreement by Gold and Merger Sub and to enforce specifically the terms of the merger agreement, subject to certain limitations;

the absence of any material risk that any governmental authority would prevent or materially delay the merger under any antitrust law; and

the belief that the termination fee and expense reimbursement provisions under the merger agreement would not unreasonably deter another potential bidder from considering a transaction with us at a higher price.

Our board of directors also considered a variety of risks and other potentially negative factors, including the following:

the possibility that if we remained an independent entity, the price of our common stock might increase in the future to a price greater than the value of the merger consideration;

the merger agreement precludes us from actively soliciting alternative transaction proposals from third parties;

the price per share of common stock reflected by the merger consideration compared to the historical prices of our common stock;

if the merger agreement is terminated for certain reasons, we may be required to pay a termination fee to Gold of $7.7 million and up to $1 million in expense reimbursements;

there is no assurance that all conditions to the parties obligations to complete the merger will be satisfied, and therefore it is possible that the merger may not be completed, even if approved by the stockholders;

between the date of execution of the merger agreement and closing, we will not be able to take certain actions without the consent of Gold, including engaging in certain extraordinary transactions;

the risks and costs to us if the merger is delayed or not consummated, including the diversion of management s attention and employee attrition and the potential effect on business and customer relationships; and

the fact that the merger consideration will be taxable to stockholders for U.S. federal income tax purposes.

Our board of directors considered all of the foregoing factors as a whole and concluded that such factors supported its approval of the merger agreement and the consummation of the transactions contemplated thereby, including the merger, and its recommendation that stockholders vote in favor of the adoption of the merger agreement.

The foregoing discussion of the information and factors considered by the board of directors in evaluating the merger agreement and the merger is not exhaustive but does include the material factors considered by the board. Our board did not quantify or assign any relative or specific weight to the various factors that it considered. Rather, our board considered and based its recommendation on the totality of the information presented to it. In addition, individual members of the board may have given no weight or different weights to different factors.

Projected Financial Information

Our management does not, as a matter of course, publicly disclose forecasts or projections as to its future financial performance or earnings, other than quarterly guidance relating to revenues, gross margin and earnings per share. However, our management does, on an annual basis, provide for board and internal review three year financial projections. In preparation for our regularly scheduled August 10, 2010 board meeting, our management prepared financial projections for the fiscal years ending on or about September 30, 2011, 2012 and 2013. In November 2010, our management determined that certain of the assumptions used in preparing the projections had changed due to the weakness in PC and consumer markets. In addition to the three year projections, our management also prepared extended projections for the fiscal years ending on or about September 30, 2014, 2015 and 2016. These projections along with the November 2010 revised projections, referred to collectively as the Conexant projections, were provided to each of SMSC, Gold and Qatalyst and were utilized by Qatalyst, at our direction, for purposes of the financial analyses it rendered to the board of directors in connection with its opinion. See Opinion of Qatalyst Partners LP beginning on page 25, and Background of the Merger beginning on page 13.

We have included in this proxy statement a summary of the Conexant projections that we deemed material for purposes of considering and evaluating the merger. Although the projections are presented with numerical specificity, the projections reflect numerous estimates and assumptions with respect to industry performance, general business, economic, market and financial conditions, our ability to execute our strategic plan and other matters, all of which are difficult to predict and many of which are beyond our control.

The material estimates and assumptions our management made with respect to the fiscal 2011, 2012 and 2013 portion of the Conexant projections at the time it prepared those projections include:

Our expectations that our multifunction printer Silicon on a Chip, referred to as SOC, solution would continue to gain traction and the number of consumer electronics manufacturers shipping printers with our products would continue to increase, which for purposes of the Conexant projections, resulted in an increase in total revenues (as a result of these items) of approximately 1% in fiscal 2011, 7% in fiscal 2012 and 6% in fiscal 2013;

Our expectations that sales of our audio and video products would increase, with new products in these areas expected to gain design wins and our customers expected to increase their sales to end

22

consumers, further stimulating demand for our products, which for purposes of the Conexant projections, resulted in an increase in total revenues (as a result of these items) of approximately 0% in fiscal 2011, 13% in fiscal 2012 and 8% in fiscal 2013;

Our expectations that embedded modem products for fax, set-top boxes, point-of-sale systems and home security systems would not experience significant replacement rate by new technology such as wireless and Ethernet, which for purposes of the Conexant projections, resulted in a decrease in total revenues (as a result of these items) of approximately 13% in fiscal 2011, 8% in fiscal 2012 and 4% in fiscal 2013;

As a result of the foregoing assumptions as well as other assumptions made by our management with respect to the expected growth or decline in revenues from our product lines, our management projected a net decrease of 17% in total revenues for fiscal 2011 (compared to fiscal 2010), a net increase of 15% in total revenues for fiscal 2012 (compared to fiscal 2011) and a net increase of 8% in total revenues for fiscal 2013 (compared to fiscal 2012); and

Our expectations regarding our ability to keep our total operating expenses flat for fiscal 2011 through 2013.

The fiscal 2014, 2015 and 2016 Conexant projections were prepared by applying the following material estimates and assumptions to the fiscal 2013 portion of the Conexant projections:

Revenues were increased annually at an assumed rate of 8% for each of fiscal 2014 and 2015, reflecting our expectations for industry growth and market share gain in audio, video and printer SOC markets. Revenues were increased 6% for fiscal 2016, reflecting our expectations that growth in this fiscal year would be consistent with our expectations for the longer term industry growth rate; and

Our expectations regarding our ability to maintain our gross margin at the same rate as projected for fiscal 2013 and to maintain our operating expenses as a percentage of sales at the same rate as projected for fiscal 2013.

