

# SagePoint Communications Semiconductors M&A Review for Q1 2010

An Analysis of Communications Semiconductors  
M&A Activity and Valuation Metrics



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## SagePoint's Viewpoint - Key Takeaways

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- Communications Semiconductor M&A transaction volume hit its lowest point in the past three years
  - The semiconductor industry has been under pressure for several years and few active buyers remain
  - The Wireless segment was the only bright spot with 4 transactions, the most since Q4'08
- Semiconductor M&A dollar volume remained relatively flat in Q1, up slightly from Q4
  - Significant increase in public M&A was offset by a sharp reduction in private M&A as two significant public deals drove dollar volume
  - There was one \$100M+ private M&A transaction in Q1 versus three in Q4
- Public deals were strong with two \$100M+ deals announced in Q1
  - However just one \$100M+ private deal was announced in Q1, down from 3 in Q4
  - Of the other 4 private deals in Q1 only one reported a deal value which suggests that distressed sales remain quite prevalent
- Median revenue multiples continued to improve substantially in Q1
  - Increase in public multiples to a median of 3.9x revenue reflects the improvement in public stock prices since their low in March '09 and the highly strategic nature of the Q1 deals
  - Private multiples are at a twelve month high of 3.5x, however only one deal had revenues disclosed so it is difficult to draw meaningful conclusions

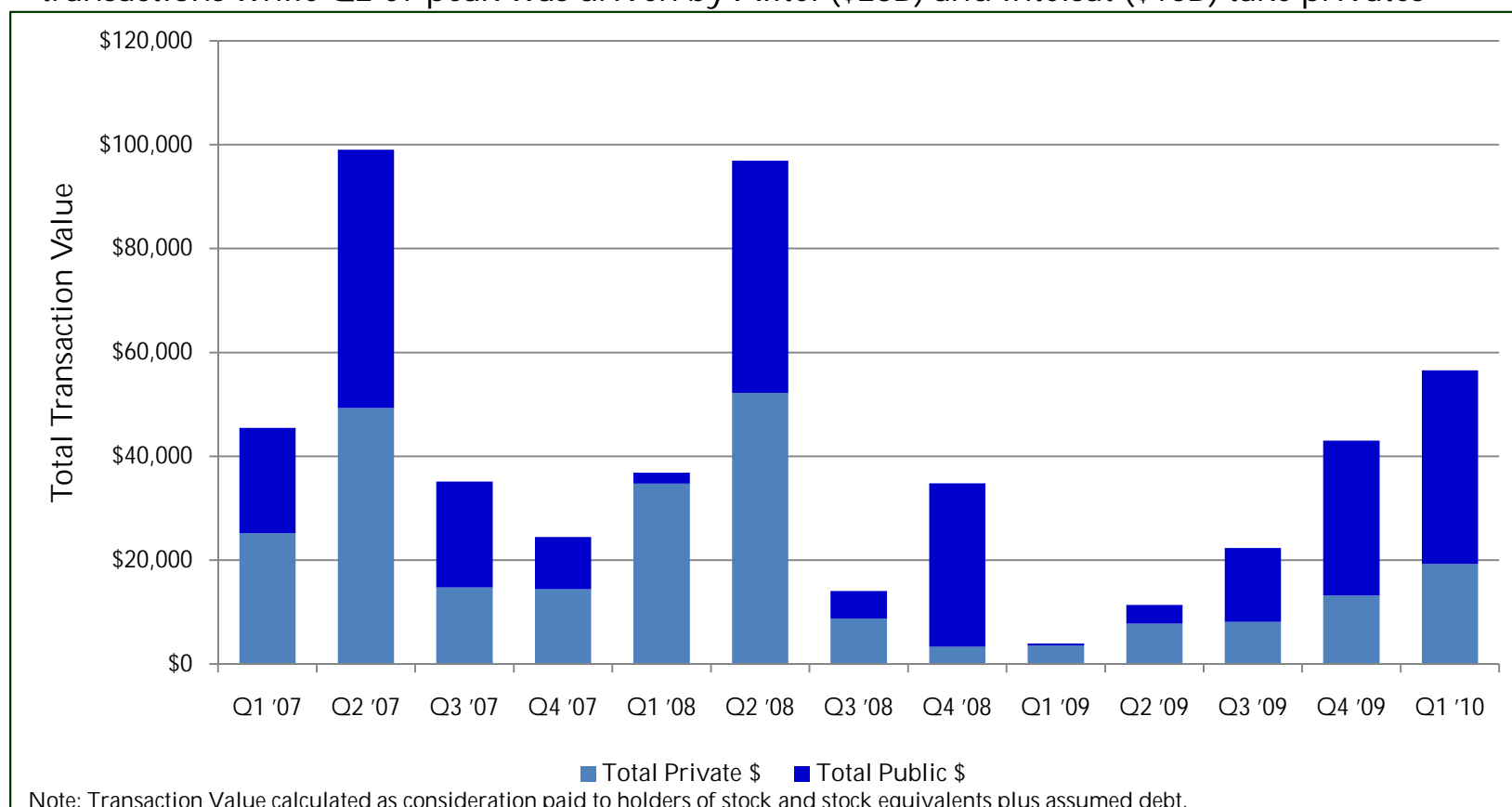
## SagePoint's Viewpoint - Key Takeaways Continued

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- The most active buyers over the last 24 months included major players like Qualcomm, Broadcom and Intel as well as more specialized vendors like Intersil, Sigma Designs, Cavium and Exar
- Notable Q4 transactions:
  - Intersil acquisition of Techwell for \$434M
  - Ralink acquisition of Trendchip for \$169M
  - Broadcom acquisition of Teknovus for \$123M
- SagePoint expects to see Semiconductor M&A continue at its current pace in 2010 with a few strategic deals and several distressed deals each quarter
  - Pickup in \$100M+ private communications semiconductors M&A transactions over the past two quarters is certainly an encouraging sign, particularly for private vendors with some scale
  - SagePoint expects to see more small and mid cap public semiconductor vendors being acquired by larger vendors with scale as industry consolidation continues
  - However, SagePoint expects the exit environment for VC-backed semiconductor vendors who are well below critical mass in revenues to remain challenging