There will likely be differences between actual and projected results, and actual results may be materially greater or less than those contained in the Conexant projections. The projections and their underlying estimates and assumptions are also subject to significant uncertainties related to our business, including, but not limited to, economic conditions, changes in the semiconductor industry and the competitive environment in which we operate. For a discussion of the risks and uncertainties applicable to our business, see our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended October 1, 2010 and our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010. Accordingly, although the projections set forth below were prepared in good faith based upon assumptions believed to be reasonable at the time the projections were prepared, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. For the foregoing reasons, the inclusion of these projections should not be regarded as a representation by Conexant, our board of directors, Gold, Merger Sub, Qatalyst or any other recipient of this information that any of them considered, or now considers, the projections to be a prediction of actual future results, and such data should not be relied upon as such.

We believe that the assumptions our management used as a basis for the Conexant projections were reasonable at the time the projections were prepared, given information our management had at the time. However, except to the extent required by applicable federal securities laws, we do not intend, and expressly disclaim any responsibility, to update or otherwise revise the Conexant projections to reflect circumstances existing after the date the projections were prepared. The internal financial forecasts upon which these projections were based are, in general, prepared solely for internal use, such as budgeting and other management decisions, and are subjective in many respects, and thus are

susceptible to various interpretations.

Table of Contents

We do not as a matter of course make public projections as to future sales, earnings or other results. However, our management has prepared the prospective financial information set forth below to present to stockholders the nonpublic information made available to the board of directors in connection with its consideration of a possible merger transaction and provided to each of SMSC, Gold and Qatalyst. The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of our management, was prepared on a reasonable basis. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement are cautioned not to place undue reliance on the prospective financial information.

Neither our independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by our management as of the date of its preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information, including, among others, the following: management expectations regarding sales and revenues; our size and ability to compete in the intensely competitive semiconductor industry; our ability to accurately forecast product demand; lengthy product sales cycles; uncertain results of research and development, referred to as R&D, investments; our debt position and lease obligations; and protection of intellectual property rights. For a discussion of these and other risks and uncertainties applicable to our business, see our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended October 1, 2010 and our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010. Accordingly, there can be no assurance that the prospective results are indicative of our future performance or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this proxy statement should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved. We do not generally publish our business plans and strategies or make external disclosures of our anticipated financial position or results of operations. Accordingly, we do not intend to update or otherwise revise the prospective financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, we do not intend to update or revise the prospective financial information to reflect changes in general economic or industry conditions. Additional information relating to the principal assumptions used in preparing the projections is set forth below. For a discussion of various factors that could materially affect our financial condition, results of operations, business, prospects and securities, see our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended October 1, 2010 and our Quarterly Report on Form 10-Q for the fiscal quarter ended December 31, 2010.

A summary of the Conexant projections prepared by management as of November 2010 is as follows:

	Projected Fiscal Year ($ in millions)						
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Revenue	$ 241	$ 200	$ 231	$ 250	$ 270	$ 292	$ 309
Operating Income(1)	49	25	43	52	54	58	62
Unlevered Free Cash Flow(2)	$ 37	$ 34	$ 41	$ 50	$ 51	$ 56	$ 59

(1) Operating income, as used in the Conexant projections, is a financial measure that is not presented in accordance with accounting principles generally accepted in the United States, referred to as GAAP, and does not reflect any deduction for non-cash stock compensation expense.

(2) Unlevered free cash flow is a non-GAAP financial measure calculated by starting with operating income and subtracting taxes, capital expenditures and changes in working capital and then adding back depreciation and amortization expense.

Readers of this proxy statement are cautioned not to place undue reliance on the financial projections set forth above. No one has made or makes any representation to such readers regarding the information included in these projections or our future financial results.

Opinion of Qatalyst Partners LP

Conexant retained Qatalyst as its financial advisor for the purpose of advising Conexant in connection with a potential transaction such as the merger and to evaluate whether the consideration to be received in the merger by the holders of Conexant common stock (other than Gold or any affiliate of Gold), whom we refer to as the holders, was fair, from a financial point of view, to such holders. At the meeting of Conexant s board of directors on February 23, 2011, Qatalyst rendered its oral opinion that, as of such date and based upon and subject to the considerations, limitations and other matters set forth therein, the consideration to be received by the holders in the merger was fair, from a financial point of view, to such holders. The written opinion of Qatalyst, delivered following the board meeting and dated February 23, 2011, is sometimes referred to herein as the Qatalyst opinion.

The full text of the Qatalyst opinion, which describes the considerations, limitations and other matters upon which such opinion is based or to which such opinion is subject, is attached as Annex B and is incorporated herein by reference. The summary of the Qatalyst opinion set forth herein is qualified in its entirety by reference to the full text of the opinion. Conexant stockholders should read the Qatalyst opinion carefully and in its entirety. The Qatalyst opinion was provided to Conexant s board of directors and addresses only the fairness, as of the date of the Qatalyst opinion and from a financial point of view, to the holders of the merger consideration to be received by the holders in the merger, and does not address any other aspect of the merger. The Qatalyst opinion does not constitute a recommendation as to how any stockholder of Conexant should vote with respect to the merger or any other matter and does not in any manner address the price at which the Conexant common stock will trade at any time.

In arriving at its opinion, Qatalyst reviewed the merger agreement, certain related documents and certain publicly available financial statements and other business and financial information of Conexant. Qatalyst also reviewed certain financial projections and operating data prepared by the management of Conexant, which we refer to as the Conexant projections. The Conexant projections are summarized above under the heading Projected Financial Information of Conexant. Additionally, Qatalyst discussed the past and current operations and financial condition and the prospects of Conexant with senior executives of Conexant. Qatalyst also reviewed the historical market prices and trading activity for Conexant common stock and compared the financial performance of Conexant and the prices and trading activity of Conexant common stock with that of certain other selected publicly-traded companies and their securities. In addition, Qatalyst reviewed the financial terms, to the extent publicly available, of selected acquisition transactions and performed such other analyses, reviewed such other information and considered such other factors as it deemed appropriate.

In arriving at its opinion, Qatalyst assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to, or discussed with, it by Conexant. With respect to the Conexant projections, Qatalyst was advised by the management of Conexant, and Qatalyst assumed, that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Conexant of the future financial performance of Conexant and other matters covered thereby. Qatalyst assumed that the merger will be consummated in accordance with the terms set

forth in the merger agreement, without any modification, waiver or delay. In addition, Qatalyst assumed that in connection with the receipt of all the necessary approvals of the proposed merger, no delays, limitations, conditions or restrictions will be imposed that could have an adverse effect on Conexant. Qatalyst did not make any independent

Table of Contents

evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Conexant, nor was it furnished with any such evaluation or appraisal. In addition, Qatalyst relied, without independent verification, upon the assessment of the management of Conexant as to the existing and future technology and products of Conexant and the risks associated with such technology and products.

The Qatalyst opinion was approved by the opinion committee of Qatalyst, in accordance with Qatalyst s customary practice. Qatalyst provided its advisory services and opinion for the information and assistance of Conexant s board of directors in connection with its consideration of the merger.

The Qatalyst opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Qatalyst as of, the date of the Qatalyst opinion. Events occurring after the date of the Qatalyst opinion may affect the Qatalyst opinion and the assumptions used in preparing it, and Qatalyst has not assumed any obligation to update, revise or reaffirm the Qatalyst opinion. The Qatalyst opinion does not address the underlying business decision of Conexant to engage in the merger, or the relative merits of the merger as compared to any strategic alternatives that may have been available to Conexant. The Qatalyst opinion is limited to the fairness, from a financial point of view, of the consideration to be received by the holders pursuant to the merger agreement. Qatalyst expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Conexant s officers, directors or employees, or any class of such persons, relative to such consideration.

In accordance with customary investment banking practice, Qatalyst employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses undertaken by Qatalyst in connection with rendering the Qatalyst opinion. Considering the numerical values set forth below without considering the scope of the financial analyses, including the full narrative description thereof and the methodologies and assumptions underlying such analyses, could create a misleading or incomplete view of Qatalyst s financial analyses.

In performing its analyses, Qatalyst relied upon, among other things, certain publicly-available Wall Street analyst estimates, which we refer as the Street projections, as well as the Conexant projections, each of which were reviewed and discussed with Conexant s board of directors for use in connection with its evaluation of the merger (and Qatalyst s performance of its analysis and rendering of its opinion in connection with the merger).

Illustrative Discounted Cash Flow Analysis

Qatalyst conducted an illustrative discounted cash flow, or DCF, analysis, which is designed to imply a potential value of a company by calculating the net present value of estimated future cash flows of the company. Qatalyst calculated ranges of implied per share values for Conexant common stock based on such net present values.

Qatalyst calculated the net present value of unlevered free cash flows for Conexant for the last three quarters of the fiscal year ended September 30, 2011 through fiscal 2015 as derived from the Conexant projections and calculated the terminal value at the end of fiscal 2015 by applying a range of multiples of 1.2x to 1.7x to Conexant s estimated next twelve months (fiscal 2016) revenue. Qatalyst determined the ranges of multiples used based on the observed multiples of revenue for Conexant and the selected companies analyzed (see below under Selected Companies Analysis for listing of companies), with particular emphasis on those companies having industry, growth and margin characteristics determined to be most similar to those of Conexant in the Conexant projections. These values were then discounted to present values using a discount rate ranging from 14.5% to 19.0% based upon Conexant s weighted average cost of capital. Qatalyst then applied a dilution factor of 14.0% to illustrate the net dilution to current stockholders due to the net effect of projected future equity awards. Based on the calculations set forth above, this analysis yielded an illustrative range of implied per share present values for Conexant common stock from $1.92 to $3.20.

Qatalyst conducted a further DCF analysis to illustrate the sensitivity of discounted present value to changes in revenue and operating margin. In its sensitivity analysis, Qatalyst calculated the implied

Table of Contents

present value per share of Conexant common stock by assuming a compound annual growth rate, or CAGR, in revenue from fiscal 2011 to fiscal 2016 ranging from 5% to 10%, as compared to a 9% CAGR in the Conexant projections. Qatalyst further calculated the implied present value per share of Conexant common stock by assuming a reduction in the operating margin in the Conexant projections in each of fiscal 2012 to fiscal 2016 from 5.0% to 0.0%, which resulted in a fiscal 2016 operating margin range of 15.0% to 20.0%, as compared to 20.0% in the Conexant projections. This further analysis employed as a constant for illustrative purposes a 1.45x multiple of next twelve months (fiscal 2016) revenue for calculating terminal value, a 16.75% discount rate, and a dilution factor of 14.0%. These calculations resulted in implied present values per share ranging from $1.67 to $2.65, as compared to an implied present value of $2.51 per share based on the Conexant projections (and the illustrative constants described in the prior sentence).

Selected Companies Analysis

Qatalyst compared selected financial information and public market multiples for Conexant with publicly available information and public market multiples for selected semiconductor companies. The companies used in this comparison included those companies listed below:

Semiconductor Providers Market Capitalization Greater than $1 Billion:

- STMicroelectronics, Inc.
- Avago Technologies Limited
- NXP Semiconductors N.V.
- ON Semiconductor Corporation
- Cypress Semiconductor Corporation
- LSI Corporation
- Silicon Laboratories Inc.
- Cirrus Logic, Inc.
- Intersil Corporation
- Semtech Corporation
- Dialog Semiconductor PLC
- Integrated Device Technology, Inc
- CSR PLC

Semiconductor Providers Market Capitalization Less than $1 Billion:

- Realtek Semiconductor Corp.

Micrel, Incorporated

Silicon Image, Inc.

Wolfson Microelectronics PLC

Standard Microsystems Corporation

Zoran Corporation

Gennum Corporation

O2Micro International Limited

Zarlink Semiconductor Inc.