## M&A Dollar Volume – Entire Communications Value Chain

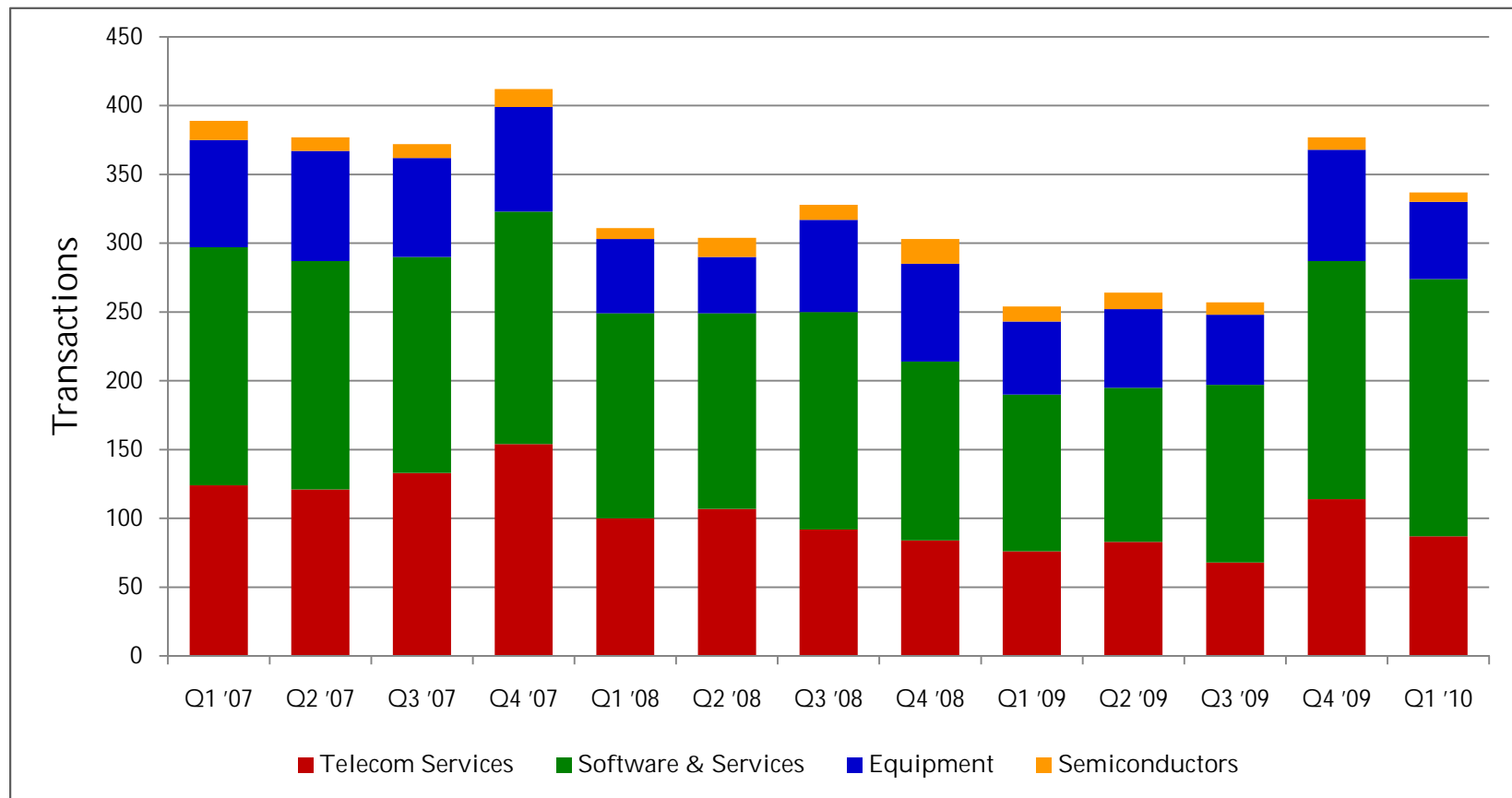
- M&A dollar volume across the entire value chain was up over 30% in Q1'10 vs Q4'09 to its highest level since Q2'08
  - However, American Movil/Carso Global deal (\$35B) accounted for 50+% of the Q1 dollar volume
  - M&A dollar volume was up considerably for Telecom Services, down dramatically for Equipment, down considerably for Software & Services and relatively flat for Semiconductors
  - Prior Q2'08 peak driven by Verizon/Alltel (\$30B) and China Unicom/China Netcom (\$33B) transactions while Q2'07 peak was driven by Alltel (\$28B) and Intelsat (\$16B) take privates



Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

## M&A Transaction Volume – Entire Communications Value Chain

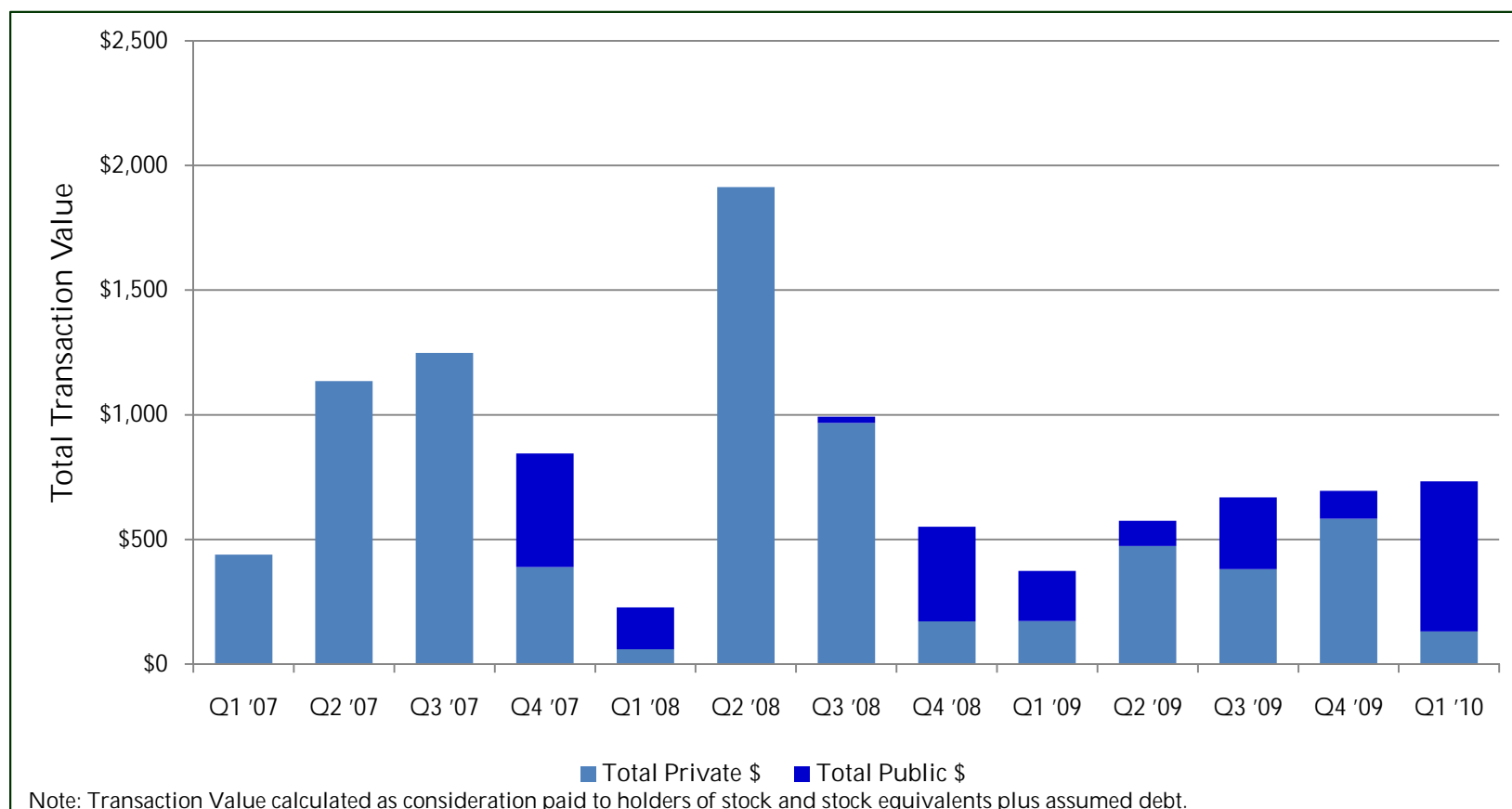
- Communications M&A transaction volume was up more than 30% in Q1'10 versus Q1'09 but came in approximately 10% below Q4'09 levels
  - Though not as strong as Q4'09, Q1'10 was still higher than any of the 7 quarters leading up to Q4'09
  - Only Software & Services saw an increase in transaction volume in Q1'10 versus Q4'09
- SagePoint expects M&A transaction volume to remain robust through 2010 and 2011
  - Early Q2'10 activity levels suggest that another strong quarter is underway



Communications Semiconductors M&A – Q1 2010

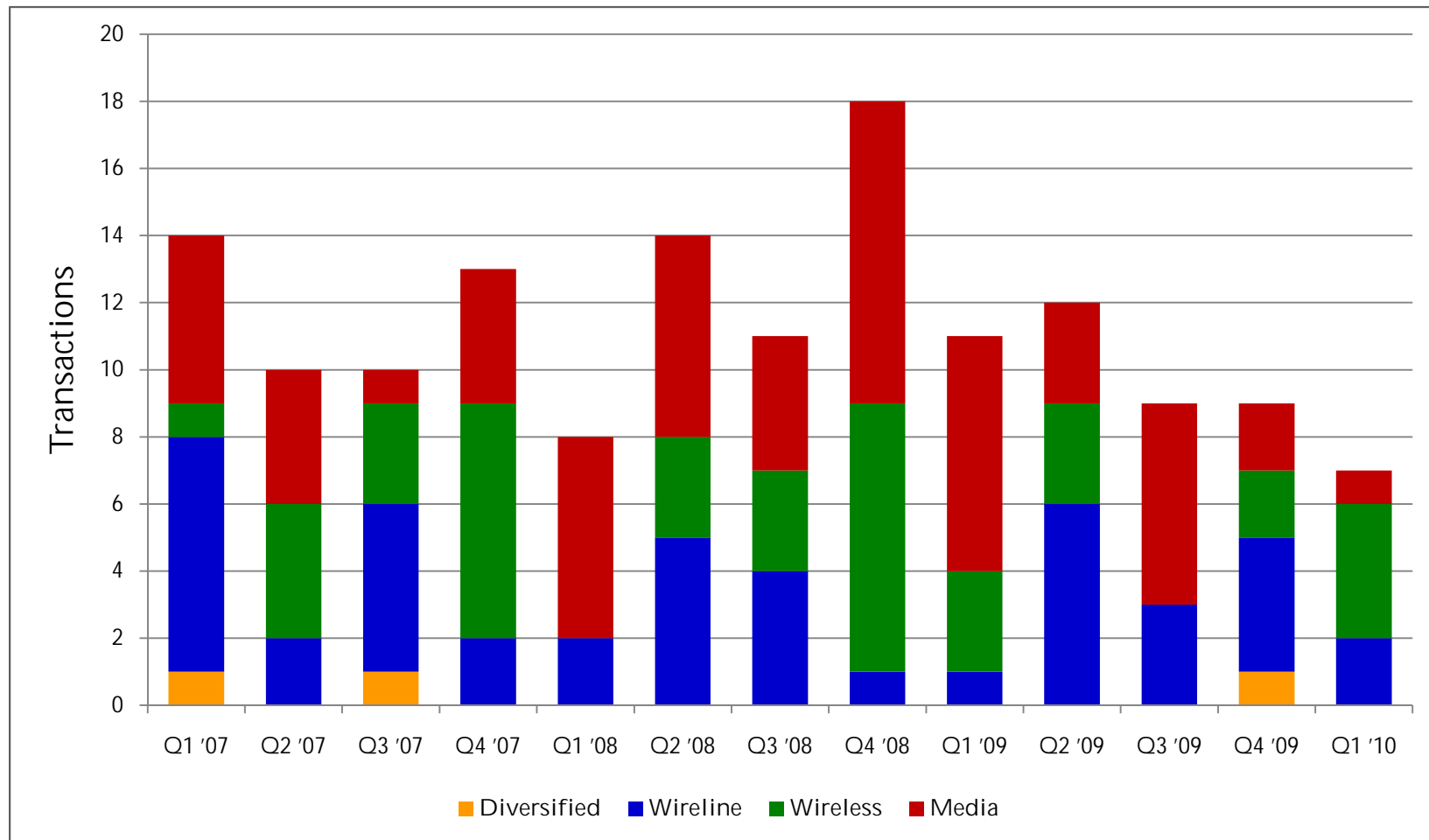
## M&A Dollar Volume – Communications Semiconductors

- M&A dollar volume remained relatively flat in Q1, up slightly from Q4
  - Significant increase in public M&A was offset by a sharp reduction in private M&A as two significant public deals drove dollar volume
  - There was one \$100M+ private M&A transaction in Q1 versus three in Q4
  - Q2'08 peak was driven by ST's acquisition of NXP's wireless operations (\$1.6B) and Q3'08 peak was driven by ST-NXP's merger with Ericsson Mobile Platform (\$700M) to form ST-Ericsson



## M&A Transaction Volume – Communications Semis by Sector

- Semiconductor M&A transaction volume hit its lowest point in the past three years, down two deals from Q4 and 60% below the Q4 '08
  - The semiconductor industry has been under pressure for several years and few active buyers remain
- The Wireless segment was the only bright spot 4 transactions, the most since Q4'08