Pericom Semiconductor Corporation

PLX Technology, Inc.

None of the selected companies reviewed is identical to Conexant. These companies were selected, among other reasons, because they are publicly traded companies in Conexant s industry and/or have operating and financial characteristics that, for purposes of this analysis, may have similarities with those of Conexant. For each of the following analyses performed by Qatalyst, estimated financial data for the selected companies other than Conexant were based on Wall Street analyst research and estimates.

Based upon the then most recent research analyst estimates for calendar year 2011, Qatalyst calculated, among other things, the implied fully-diluted enterprise value divided by the estimated revenue for calendar year 2011, which we refer to as the CY11E revenue multiple, for each of the selected companies. The median, mean, high and low CY11E revenue multiples among the semiconductor providers with market capitalizations greater than $1 billion were 2.6x, 2.4x, 4.3x and 0.8x, respectively. The median, mean, high and low CY11E revenue multiples among the semiconductor providers with market capitalizations less than $1 billion were 1.1x, 1.4x, 2.5x and 0.5x, respectively.

Based on an analysis of the CY11E revenue multiple for each of the selected companies, Qatalyst selected a representative range of 1.2x to 1.7x and applied this range to Conexant s estimated calendar year 2011 revenue. Qatalyst selected the representative range of 1.2x to 1.7x based on the observed CY11E revenue multiples of the companies analyzed, with particular emphasis on those companies having growth and margin characteristics determined to be most similar to those of Conexant. Based on the calculations set forth above, this analysis implied a range of values for Conexant common stock of $1.58 to $2.81 per share based on the Conexant projections and $1.30 to $2.41 per share based on the Street projections.

Based upon the then most recent research analyst estimates for calendar year 2011, Qatalyst calculated, among other things, the closing stock price as of February 22, 2011 divided by the estimated earnings per share for calendar year 2011, which we refer to as the CY11E P/E multiple, for each of the selected companies. The median, mean, high and low CY11E P/E multiples among the semiconductor providers with market capitalizations greater than $1 billion were 13.1x, 14.2x, 22.6x and 10.1x, respectively. The median, mean, high and low CY11E P/E multiples among the semiconductor providers with market capitalizations less than $1 billion were 15.8x, 18.6x, 35.5x and 11.5x, respectively. The mean and median CY11E P/E multiples of the companies analyzed with market capitalizations less than $1 billion were skewed higher by those of certain companies that had low profits.

Based on an analysis of the CY11E P/E multiple for each of the selected companies, Qatalyst selected a representative range of 11.0x to 18.0x and applied this range to Conexant s estimated calendar year 2011 earnings per share. Qatalyst selected the representative range of 11.0x to 18.0x based on the observed CY11E P/E multiples of the companies analyzed, with particular emphasis on those companies having growth and margin characteristics determined to be most similar to those of Conexant. Based on the calculations set forth above, this analysis implied a range of values for Conexant common stock of $1.14 to $1.86 per share based on the Conexant projections.

Selected Transactions Analysis

Qatalyst reviewed certain information with respect to a set of acquisition transactions involving companies in the semiconductor industry announced between February 2006 and February 2011. None of these transactions were by themselves directly comparable to the merger, although each could be considered similar to the merger (although not necessarily to each other) in certain limited respects. Because of the unique circumstances of each of these transactions and the merger, Qatalyst cautioned against placing undue reliance on the information.

Target	Acquiror
Zoran Corporation	CSR PLC
Atheros Communications Inc.	Qualcomm Inc.
Gigle Semiconductor Inc.	Broadcom Corporation
Actel Corporation	Microsemi Corporation
Microtune, Inc.	Zoran Corporation
Teridian Semiconductor Corporation	Maxim Integrated Products, Inc.
Techwell, Inc.	Intersil Corporation
TrendChip Technologies Corporation	Ralink Technology Corporation
California Micro Devices Corporation	ON Semiconductor Corporation
Sierra Monolithics, Inc.	Semtech Corporation
Intellon Corporation	Atheros Communications Inc.
Tundra Semiconductor Corporation	Integrated Device Technology, Inc
Catalyst Semiconductor, Inc.	ON Semiconductor Corporation
SigmaTel, Inc.	Freescale Semiconductor, Inc.
AMIS Holdings, Inc.	ON Semiconductor Corporation
Genesis Microchip Incorporated	STMicroelectronics, Inc
Analog Devices, Inc. (PC Thermal Monitoring Business)	ON Semiconductor Corporation
Sirenza Microdevices, Inc.	RF Micro Devices, Inc.
Legerity Holdings, Inc.	Zarlink Semiconductor Inc.
Sipex Corporation	Exar Corporation
Agere Systems Inc.	LSI Corporation
PortalPlayer, Inc.	NVIDIA Corporation
International Rectifier Corporation (Power Products Business)	Vishay Intertechnology, Inc.
PowerDsine Ltd.	Microsemi Corporation
Freescale Semiconductor, Inc.	Investor Group
ATI Technologies Inc.	Advanced Micro Devices, Inc.
Lexar Media, Inc.	Micron Technology, Inc.
Avago Technologies Limited (Printer ASIC Business)	Marvell Technology Group Ltd.

For each of the transactions listed above, Qatalyst reviewed, among other things, the implied fully-diluted enterprise value of the target company divided by the next twelve months estimated revenue of the target company reflected in Wall Street analyst research, certain publicly available financial statements and press releases. The median, mean, high and low of the next twelve months estimated revenue multiples were 1.8x, 1.9x, 4.2x and 0.3x, respectively. Based on the analysis of such metrics for the transactions noted above and its professional judgment as to the similarities and differences between the various transactions listed above and the merger, Qatalyst selected a representative range of 0.8x to 1.8x and applied this range of multiples to Conexant s next twelve months estimated revenue reflected in the Street projections. Based on the calculations set forth above, this analysis implied a range of values for Conexant common stock of $0.41 to $2.63 per share.