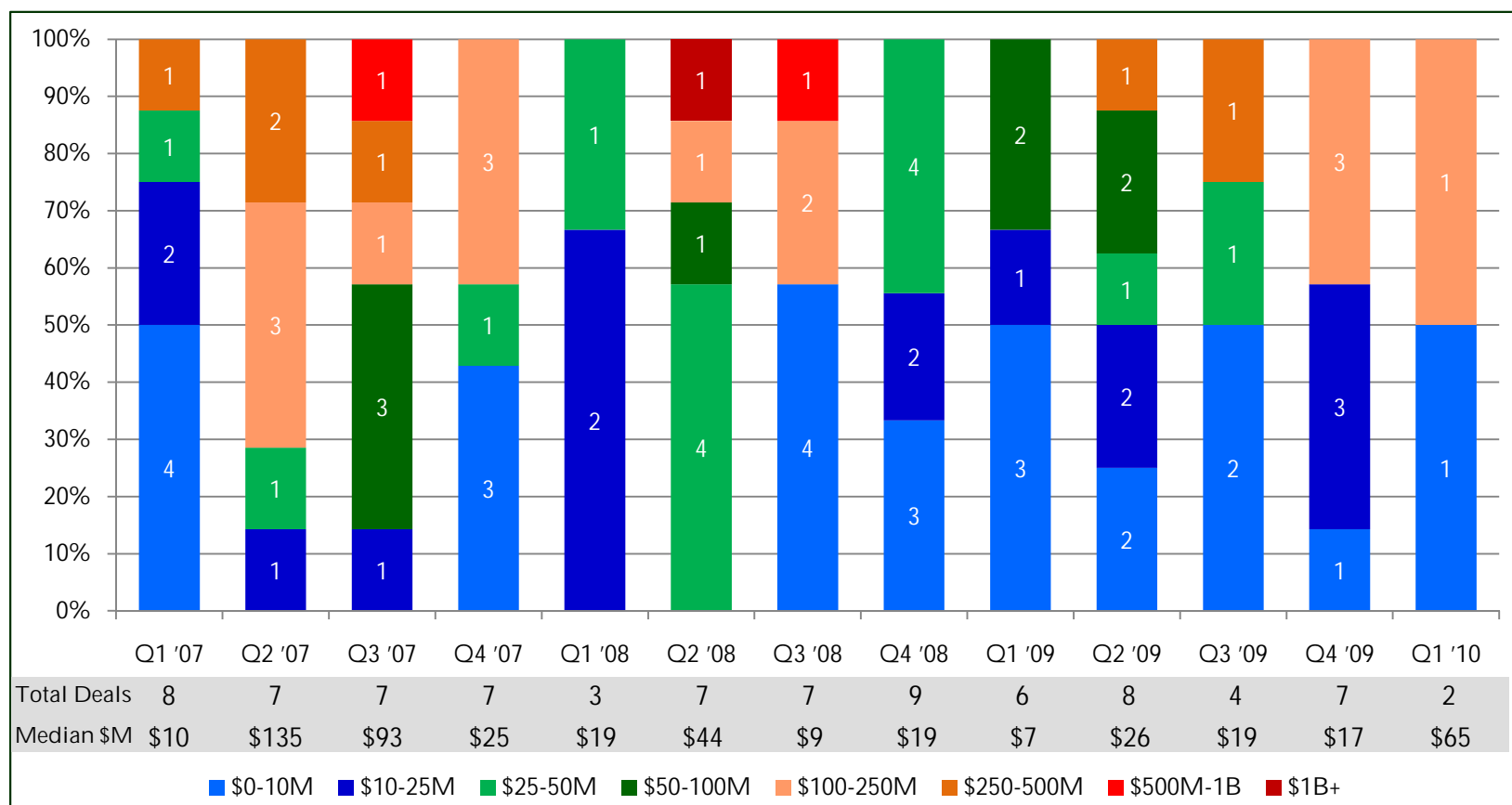


Communications Semiconductors M&A – Q1 2010



## M&A Transaction Volume by Deal Size – Private Targets

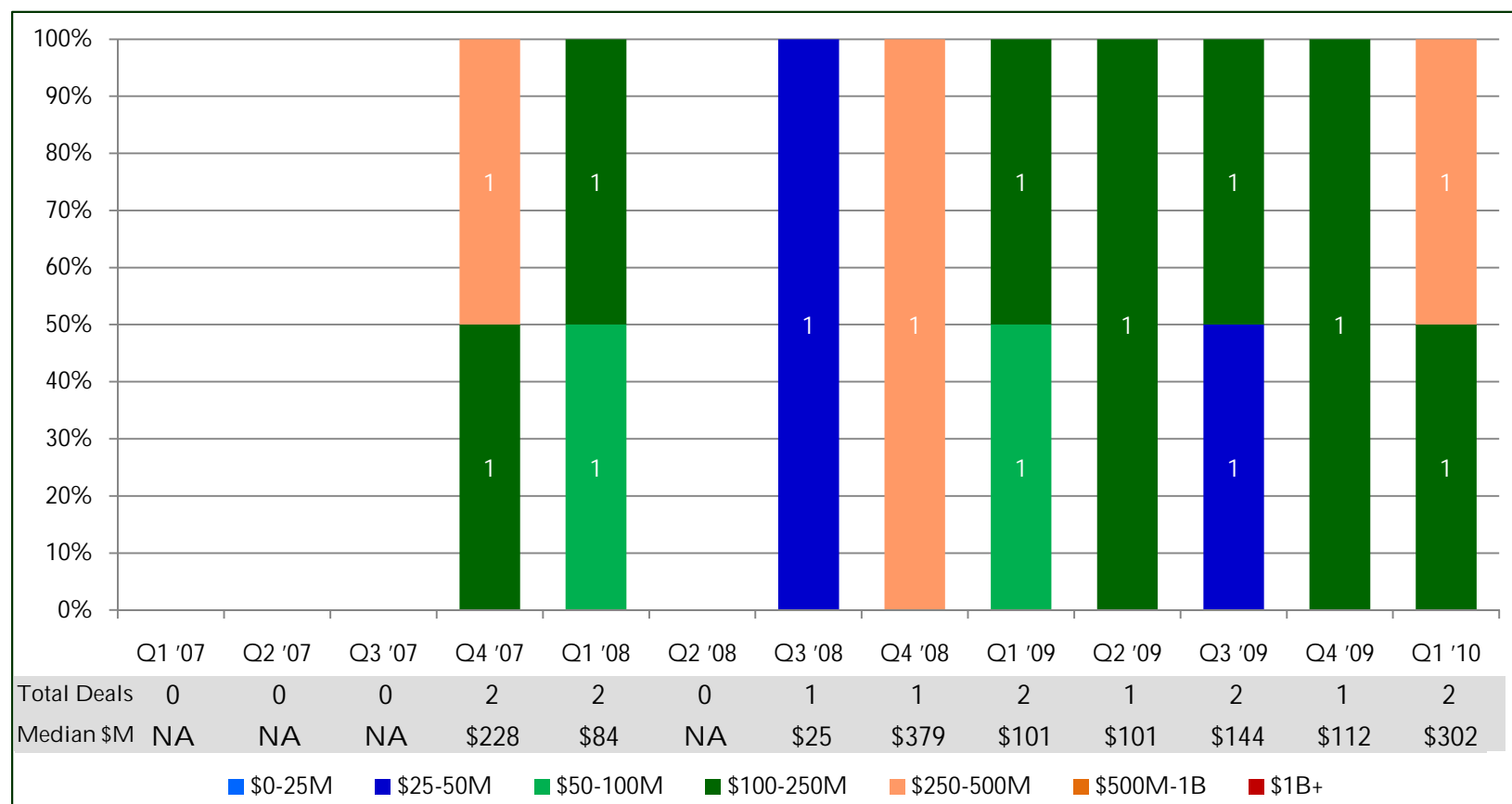
- One \$100M+ private deal was announced in Q1, down from 3 in Q4
  - Broadcom acquired Teknovus for \$123M
- Of the other 4 deals in Q1 only one reported a deal value (Standard Micro’s acquisition of Kler for \$7.5M) demonstrating that distressed sales remain quite prevalent
  - Median deal size is misleading due to the small number of reported deal values with deal sizes continuing to hover below the amount of capital required to develop working silicon



Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

## M&A Transaction Volume by Deal Size – Public Targets

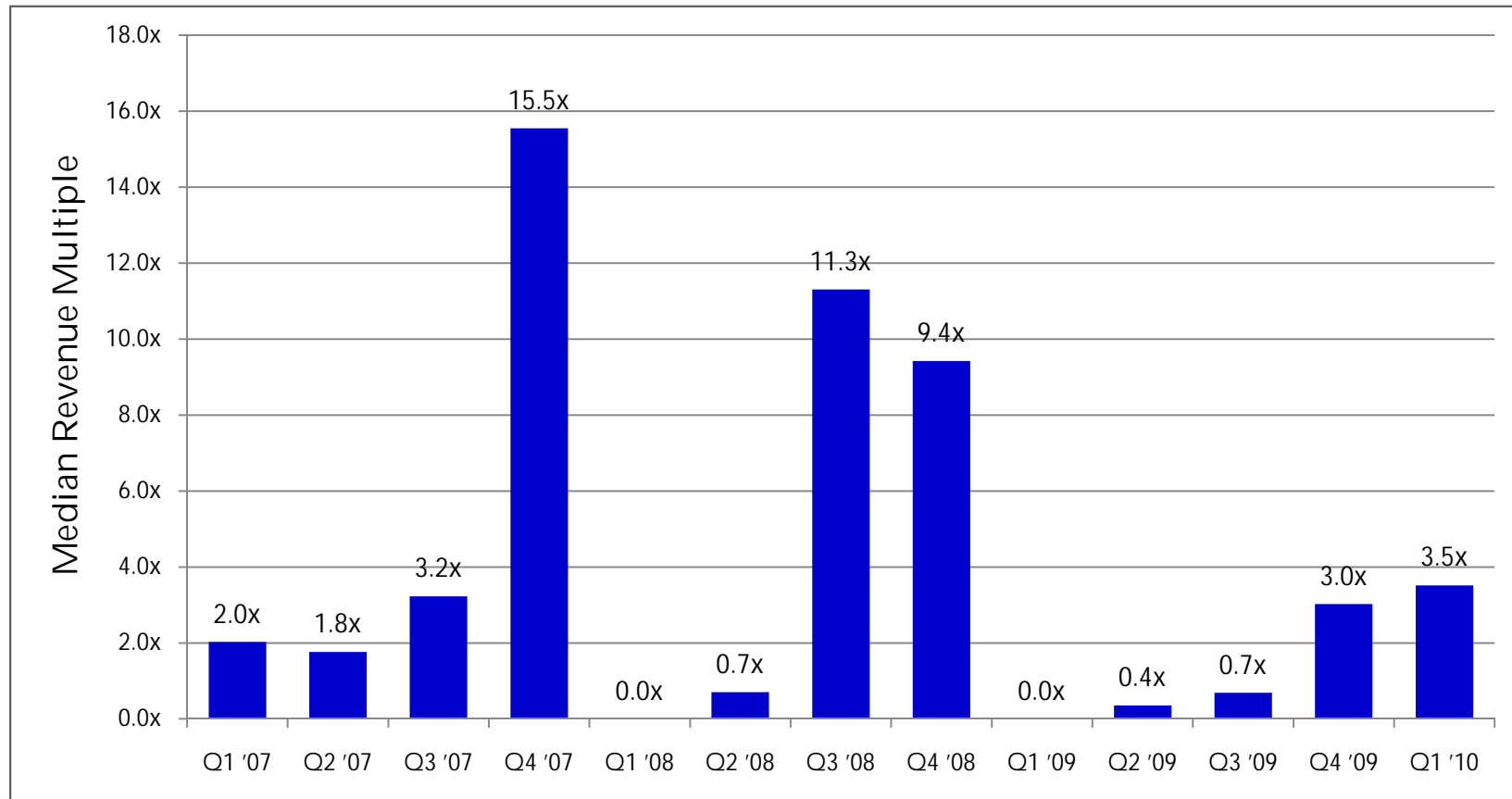
- Public M&A activity remains thin but Q1 public deals were relatively strong
  - Intersil acquired Techwell for \$434M at a multiple of 5.9x LTM revenue
  - Ralink Technology acquired Trendchip for \$169M at a multiple of 2.0x LTM revenue
- SagePoint expects to see industry consolidation to continue with public targets, albeit at a fairly slow pace



Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

## Median M&A Revenue Multiples – Private Targets

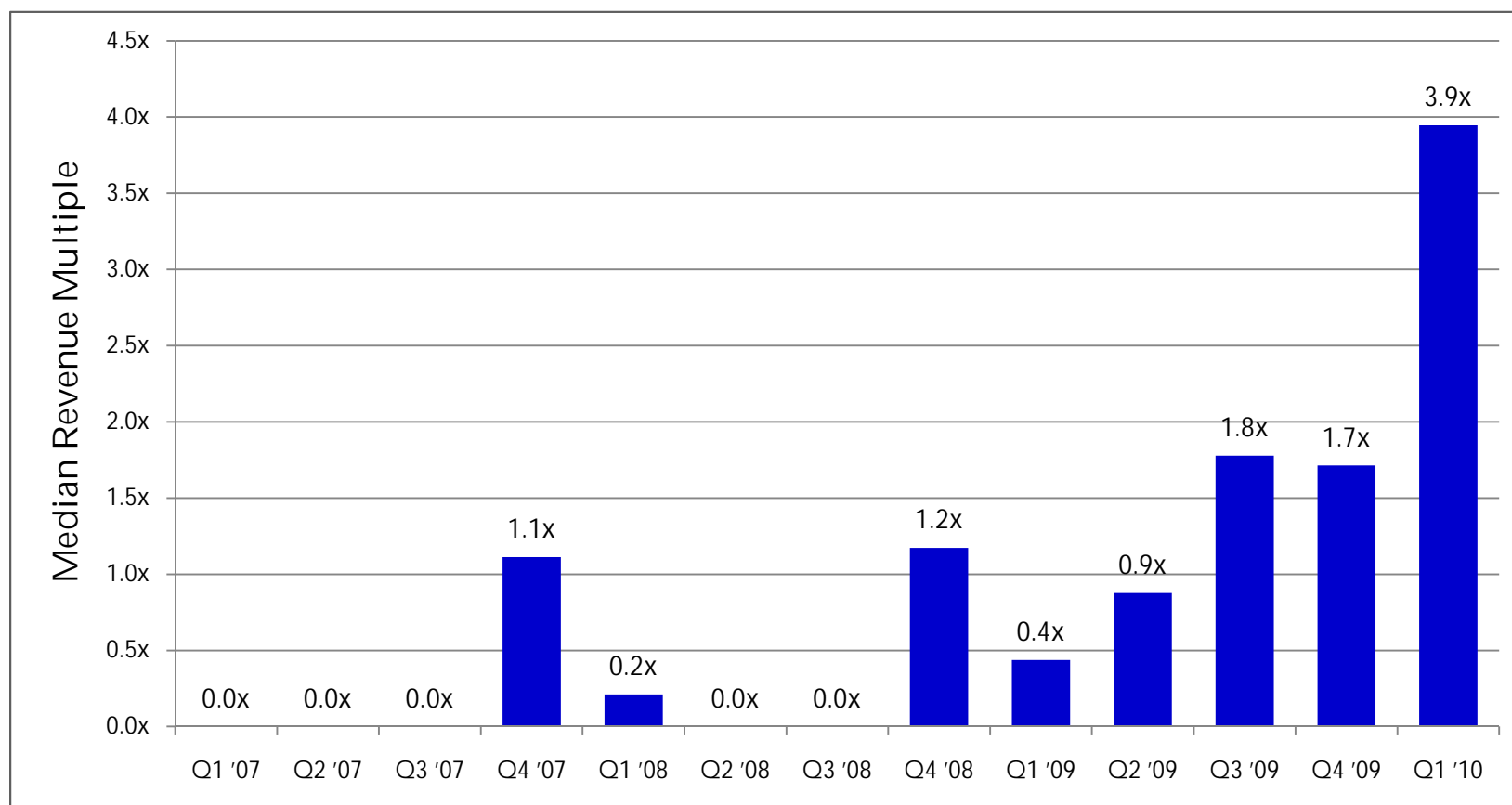
- Median revenue multiples for private targets hit 3.5x in Q1 but Broadcom/Teknovus was the only data point
  - Higher revenue multiples in prior quarters were driven by 1 or 2 data points involving the sale of venture backed companies which had less than \$10M in revenues
  - Q4'09 deals done at solid multiples include Broadcom/Dune (5.1x) and Semtech/Sierra (3.6x)
  - Q2'09 median was driven by corporate product line divestitures sold at low valuations



Note: Enterprise Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt less cash and cash equivalents.

## Median M&A Revenue Multiples – Public Targets

- Median revenue multiples for public targets for Q1 hit a three year high, up significantly to 3.9x
  - The two public deals were solid acquisitions driven by strategic needs, not acquisition of struggling vendors which often weighed down past quarters multiples







Note: Enterprise Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt less cash and cash equivalents.