Qatalyst also performed and considered various other financial statistics in connection with the Qatalyst opinion.

Miscellaneous

In connection with the review of the merger by Conexant s board of directors, Qatalyst performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Qatalyst considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Qatalyst believes that selecting any portion of its analyses, without considering all analyses as a whole, could create a misleading or incomplete view of the process underlying its analyses and opinion. In addition, Qatalyst may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Qatalyst s view of the actual value of Conexant. In performing its analyses, Qatalyst made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Conexant. Any estimates contained in Qatalyst s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. Qatalyst conducted the analyses described above solely as part of its analysis of the fairness, from a financial point of view, of the consideration to be received by the holders pursuant to the merger agreement, and in connection with the delivery of its opinion to Conexant s board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of Conexant common stock might actually trade. The Qatalyst opinion and its presentation to Conexant s board of directors was one of many factors taken into consideration by Conexant s board of directors in deciding to approve the merger agreement. Consequently, the analyses as described above should not be viewed as determinative of the opinion of Conexant s board of directors with respect to the per share merger consideration or of whether Conexant s board of directors would have been willing to agree to a different per share merger consideration. The per share merger consideration was determined through arm s-length negotiations between Conexant and Gold and was approved by Conexant s board of directors. Qatalyst provided advice to Conexant during these negotiations. Qatalyst did not, however, recommend any specific per share merger consideration to Conexant or that any specific per share merger consideration constituted the only appropriate merger consideration for the merger.

As a part of its investment banking business, Qatalyst and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Qatalyst was selected on the basis of such experience and its familiarity with Conexant to advise Conexant s board of directors in connection with the merger and to deliver an opinion to Conexant s board of directors addressing the fairness, from a financial point of view, of the consideration to be received by the holders pursuant to the merger agreement.

Qatalyst acted as financial advisor to Conexant s board of directors in connection with Conexant s proposed transaction with Standard Microsystems Corporation and, in that capacity, delivered an opinion to Conexant s board of directors on January 9, 2011 in connection with which Qatalyst became entitled to a fee for its services. Qatalyst will also receive an additional, larger fee if the merger with Gold is consummated. The portion of the overall fee to be paid to Qatalyst that is contingent on consummation of the merger with Gold is approximately 80%. In addition, Conexant agreed to reimburse certain of Qatalyst s expenses incurred in performing its services and to indemnify Qatalyst, its affiliates, and their respective members, directors, officers, partners, agents, employees and controlling persons against certain liabilities related to or arising out of Qatalyst s engagement, including liabilities under federal securities laws. Except as set forth above, during the two-year period prior to the date of the Qatalyst opinion, no other material relationship existed between Qatalyst or any of its affiliates and Conexant, Gold or any of their respective affiliates pursuant to which compensation was received by Qatalyst or its affiliates; however, Qatalyst and/or its affiliates may in the future provide investment banking

and other financial services to Conexant, Gold or their respective affiliates for which they would expect to receive compensation.

Qatalyst provides investment banking and other services to a wide range of corporations, domestically and offshore, from which conflicting interests or duties may arise. In the ordinary course of these activities, affiliates of Qatalyst may at any time hold long or short positions, and may trade or otherwise effect transactions in debt or equity securities or loans of Conexant, Gold or certain of their respective affiliates.

Financing of the Merger

We anticipate that the total amount of funds necessary to pay the aggregate merger consideration will be approximately $204 million, not including payment of related transaction fees and expenses. Gold and Merger Sub have represented that the net proceeds contemplated by the equity commitment (described below) will, together with cash and cash equivalents available to Gold, be sufficient to consummate the merger, including payment of the aggregate merger consideration and transaction costs and expenses in accordance with the terms and conditions of the merger agreement. The merger is not subject to a financing condition.

Prior to our execution of the merger agreement, Gold entered into, and provided a copy to us of, an equity commitment letter with an affiliate of Gold, referred to as the equity commitment signatory, in support of Gold s payment and other obligations under the merger agreement. The equity commitment signatory has agreed to purchase up to $205 million of debt or equity securities of Gold in order to fund the merger, referred to as the equity commitment. Subject to certain conditions, Gold may assign a portion of its equity commitment to one or more of its affiliates. The equity commitment is generally subject to, and conditioned upon the satisfaction in full of, each and all of the conditions precedent to Gold s and Merger Sub s obligation to effect the merger set forth in the merger agreement and to the contemporaneous closing of the merger.

The equity commitment will, with certain exceptions, terminate and expire on the earliest to occur of (i) the consummation of the merger, (ii) the termination of the merger agreement in accordance with its terms, (iii) an amendment to the merger agreement not consented to in writing by the equity commitment signatory, (iv) the date as of which the equity commitment signatory invests or has otherwise caused to be irrevocably funded to Gold an amount or cumulative amounts equal to the unfunded portion of the equity commitment, and (v) July 31, 2011.

Gold and Merger Sub have undertaken to do all things necessary to arrange and obtain the equity commitment and not to permit any amendment or modification to be made to, or any waiver of any provision or remedy under, the equity commitment, if such amendment would (i) reduce the aggregate amount of the equity funding or (ii) impose new or additional conditions, or otherwise amend, modify or expand any conditions, to the receipt of the equity funding. Gold and Merger Sub have further agreed to (i) maintain in effect the equity commitment, (ii) satisfy on a timely basis all conditions to obtaining the equity funding in the equity commitment applicable to Gold and Merger Sub, (iii) consummate the equity funding at or prior to the closing of the merger, and (iv) fully enforce the equity commitment signatory s obligations and Gold s and Merger Sub s rights under the equity commitment.

Interests of Executive Officers and Directors in the Merger

In considering the recommendation of the board of directors with respect to the adoption of the merger agreement, stockholders should be aware that our executive officers and directors have interests in the merger that may be different from, or in addition to, those of stockholders generally. The board of directors was aware of these interests and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that stockholders vote in favor of the adoption of the merger agreement.

Treatment of Options and Other Stock-Based Awards

The merger agreement provides that each option to acquire Conexant common stock granted under our equity compensation plans that is outstanding immediately prior to the effective time of the merger, whether vested or unvested, will be cancelled and converted into the right to receive, with respect to each such option, an amount of cash equal to the excess, if any, of the per share merger consideration over the exercise price per share under the option for each share subject to such option. After the effective time of the merger, any such cancelled stock option will no longer be exercisable by the former holder of such option, but will only entitle such holder to the payment described in the preceding sentence. Any option with an exercise price greater than or equal to the per share merger consideration shall be cancelled without consideration and be of no further force and effect. In addition, at the effective time of the merger, the vesting of each share of restricted stock will be accelerated, and each such share will be cancelled and converted into the right to receive the per share merger consideration. Each option to purchase shares of Conexant common stock and each restricted share held by any executive officer or director of Conexant immediately prior to the effective time of the merger will be treated in the same manner as all other stock options and restricted shares, respectively, in the merger.

The merger agreement also provides that each RSU that, as of the effective time of the merger, is outstanding and either (1) vested, (2) held by a non-employee director, or (3) held by a management-level employee at the rank of senior vice president or above will be cancelled and converted into the right to receive, with respect to each such unit, an amount of cash equal to the per share merger consideration. With respect to each RSU that, as of the effective time of the merger, is outstanding and held by an employee of Conexant and that is not otherwise described above, such RSU will be cancelled at the effective time of the merger and the holder of such RSU will be entitled to receive with respect to each RSU on the date that the RSU would have otherwise vested had the effective time not occurred an amount of cash equal to the per share merger consideration; provided that such payment will only be required if (a) the employee continues to be employed continuously by the surviving corporation through and including the original vesting date of such RSUs and (b) the employee has not otherwise been issued or granted any incentive compensation following the effective time of the merger (but prior to such original vesting date) that the surviving corporation s board of directors has determined in good faith in its sole discretion to be an appropriate replacement for such RSUs. All other RSUs will be cancelled without consideration and be of no further force and effect.

For a more detailed discussion of the terms of the merger agreement with respect to the treatment of outstanding equity awards in connection with the merger, see The Merger Agreement Treatment of Conexant Stock Options and Other Equity-Based Awards beginning on page 41.

Table of Contents

Summary of Transaction Benefits Related to Outstanding Equity Awards Payable to Executive Officers and Directors

The following table indicates the number of shares of Conexant common stock underlying vested and unvested equity awards held by our executive officers and directors as of March 1, 2011, and, with respect to outstanding stock options, the weighted average exercise price thereof.

	Number of Shares Underlying Vested Stock Options	Weighted Average Exercise Price of Vested Stock Options	Number of Shares Underlying Unvested Stock Options	Weighted Average Exercise Price of Unvested Stock Options	Number of Shares Underlying Restricted Share Awards	Number of Shares Underlying Restricted Stock Unit Awards
Executive Officers						
D. Scott Mercer	13,434	$ 25.60	500	$ 8.70		725,000
Sailesh Chittipeddi	70,000	$ 15.60		$		450,000
Christian Scherp	70,000	$ 17.84		$		450,000
Jean Hu	53,174	$ 17.29		$		362,500
Mark D. Peterson	56,667	$ 4.50	28,333	$ 4.50		245,833
Non-Employee Directors						
William E. Bendush	2,000	$ 6.10	2,000	$ 6.10		49,000
Steven J. Bilodeau	15,594	$ 38.93	1,000	$ 7.34		49,000
F. Craig Farrill	23,771	$ 24.24	1,000	$ 7.34	376	49,000
Balakrishnan S. Iyer	70,831	$ 30.69	1,000	$ 7.34		49,000
Matthew E. Massengill	2,000	$ 6.10	2,000	$ 6.10		49,000
Jerre L. Stead	23,771	$ 24.24	1,000	$ 7.34	5,635	49,000

Executive Employment Agreements

As described in more detail below under the heading Executive Compensation Employment and Separation Agreements, agreements between us and each of Messrs. Mercer, Scherp, Chittipeddi and Peterson and Ms. Hu contain provisions pursuant to which, in the event we terminate such individual s employment without cause or, in the case of Messrs. Mercer and Peterson, if the executive resigns for good reason (as such terms are defined in the employment agreements), the named executive officer will become entitled to specified severance benefits. For purposes of clarity, these severance protections apply whether or not a change of control occurs the severance benefits are not enhanced in connection with a change of control. Each employment agreement also restricts the individual from competing with us or soliciting our employees or customers during the employment period and for 12 months thereafter. Pursuant to the employment agreements, in the event a change of control (as defined in the employment agreements) occurs, each named executive officer s then outstanding and unvested stock options and time-based restricted stock and RSU awards would become fully vested.

In the event that Mr. Mercer s benefits are subject to the excise tax imposed on certain change of control payments under Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, referred to as the Code, we will make an additional payment to him so that the net amount of such payments (after taxes) he receives is sufficient to pay the excise tax due (a gross-up payment).

In addition to the foregoing, prior to the closing, some or all of our executive officers may discuss or enter into agreements, arrangements or understandings with Gold or Merger Sub regarding their continued employment with the surviving corporation, or the right to purchase or participate in the equity of Gold.

Table of Contents

Summary of Potential Non-Equity-Based Benefits to Executive Officers

The following table indicates the dollar values of the potential non-equity based benefits that would be payable to our executive officers under the executive employment agreements and the other compensation arrangements upon the effective time of the merger, assuming that the executive officers experienced a termination of employment under one of the circumstances described above and further assuming that both the effective time of the merger and such termination of employment occurred on February 20, 2011. For a detailed description of the benefits payable to the named executive officers as a result of the merger or as a result of certain terminations of the executive s employment with us, see the information below under the heading Executive Compensation Employment and Separation Agreements.