## Most Active Communications Semiconductors Buyers – Last 2 Yrs

Company	# of Deals		Communications Semiconductors Transactions	
	Comm	Semis		
	5	1	1/19/09 - AMD (Handheld Business) - \$65.0M	
	4	4	3/22/10 - Techwell, Inc. - \$434M 8/4/09 - Quellan, Inc. - \$29.7M	12/15/09 - Rock Semiconductor Co., Ltd. - NA 7/28/08 - D2Audio, Inc. - NA
	3	3	2/2/10 - Teknovus, Inc. - \$123M 8/25/08 - AMD (Digital TV Business) - \$142M	11/30/09 - Dune Networks, Inc. - \$178M
	3	3	10/12/09 - CopperGate Communications - \$173M 5/7/08 - Conexant Systems (HomePlug AV) - NA	12/18/08 - Zensys - \$13.0M
	3	2	11/19/08 - W&W Communications, Inc. - \$34.1M	7/15/08 - Star Semiconductor Corporation - \$8.9M
	3	2	6/5/09 - Galazar Networks - \$5.0M	2/23/09 - Hifn - \$63.2M
	3	1	3/31/09 - Swiftfoot Graphics - NA	
	2	2	4/25/09 - Tundra Semiconductor Corp. - \$101M	10/20/08 - Silicon Optix, Inc. - \$19.4M
	2	2	12/30/09 - Metalink (WLAN Business) - \$16.9M	10/14/09 - Aware (Home Network & DSL) - \$6.8M
	2	2	5/31/09 - RMI Corporation - \$251M	4/30/09 - IDT (Network Search Engine) - \$90.0M
	2	2	12/17/08 - WiQuest Semiconductors India - NA	11/20/08 - Artimi - NA
	2	2	8/20/08 - Ericsson Mobile Platforms - NA	4/10/08 - NXP (Wireless) - \$1,550M

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

Acquiror	Target	Deal Rationale/Commentary
		<p>Techwell is a fabless semi company that sells mixed signal audio/video decoders for displaying, storing and transmitting security surveillance camera feeds (72% of revs), automobile infotainment (18% of revs); and broadcast TV and DVD decoders (10% of revs).</p>
<h3>Deal Summary</h3>		<p>The acquisition helps achieve Intersil's goal of balancing its growth across its four end markets (Consumer, Computing, Industrial and Communications). Acquiring the surveillance leader boosts the higher margin Industrial segment to its largest segment.</p>
<p>Date: 3/22/10          Transaction Value: \$433.8M          % Sought: 100%          Consideration: Cash</p> <p><small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		<p>The deal price is a bit rich, but the deal is believed to have been competitive and accretion is expected even without synergies. The transaction provides COGS synergies while improving gross and operating margins and providing opportunity for cross-selling.</p>
<h3>Valuation Metrics</h3>		
<p>LTM Revenue Multiple: 5.9x          LTM P/E Multiple: 119.7x</p> <p>Premium to:</p> <ul style="list-style-type: none"> <li>1 day prior: 48.7%</li> <li>1 week prior: 63.9%</li> <li>1 month prior: 50.2%</li> </ul>		

Acquiror	Target	Deal Rationale/Commentary
		<p>Trendchip operates as a broadband integrated chip design company, offering asymmetric digital subscriber line (ADSL) residential gateway chipsets for ADSL system manufacturers and telecom operators.</p>
<h3>Deal Summary</h3>		<p>The acquisition broadens Ralink's offering, bringing to it a top 3 player in the global xDSL market. The combination of Wi-Fi and DSL will better enable it to compete with Broadcom, Marvell, Realtek, etc. The Company is looking to execute on its strategy to build a digital home platform combining voice, video and data services through broadband.</p>
<p>Date: 3/11/10          Transaction Value: \$169.2M          % Sought: 100%          Consideration: Stock</p> <p><small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		<p>Management aims to grow Ralink's market share from 12% to 15% in global Wi-Fi while moving to the number 2 spot for ADSL. The deal should help Ralink to further its growth as the Company continues to execute on its turnaround. Trendchip also helps expand its geographic presence into China, whereas Ralink primarily plays in US/Europe.</p>
<h3>Valuation Metrics</h3>		
<p>LTM Revenue Multiple: 2.0x          LTM P/E Multiple: 27.5x          Premium to:</p> <ul style="list-style-type: none"> <li>1 day prior: 17.4%</li> <li>1 week prior: 25.5%</li> <li>1 month prior: 21.8%</li> </ul>		

Acquiror	Target	Deal Rationale/Commentary
		<p>Teknovus develops access chips and embedded software for the FTTx market. It offers Ethernet passive optical network (EPON) integrated chips for central office and customer premises applications.</p> <p>Broadcom's acquisition provides the Company with EPON presence to compliment its GPON products in the increasingly hot PON market. Marvell recently introduced its first PON products and carriers are increasingly looking to PON to deliver fast connections to the home. Infonetics estimates the PON systems market will hit \$4.5B in 2013, driven by IPTV systems such as those of AT&amp;T and Verizon.</p> <p>Cavium was also rumored to be looking at acquiring Teknovus.</p>
<h3>Deal Summary</h3>		
<p>Date: 2/2/10          Transaction Value: \$123.0M          % Sought: 100%          Consideration: Cash</p> <p><small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		
<h3>Valuation Metrics</h3>		
<p>LTM Revenue Multiple: 3.5x          LTM P/E Multiple: NA          Multiple on \$ Invested: 1.8x</p>		
<h3>Investors</h3>		
<p>Focus, Galleon, GF Private Equity, Infotech, Itochu Technology, Lightspeed, Mitsubishi, Partech, Portview, Renesas, Samsung, Tech. Alliance, USVP, VentureTech Alliance, Vision, Walden, Yasuda</p>		



Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
<b>Wireline</b>				
2/2/10	Broadcom Corp. (NasdaqGS:BRCM)	Teknovus, Inc.	123.0M	3.5x
3/11/10	Ralink Technology, Corp. (TSEC:3534)	Trendchip Technologies Corp. (TSEC:3614)	169.2M	2.0x
<b>Wireless</b>				
1/11/10	Microchip Technology Inc. (NasdaqGS:MCHP)	ZeroG Wireless, Inc.	NA	NA
2/16/10	Standard Microsystems Corp. (NasdaqGS:SMSC)	Kleer Corporation	7.5M	NA
2/25/10	Recon Dynamics LLC	S5 Wireless, Inc.	NA	NA
3/23/10	Roving Networks Inc.	G2 Microsystems, Inc.	NA	NA
<b>Media</b>				
3/22/10	Intersil Corporation (NasdaqGS:ISIL)	Techwell, Inc. (NasdaqGS:TWLL)	433.8M	5.9x

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt. Transaction Value and Revenue per public filings and press releases if available, otherwise per analyst estimates. Partial year data is annualized if LTM data is not available. Deals with Public targets shaded.

## Appendix – Q1 Communications Semiconductors M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to <sup>(1)</sup>			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple <sup>(1)</sup>	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	Semiconductors	14	8	57%	\$439	\$10	2.0x	2	NA	NA	NA	0
Q2 '07	Semiconductors	10	7	70%	\$1,135	\$135	1.8x	3	NA	NA	NA	0
Q3 '07	Semiconductors	10	7	70%	\$1,249	\$93	3.2x	4	NA	NA	NA	0
Q4 '07	Semiconductors	13	9	69%	\$845	\$107	8.1x	4	45.3%	49.0%	19.1%	2
Q1 '08	Semiconductors	8	5	63%	\$228	\$30	0.2x	2	52.7%	54.5%	50.5%	2
Q2 '08	Semiconductors	14	7	50%	\$1,913	\$44	0.7x	1	NA	NA	NA	0
Q3 '08	Semiconductors	11	8	73%	\$993	\$17	11.3x	2	(4.8)%	(6.3)%	(21.1)%	1
Q4 '08	Semiconductors	18	10	56%	\$551	\$23	5.3x	2	24.8%	29.2%	33.0%	1
Q1 '09	Semiconductors	11	8	73%	\$374	\$37	0.4x	2	75.3%	70.9%	31.1%	2
Q2 '09	Semiconductors	12	9	75%	\$574	\$35	0.6x	4	13.6%	10.8%	41.1%	1
Q3 '09	Semiconductors	9	6	67%	\$669	\$36	1.1x	3	26.4%	26.8%	41.6%	2
Q4 '09	Semiconductors	9	8	89%	\$695	\$64	2.4x	5	54.1%	52.6%	56.7%	1
Q1 '10	Semiconductors	7	4	57%	\$734	\$146	3.5x	3	33.1%	44.7%	36.0%	2
<b>Total</b>	<b>Semiconductors</b>	<b>146</b>	<b>96</b>	<b>66%</b>	<b>\$10,398</b>	<b>\$35</b>	<b>1.8x</b>	<b>37</b>	<b>42.9%</b>	<b>36.3%</b>	<b>39.7%</b>	<b>14</b>
Q1 '07	Diversified	1	1	100%	\$6	\$6	NA	0	NA	NA	NA	0
Q2 '07	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '07	Diversified	1	1	100%	\$162	\$162	4.9x	1	NA	NA	NA	0
Q4 '07	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '08	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '08	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '08	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '09	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '09	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '09	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Diversified	1	1	100%	\$180	\$180	3.6x	1	NA	NA	NA	0
Q1 '10	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
<b>Total</b>	<b>Diversified</b>	<b>3</b>	<b>3</b>	<b>100%</b>	<b>\$348</b>	<b>\$162</b>	<b>4.3x</b>	<b>2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>0</b>
Q1 '07	Wireline	7	3	43%	\$20	\$6	2.1x	1	NA	NA	NA	0
Q2 '07	Wireline	2	2	100%	\$376	\$188	1.8x	1	NA	NA	NA	0
Q3 '07	Wireline	5	4	80%	\$237	\$66	12.0x	2	NA	NA	NA	0
Q4 '07	Wireline	2	2	100%	\$109	\$55	14.8x	1	NA	NA	NA	0
Q1 '08	Wireline	2	1	50%	\$12	\$12	NA	0	NA	NA	NA	0
Q2 '08	Wireline	5	1	20%	\$26	\$26	NA	0	NA	NA	NA	0
Q3 '08	Wireline	4	4	100%	\$149	\$17	11.3x	2	(4.8)%	(6.3)%	(21.1)%	1
Q4 '08	Wireline	1	1	100%	\$27	\$27	NA	0	NA	NA	NA	0
Q1 '09	Wireline	1	1	100%	\$63	\$63	0.8x	1	58.7%	37.0%	31.2%	1
Q2 '09	Wireline	6	6	100%	\$520	\$73	0.9x	3	13.6%	10.8%	41.1%	1
Q3 '09	Wireline	3	3	100%	\$615	\$246	1.6x	2	47.9%	48.8%	45.0%	1
Q4 '09	Wireline	4	4	100%	\$372	\$94	2.4x	3	NA	NA	NA	0
Q1 '10	Wireline	2	2	100%	\$292	\$146	2.7x	2	17.4%	25.5%	21.8%	1
<b>Total</b>	<b>Wireline</b>	<b>44</b>	<b>34</b>	<b>77%</b>	<b>\$2,819</b>	<b>\$43</b>	<b>2.3x</b>	<b>18</b>	<b>17.4%</b>	<b>25.5%</b>	<b>31.2%</b>	<b>5</b>

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.

## Appendix – Q1 Communications Semiconductors M&A Data

Quarter	Sector	# of Deals		%w/ Ann. Value	Trans Value		Revenue Multiple <sup>(1)</sup>	Deals w/ Rev. Mult.	Stock Premium to <sup>(1)</sup>			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Wireless	1	1	100%	\$350	\$350	2.0x	1	NA	NA	NA	0
Q2 '07	Wireless	4	4	100%	\$625	\$164	13.3x	1	NA	NA	NA	0
Q3 '07	Wireless	3	2	67%	\$849	\$425	1.5x	1	NA	NA	NA	0
Q4 '07	Wireless	7	4	57%	\$276	\$68	16.3x	1	NA	NA	NA	0
Q1 '08	Wireless	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '08	Wireless	3	2	67%	\$1,637	\$818	NA	0	NA	NA	NA	0
Q3 '08	Wireless	3	1	33%	\$700	\$700	NA	0	NA	NA	NA	0
Q4 '08	Wireless	8	3	38%	\$396	\$13	1.2x	1	24.8%	29.2%	33.0%	1
Q1 '09	Wireless	3	2	67%	\$228	\$114	0.1x	1	91.8%	104.9%	31.1%	1
Q2 '09	Wireless	3	2	67%	\$19	\$10	NA	0	NA	NA	NA	0
Q3 '09	Wireless	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Wireless	2	2	100%	\$128	\$64	1.7x	1	54.1%	52.6%	56.7%	1
Q1 '10	Wireless	4	1	25%	\$8	\$8	NA	0	NA	NA	NA	0
<b>Total</b>	<b>Wireless</b>	<b>41</b>	<b>24</b>	<b>59%</b>	<b>\$5,216</b>	<b>\$106</b>	<b>1.7x</b>	<b>7</b>	<b>54.1%</b>	<b>52.6%</b>	<b>33.0%</b>	<b>3</b>
Q1 '07	Media	5	3	60%	\$62	\$14	NA	0	NA	NA	NA	0
Q2 '07	Media	4	1	25%	\$135	\$135	1.2x	1	NA	NA	NA	0
Q3 '07	Media	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '07	Media	4	3	75%	\$459	\$127	1.1x	2	45.3%	49.0%	19.1%	2
Q1 '08	Media	6	4	67%	\$216	\$44	0.2x	2	52.7%	54.5%	50.5%	2
Q2 '08	Media	6	4	67%	\$251	\$39	0.7x	1	NA	NA	NA	0
Q3 '08	Media	4	3	75%	\$144	\$1	NA	0	NA	NA	NA	0
Q4 '08	Media	9	6	67%	\$129	\$23	9.4x	1	NA	NA	NA	0
Q1 '09	Media	7	5	71%	\$83	\$4	NA	0	NA	NA	NA	0
Q2 '09	Media	3	1	33%	\$35	\$35	0.1x	1	NA	NA	NA	0
Q3 '09	Media	6	3	50%	\$54	\$9	1.1x	1	4.8%	4.8%	38.3%	1
Q4 '09	Media	2	1	50%	\$15	\$15	NA	0	NA	NA	NA	0
Q1 '10	Media	1	1	100%	\$434	\$434	5.9x	1	48.7%	63.9%	50.2%	1
<b>Total</b>	<b>Media</b>	<b>58</b>	<b>35</b>	<b>60%</b>	<b>\$2,015</b>	<b>\$28</b>	<b>0.9x</b>	<b>10</b>	<b>43.3%</b>	<b>49.7%</b>	<b>46.0%</b>	<b>6</b>

Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.

1) Based on median revenue multiple and stock premium data where available.



# Introduction to SagePoint Advisors

SagePoint Advisors is a boutique investment banking firm providing merger, acquisition and strategic advisory services to technology and telecom companies and their venture backers.

<b>Mission</b>	To deliver the senior-level attention, trusted relationships and market insight on \$10-100 million M&A transactions that other investment banks reserve only for much larger transactions.
<b>Services</b>	Sell Side Advisory; Divestitures; Buy Side Advisory; Strategic Investments
<b>Industry Focus</b>	Software, hardware and services in the Wireless, VoIP, IP Video, Networking, Internet, Telecom Equipment, IT Infrastructure and Enabling Technology sectors
<b>Offices</b>	San Diego, CA

### David P. Michaels - Founder & Managing Director

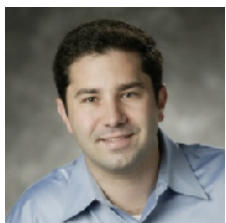


Prior to founding SagePoint Advisors in 2008, David Michaels was a Co-Founder, Partner and Managing Director at Montgomery & Co., a leading investment bank focused on serving emerging-growth technology companies and their venture backers. Mr. Michaels co-founded Montgomery's investment banking business in 1996 as the lead banker and played an instrumental role in building the business to over \$50 million in revenues and 80 employees. Mr. Michaels launched Montgomery's San Diego office in 2003 and established Montgomery as the dominant brand in the region. Mr. Michaels also ran the firm's Communications and Digital Media Technology practice areas for several years prior to his departure. During his 14 year tenure at Montgomery, Mr. Michaels advised CEOs and Boards on more than 75 corporate strategy, M&A and fund raising engagements.

Mr. Michaels has intimate knowledge of the strategic landscape, market dynamics and technology underpinnings of several high technology market segments including wireless infrastructure, software and services, voice, video and data infrastructure, software and services, storage infrastructure and software, networking equipment, Internet software and services and semiconductors. Prior to co-founding Montgomery's investment banking business, Mr. Michaels managed strategic consulting assignments for the firm including market entry analysis, acquisition search studies and strategic portfolio assessments.

Prior to joining the Montgomery in 1994, Mr. Michaels held various investment banking positions including a position within Bankers Trust Corporate Finance Department, where he helped execute merger and acquisition assignments such as sale mandates and valuation analyses. Prior to that, Mr. Michaels worked as a structural engineer at General Dynamics, where he assisted on the Advanced Tactical Fighter program. Mr. Michaels received an M.B.A. with an emphasis in marketing and entrepreneurship from the Anderson School of Management at UCLA and holds a B.S. in Mechanical Engineering from the University of Michigan.

### Teak Murphy - Senior Associate



Prior to joining SagePoint, Teak worked as a Senior Associate with Enterprise Partners Venture Capital, the largest Southern California based VC firm, where he evaluated investment opportunities and worked closely with senior management and board members to successfully grow portfolio companies. Prior to Enterprise Partners, Teak worked as an Associate in technology investment banking at Montgomery & Co. where he spent three years working closely with SagePoint's founder David Michaels on buy-side and sell-side M&A transactions. Prior to Montgomery, Teak worked at Cowen & Co. advising technology companies on M&A and IPO transactions.

Teak's experience working on fund raising, mergers and acquisitions, and initial public offerings as both an advisor and investor provides unique insight into the needs of venture-backed companies. Teak graduated from the University of Southern California with honors, receiving a B.S. in Business Administration and Finance .

## Primary Industry Focus – Communications & Networking

Value Chain	Wireless	VoIP	Video	Data
Services	Mobile messaging, content, search, LBS, social networking, gaming, etc.	VoIP service providers, voice search, website voice enablement, etc.	Cable & DBS, Internet video, conferencing, video delivery networks, etc.	Internet access, web hosting, co-location, SaaS delivery networks, etc.
Software	Mobile and fixed wireless application and infrastructure software, etc.	VoIP softphone client and server software, FMC software, etc.	Video encoding, transcoding, editing, sharing and player software, etc.	Networking & Internet client and server software, etc.
Equipment	Handsets and modules, fixed and mobile wireless equipment, etc.	VoIP handsets, gateways, IP-PBXs, SBCs, media servers, etc.	Cable & IPTV equipment, video conferencing, VOD, DVRs, STBs, etc.	WAN, LAN and optical data networking and telecom equipment, etc.
Semiconductors	3G/4G, WiMax, WLAN, & WPAN RF & BB ICs, etc.	VoIP DSPs and ASICs	Video encode/decode, processing and transport ICs, etc.	WAN, LAN, I/O storage and security networking ICs

# Transaction Experience of SagePoint Team

 ...stay connected has been acquired by  August 2009	 has been acquired by Undisclosed Buyer November 2008	 has sold certain assets to Undisclosed Handset OEM October 2008	 Buyside Advisory 2008	 has been acquired by  April 2008	 has sold its assets to  \$10,000,000 October 2007	 has been acquired by  \$34,875,000 September 2007
 The Power of Touch Initial Public Offering \$82,500,000 Co-manage June 2007	 has been acquired by  January 2007	 Initial Public Offering \$167,440,000 Co-manager September 2006	 has been acquired by  August 2006	 has been acquired by  August 2006	 Senior Convertible Debentures \$5,000,000 Financial Advisor and Placement Agent July 2006	 has sold its SRAM assets to  January 2006
 Private Investment in Public Equity \$14,400,000 Co-Agent January 2006	 has been acquired by  October 2005	 has agreed to the sale of their NAS Software Intellectual Property to  \$50,000,000 May 2005	 has sold a minority stake to Strategic Investor 2005	 has been acquired by  August 2004	 the e-way of software has been acquired by  \$122,500,000 April 2004	 has been acquired by  March 2004
 has been acquired by  August 2003	 has been acquired by  December 2003	 has been acquired by  February 2003	 has been acquired by  April 2002	 Private Placement \$9,900,000 Placement Agent July 2001	 Private Placement \$11,000,000 Placement Agent May 2000	 the leader in emerging data technology has merged with  \$157,000,000 March 2000


















## Transaction Experience by Market Segment

SagePoint's Founder has led more than 75 M&A and fund raising engagements with deal experience across the entire communications and networking value chain.

Value Chain	Wireless	VoIP	Video	Data
Services	<ul style="list-style-type: none"> <li>• Sale of Xumii to Myriad Group</li> <li>• Capital Raise for InfoSonics</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of AccessLine to Telanetix</li> <li>• Strategic Advisory for Voice 2.0 Service Provider</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for DirecTV Reseller</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Compute Intensive to Verio</li> <li>• Sale of GeoNet to Level 3</li> <li>• Capital Raise for Speakeasy</li> </ul>
Software	<ul style="list-style-type: none"> <li>• Sale of Neven Vision to Google</li> <li>• Sale of SKY MobileMedia;</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of CrystalVoice to Global IP Solutions</li> <li>• Buyside Advisory for VOIP Softphone Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• IPO for Divx</li> <li>• Strategic Advisory for Mobile Video SW Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of LVL7 to Broadcom</li> <li>• Sale of Neteon to CA</li> </ul>
Equipment	<ul style="list-style-type: none"> <li>• Sale of Strix to Idream</li> <li>• Sale of Aiprime to Sierra Wireless</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for Unified Messaging Vendor</li> <li>• Strategic Advisory for IP-PBX Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Gyration to Philips</li> <li>• Sale of TIR to Philips</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Network Physics to OpNet</li> <li>• Capital Raise for Raptor Networks</li> <li>• Sale of Procom to Sun</li> </ul>
Semis	<ul style="list-style-type: none"> <li>• Sale of CommAsic to Freescale</li> <li>• Peregrine Strategic Investment</li> <li>• Sale of Synad to ST</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for Noise Cancellation IC Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Sale of Vativ to Entropic</li> <li>• Strategic Advisory for Video Processing IC Vendor</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic Advisory for Storage Networking IC Vendor</li> </ul>

# Representative Buyer Relationships

Internet / Media	Service Providers	Communications Software / SaaS	Communications Equipment	Communications Semiconductors
         	         	         	        	         

## Why Work With SagePoint?

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- SagePoint delivers the senior-level attention, trusted relationships and market insight on \$10-100M transactions that larger investment banks reserve only for much larger transactions
- SagePoint's domain knowledge is world-class across the entire communications and networking value chain
- SagePoint has developed trusted relationships with the most active strategic buyers across the communications value chain
- SagePoint has the M&A expertise that comes only from decades of experience focusing on strategic transactions
- SagePoint's unwavering integrity and commitment to intellectual honesty ensures that we tell our clients what they need to hear to make sound business decisions
- At SagePoint, we offer sage advice that points our clients in the right direction to ensure an optimal outcome