Executive Officers	Total Potential Non-Equity-Based Transaction Benefits(1)	Estimated Tax Gross-Up Payment(2)
D. Scott Mercer	$ 3,084,098	$ 1,668,210
Sailesh Chittipeddi	$ 429,876	$
Christian Scherp	$ 395,974	$
Jean Hu	$ 364,584	$
Mark D. Peterson	$ 336,358	$

(1) These amounts include the value of cash severance payments and continued health insurance benefits due under the executive agreements.

(2) Pursuant to the terms of Mr. Mercer s employment agreement, Mr. Mercer would be entitled to a gross-up payment for any excise taxes that may be due by reason of Sections 280G and 4999 of the Code. Such excise taxes may be due by reason of certain equity and non-equity based transaction benefits.

Indemnification; Directors and Officers Insurance

For six years after the effective time of the merger, Conexant, as the surviving corporation, will, and Gold will cause the surviving corporation to, indemnify and hold harmless or will cause to indemnify and hold harmless each of our or any of our subsidiaries current or former directors and officers from and against, and advance expenses in respect of, any costs, fees and expenses (including reasonable attorneys fees and investigation expenses), judgments, fines, losses, claims, damages, liabilities, and amounts paid in settlement in connection with any claim, action, suit, proceeding, investigation, or inquiry, whether civil, criminal, administrative, or investigative arising out of or pertaining to (i) any action or omission or alleged action or omission in such person s capacity as a director, officer, employee, or agent of Conexant or any of our subsidiaries (regardless of whether such action or omission, or alleged action or omission, occurred prior to, at, or after the effective time of the merger) or (ii) any of the transactions contemplated by the merger agreement.

In addition, for six years after the effective time of the merger, the surviving corporation will, and Gold will cause the surviving corporation to, maintain policies of directors and officers liability insurance covering each person described above entitled to indemnification and any other person currently covered by our directors and officers liability insurance policies. Such policies must cover acts or omissions occurring on or prior to the effective time of the merger and provide at least the same coverage and amounts and contain terms that are in the aggregate no less advantageous to the insured parties than those contained in our policies in effect on the date of the merger agreement, subject to a

maximum annual premium of no more than 300% of the annual premium currently being paid by us. In the event that the annual premium is in excess of 300% of that currently being paid by us, the surviving corporation will, and Gold will cause the surviving corporation to, provide a policy that it reasonably believes has the greatest coverage as can be purchased for such premium. We have the option under the merger agreement to purchase a six-year tail prepaid policy to satisfy the surviving corporation s and Gold s obligations described in this paragraph.

Table of Contents

For a period not less than the applicable statutes of limitations, the surviving corporation will, and Gold will cause the surviving corporation to, comply with all our obligations in existence or effect as of the date of the merger agreement under applicable law, our certificate of incorporation or our bylaws or by contract relating to the exculpation, indemnification and advancement of expenses to any current or former officer or director of Conexant or any of our subsidiaries. For a period of six years from and after the effective time of the merger, the surviving corporation s certificate of incorporation and bylaws will contain provisions with respect to exculpation, advancement of expenses and indemnification that are at least as favorable to the intended beneficiaries as those contained in our certificate of incorporation and bylaws as in effect on the date of the merger agreement, subject to applicable law.

Appraisal Rights

Any holder of Conexant common stock who does not vote in favor of the adoption of the merger agreement and who properly demands appraisal of his, her or its shares will be entitled to have the fair value of his, her or its shares (exclusive of any element of value arising from the accomplishment or expectation of the merger) judicially determined and paid to the holder in cash (together with interest, if any) in the amount judicially determined to be the fair value, provided that the holder complies with the provisions of Section 262 of the DGCL.

The following discussion is not a complete statement of the law pertaining to appraisal rights under the DGCL, and is qualified in its entirety by the full text of Section 262, which is provided in its entirety as Annex C to this proxy statement. The following summary does not constitute any legal or other advice nor does it constitute a recommendation that stockholders exercise their appraisal rights. All references in Section 262 and in this summary to a holder or stockholder are to the record holder of the shares of Conexant common stock as to which appraisal rights are asserted. A person having a beneficial interest in shares of Conexant common stock held of record in the name of another person, such as a bank, broker or other nominee, must act promptly to cause the record holder to follow properly the steps summarized below in a timely manner to perfect appraisal rights.

Under Section 262, where a merger agreement is to be submitted for adoption at a meeting of stockholders, as in the case of our annual meeting, the corporation, not less than 20 days before the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in that notice a copy of Section 262. This proxy statement constitutes that notice and the applicable statutory provisions of the DGCL are attached to this proxy statement as Annex C. Any stockholder who wishes to exercise appraisal rights or who wishes to preserve the right to do so should review carefully the following discussion and Annex C to this proxy statement. Failure to comply with the procedures specified in Section 262 timely and properly will result in the loss of appraisal rights. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of Conexant common stock, we believe that stockholders who consider exercising such appraisal rights should seek the advice of legal counsel.

Any holder of Conexant common stock wishing to exercise the right to demand appraisal under Section 262 of the DGCL must satisfy each of the following conditions:

- as more fully described below, the holder must deliver to us a written demand for appraisal of the holder s shares before the vote on the merger agreement at our annual meeting, which demand will be sufficient if it reasonably informs us of the identity of the holder and that the holder intends to demand the appraisal of the holder s shares;

- the holder must not vote the holder s shares of Conexant common stock in favor of adoption of the merger agreement; a validly submitted proxy which does not contain voting instructions with respect to Proposal No. 1 will, unless revoked, be voted in favor of adoption of the merger agreement and it will constitute a waiver of the stockholder s right of appraisal and nullify any previously delivered written demand. Therefore, a

stockholder who submits a proxy and who wishes to exercise appraisal rights must vote against adoption of the merger agreement or abstain from voting on adoption of the merger agreement; and

the holder must continuously hold the shares from the date of making the demand through the effective date of the merger; a stockholder who is the record holder of shares of Conexant common stock on the date the written demand for appraisal is made but who thereafter transfers those shares before the effective date of the merger will lose any right to appraisal in respect of those shares.

Neither voting (in person or by proxy) against, abstaining from voting on or failing to vote on the proposal to adopt the merger agreement will constitute a written demand for appraisal within the meaning of Section 262. The written demand for appraisal must be in addition to and separate from any such proxy or vote.

Only a holder of record of shares of Conexant common stock issued and outstanding immediately before the effective date of the merger is entitled to assert appraisal rights for the shares in that holder s name. A demand for appraisal should be executed by or on behalf of the stockholder of record, fully and correctly, as the stockholder s name appears on our stock records, and should specify the stockholder s name and mailing address, the number of shares of common stock owned and that the stockholder intends to demand appraisal of the fair value of the stockholder s common stock. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand should be made in that capacity. If the shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a stockholder; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, the agent is acting as agent for such owner or owners. A record holder such as a bank or broker who holds shares as nominee for several beneficial owners may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising appraisal rights with respect to the shares held for one or more other beneficial owners. In such case, the written demand should set forth the number of shares as to which appraisal is sought, and where no number of shares is expressly mentioned the demand will be presumed to cover all shares held in the name of the record owner. Stockholders who hold their shares in bank or brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their banks, brokers or nominees to determine appropriate procedures for the making of a demand for appraisal by the nominee.

A stockholder who elects to exercise appraisal rights under Section 262 should mail or deliver a written demand to:

Conexant Systems, Inc.
4000 MacArthur Blvd.
Newport Beach, California 92660
Attention: Corporate Secretary

Within 10 days after the effective date of the merger, we, as the surviving corporation, must send a notice as to the effectiveness of the merger to each former stockholder who has made a written demand for appraisal in accordance with Section 262 and who has not voted to adopt the merger agreement. Within 120 days after the effective date of the merger, but not thereafter, either we or any dissenting stockholder who has complied with the requirements of Section 262 may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the value of the shares of common stock held by all dissenting stockholders. We are under no obligation to and have no present intention to file a petition for appraisal, and stockholders seeking to exercise appraisal rights should not assume that we will file such a petition. Accordingly, stockholders who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262. Inasmuch as we have no obligation to file such a petition, the failure of a stockholder to do so within the period specified could nullify the stockholder s previous written demand for appraisal.

Within 120 days after the effective date of the merger, any stockholder who has complied with the provisions of Section 262 to that point in time will be entitled to receive from the surviving corporation, upon written request, a statement setting forth the aggregate number of shares not voted in favor of adoption of

the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. The surviving corporation must mail that statement to the stockholder within 10 days after receipt of the request or within 10 days after expiration of the period for delivery of demands for appraisals under Section 262, whichever is later. A person who is the beneficial owner of shares of Conexant common stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition or may request from us the statement described in this paragraph.

A stockholder timely filing a petition for appraisal with the Delaware Court of Chancery must deliver a copy of the petition to us, which will then obligate us within 20 days to provide the Delaware Court of Chancery with a duly verified list containing the names and addresses of all stockholders who have demanded appraisal of their shares and with whom we have not reached agreements as to the value of their shares. After notice to those stockholders, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine which stockholders are entitled to appraisal rights. The Register in Chancery, if so ordered by the Delaware Court of Chancery, will give notice of the time and place fixed for the hearing of such petition by registered or certified mail to us and to the stockholders shown on the list at the addresses stated therein. Such notice will also be given by one or more publications at least one week before the date of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Delaware Court of Chancery deems advisable. The Delaware Court of Chancery may require stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings, and if any stockholder fails to comply with the requirement, the Delaware Court of Chancery may dismiss the proceedings as to that stockholder.

After the Delaware Court of Chancery determines the holders of Conexant common stock entitled to appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings. Through this proceeding, the Court will determine the fair value of the shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest, if any, to be paid upon the amount determined to be the fair value. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. The costs of the action (which do not include attorneys fees and the fees and expenses of experts) may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable. Upon application of a dissenting stockholder, the Delaware Court of Chancery may also order that all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys fees and the fees and expenses of experts, be charged pro rata against the value of all of the shares entitled to appraisal. Stockholders considering seeking appraisal should be aware that the fair value of their shares as determined under Section 262 could be more than, the same as or less than the value of cash they would receive under the merger agreement if they did not seek appraisal of their shares. Neither Gold nor we anticipate offering more than the applicable merger consideration to any stockholder exercising appraisal rights, and each of Gold and us reserves the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of Conexant common stock is less than the applicable merger consideration. The Delaware courts have stated that the methods which are generally considered acceptable in the financial community and otherwise admissible in court may be considered in the appraisal proceedings. In addition, the Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenting stockholder s exclusive remedy. Stockholders should be aware that opinions regarding fairness, such as the one we obtained from Qatalyst, or otherwise described herein, are not opinions as to fair value under Section 262.

Table of Contents

In determining fair value, the Delaware Court of Chancery is to take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered, and that [f]air price obviously requires consideration of all relevant factors involving the value of a company. The Delaware Supreme Court stated that, in making this determination of fair value, the court must consider market value, asset value, dividends, earnings prospects, the nature of the enterprise and any other facts which were known or which could be ascertained as of the date of the merger and which throw any light on future prospects of the merged corporation. Section 262 provides that fair value is to be exclusive of any element of value arising from the accomplishment or expectation of the merger. In Cede & Co. v. Technicolor, Inc., the Delaware Supreme Court stated that such exclusion is a narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements