

SagePoint Semiconductors M&A Review for Q4 2010

An Analysis of M&A Activity and Valuation
Metrics in the Communications, Media &
Computing Semiconductor Market Segments



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Table of Contents

<u>Section</u>	<u>Page</u>
SagePoint’s Viewpoint – Key Takeaways	3-5
Internet, Communications & IT Infrastructure (“ICIT”) Universe	
• M&A Dollar Volume	6-7
• M&A Transaction Volume	8-9
• Median M&A Revenue Multiples	10-11
Communications, Media & Computing Semiconductors	
• M&A Dollar Volume	12-13
• M&A Transaction Volume	14-15
• Transaction Volume by Deal Size	16-19
• Median M&A Revenue Multiples	20-23
• Most Active Buyers	24
• M&A Transaction Spotlight	25-28
• Appendix: Detailed M&A Data	29-33
Introduction to SagePoint	34-41

SagePoint's Viewpoint - Key Takeaways

- M&A dollar volume across SagePoint's entire Internet, Communications & IT Infrastructure ("ICIT") more than doubled in 2010 compared to 2009
 - Multi-billion dollar deals in all segments helped drive the strong rebound
 - Q4 M&A dollar volume across SagePoint's ICIT universe rose 13%, driven by the \$23B telco megamerger of VimpelCom and Weather Investments
- M&A transaction volume across SagePoint's ICIT universe was up nearly 25% in 2010 compared to 2009
 - Telecom Services and Software & Services drove the growth
 - Q4 M&A transaction volume across SagePoint's ICIT universe was up over 10% versus Q3'10, the second straight quarter of double digit transaction volume growth
- Median deal size across all targets in SagePoint's ICIT universe more than doubled to \$25M in 2010 from \$12M in 2009
- The Median LTM revenue multiple across all targets in SagePoint's ICIT Universe increased over 40% in 2010 to 2.0x
 - Improved market valuations and buyers aggressively acquiring to drive scale and broaden product offerings resulted in the highest annual median revenue multiple level in the past four years
 - The Q\$ Median LTM revenue multiple across all targets in SagePoint's ICIT Universe fell to 1.7x in Q4 as software multiples dropped significantly

SagePoint's Viewpoint - Key Takeaways

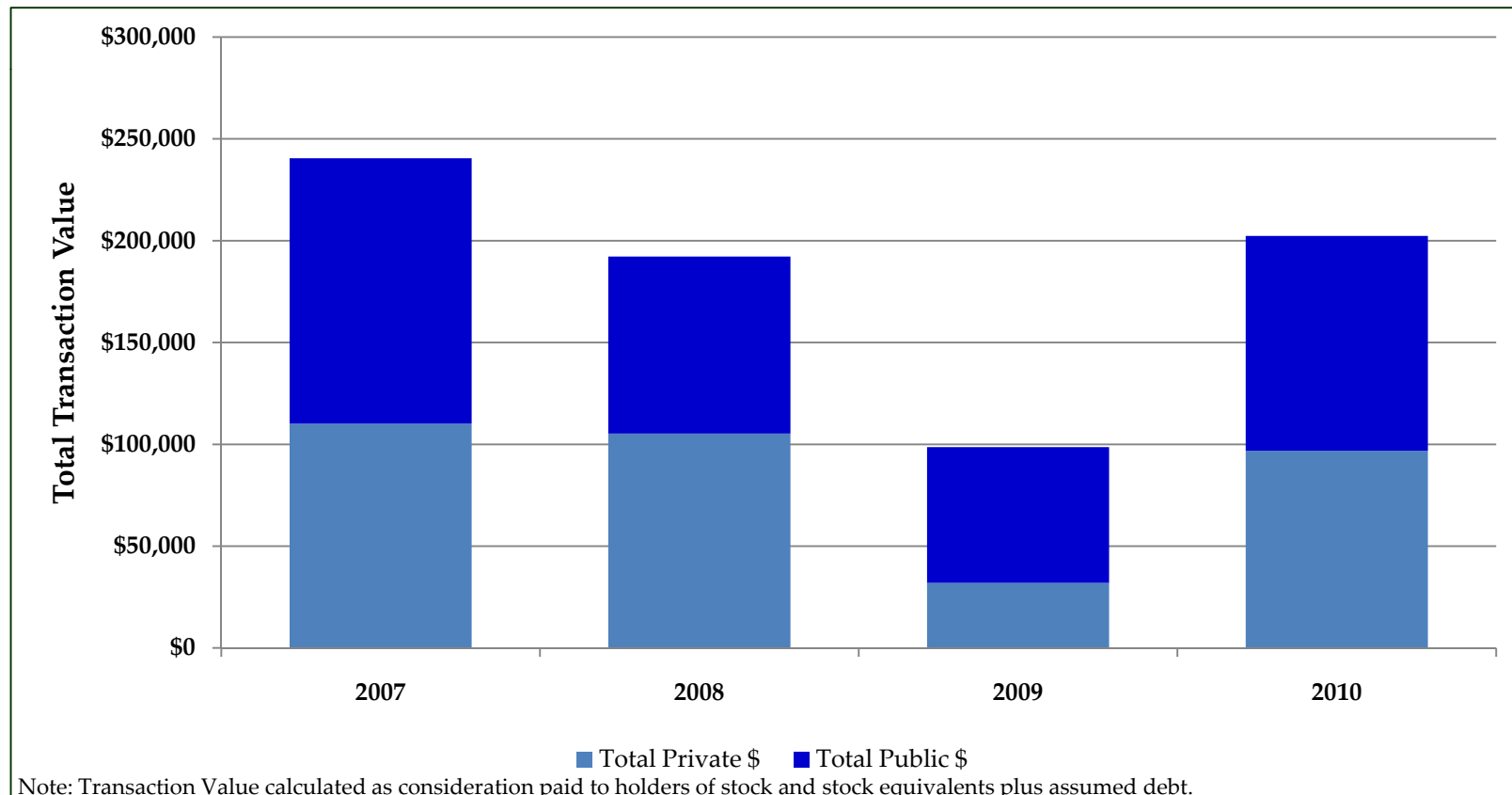
- M&A dollar volume across SagePoint's Semis Universe more than doubled in 2010 to its highest level in the past four years
 - Seven \$250M+ deals for the year was the highest level in the past four years
 - Q4 Semiconductor M&A dollar volume fell back to normal levels after a surge in Q3 driven by Intel/Infineon Wireless Business (\$1.4B) and ON Semi/Sanyo Semi (\$855M)
 - Q4 saw two \$250M+ deals and two deals just below \$100M
- 2010 Semiconductor M&A transaction volume fell slightly from 2009 to its lowest level in the past four years
 - Q4 Semiconductor M&A transaction volume fell following two straight quarters of increasing volume, matching its lowest deal volume in the past three years
- The trend towards larger private M&A transaction activity continued in Q4
 - Two deals above \$250M matches the highest volume for larger deals over the past three years, although there were no \$500M+ deals
- Median M&A revenue multiples increased dramatically for both private and public semiconductor deals in 2010, though the data is limited
 - 2010 Median revenue multiples jumped to 5.0x and 4.4x for private and public semis deals, respectively
 - Q4 private median revenue multiples jumped to 6.5x as all deals with data were strong
 - Premium private multiples in Q4 included Broadcom/Percello (7.8x), PMC-Sierra/Wintegra (6.5x) and Broadcom/Beceem (4.0x)
 - Public deals disappeared entirely in Q4 for the first time since Q2'08, though there hasn't been more than two public deals in a quarter since Q1'08

SagePoint's Viewpoint - Key Takeaways Continued

- The most active buyer over the last 24 months was Broadcom with seven acquisitions, four of which were in Q4 as the company returns to aggressive deal making
 - Intel, Intersil and SMSC had three deals each over the last 24 months with 7 other acquirors at two deals
- Notable Q4 transactions:
 - Broadcom's acquisition of Beceem Communications for \$316M
 - PMC-Sierra's acquisition of Wintegra for \$273M
 - Broadcom's acquisition of Percello for \$98M
 - Broadcom's acquisition of Gige Networks for \$83M
- SagePoint expects to see Semiconductor M&A continue at about its current pace during 2011 as consolidation continues, albeit at a slow pace
 - Pickup in larger communications semiconductors M&A transactions over the past year 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
 - SagePoint expects the exit environment for VC-backed semiconductor vendors who are well below critical mass in revenues to remain challenging

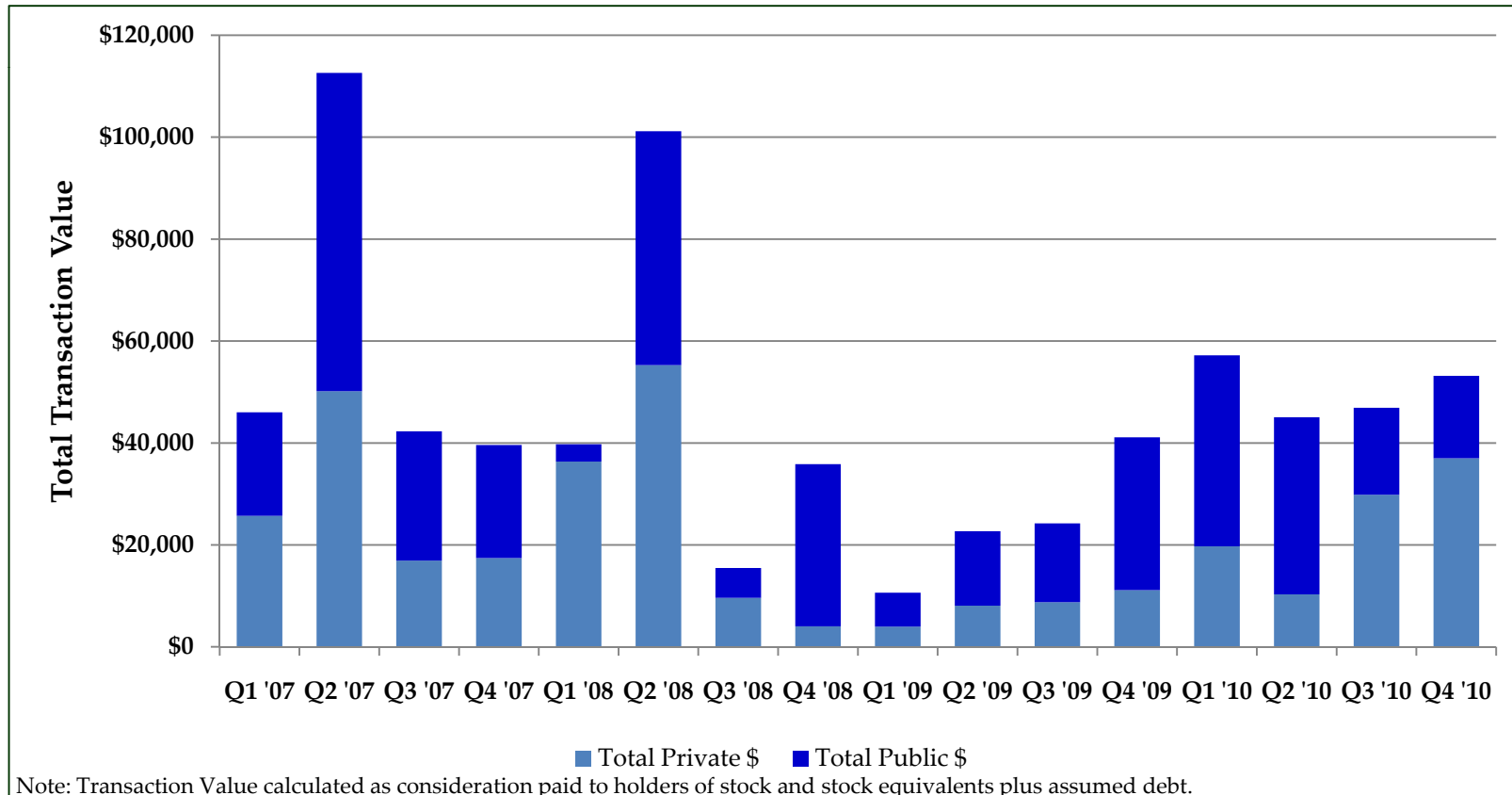
Annual M&A Dollar Volume – SagePoint ICIT Universe

- M&A dollar volume across SagePoint 's entire Internet, Communications & IT Infrastructure (“ICIT”) more than doubled in 2010 compared to 2009
- Multi-billion dollar deals in all segments helped drive the strong rebound
 - Telecom Services drove most of the increase with \$130.7B in 2010 versus \$38.4B in 2009, fueled by mega-mergers
 - Software & Services also grew significantly to \$47.9B in 2010 from \$9.9B in 2009



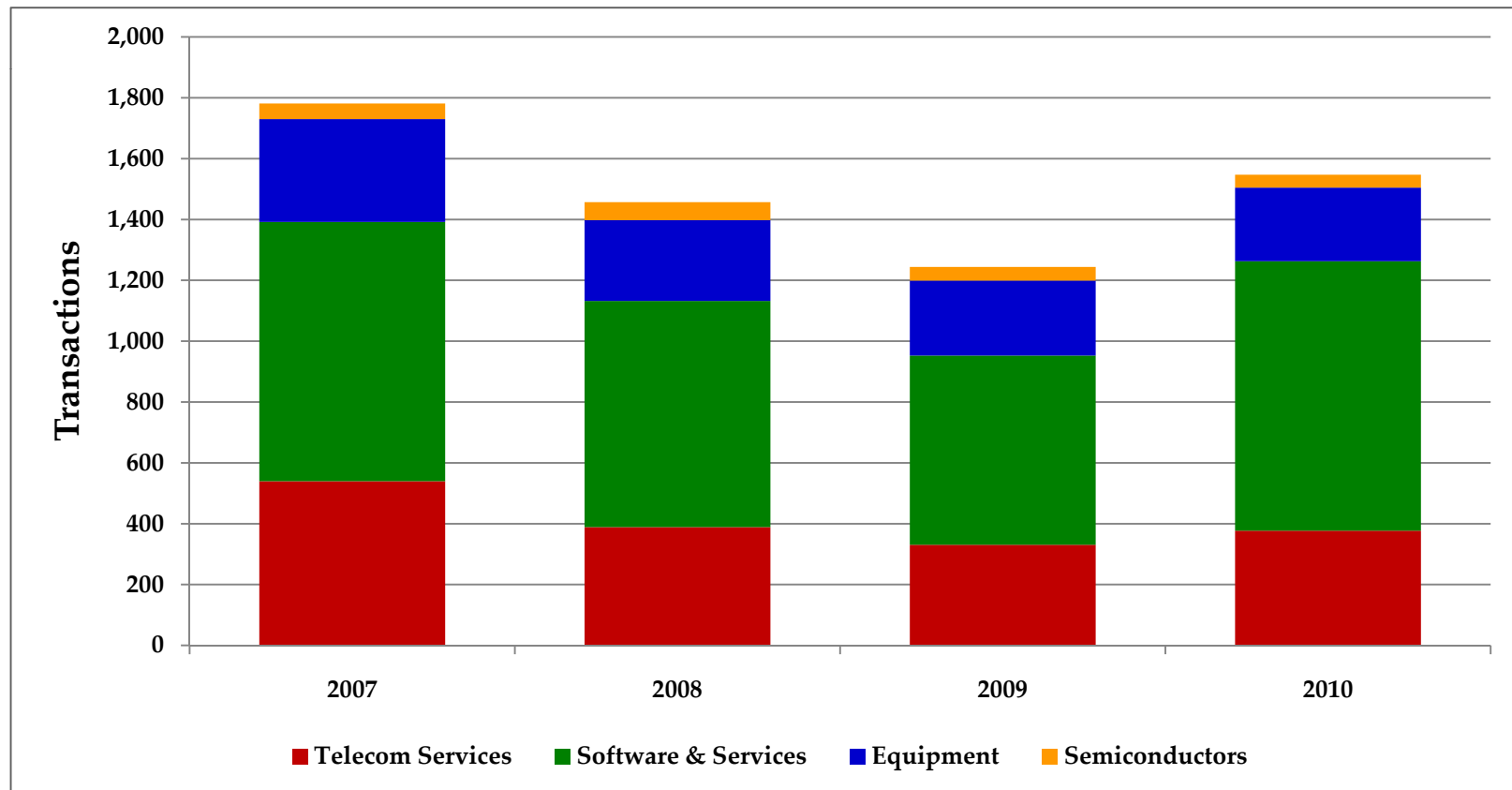
Quarterly M&A Dollar Volume – SagePoint ICIT Universe

- M&A dollar volume across SagePoint 's ICIT Universe rose 13%, driven by the \$23B telco megamerger of VimpelCom and Weather Investments
 - Equipment total deal dollars showed continued growth, buoyed by Carlyle's \$4.5B buyout of CommScope and EMC's \$2.5B bid for Isilon
 - Semis deal dollars fell back to typical levels after an uncharacteristically strong Q3
 - Software total deal dollars were cut by more than half compared to huge Q3 that was driven by Intel's \$7.5B acquisition of McAfee



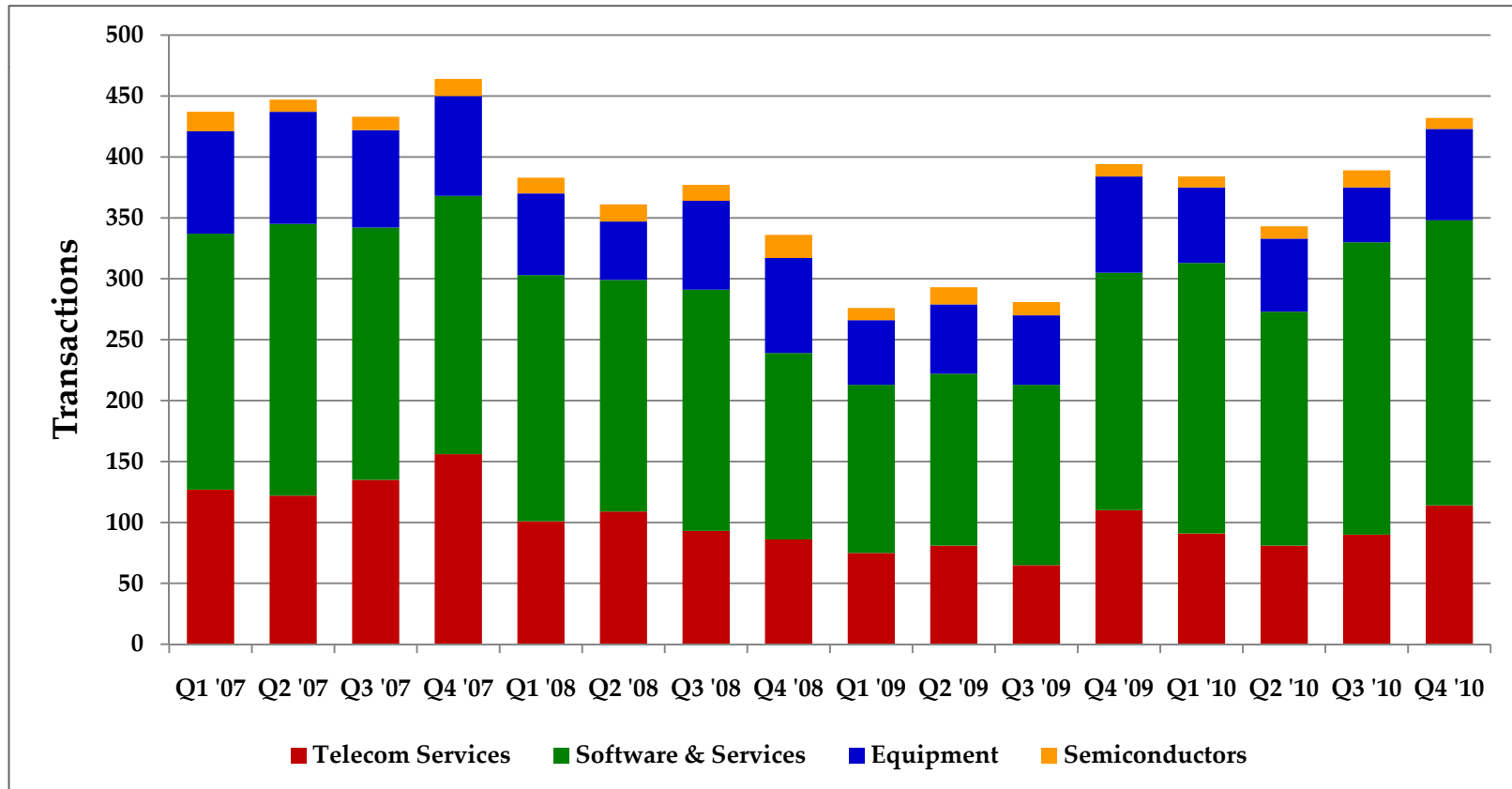
Annual M&A Transaction Volume – SagePoint ICIT Universe

- M&A transaction volume across SagePoint’s ICIT universe was up nearly 25% in 2010 compared to 2009
 - Telecom Services and Software & Services drove the growth while Semiconductors and Equipment were both slightly down
- Median deal size doubled from \$12M in 2009 to \$25M in 2010



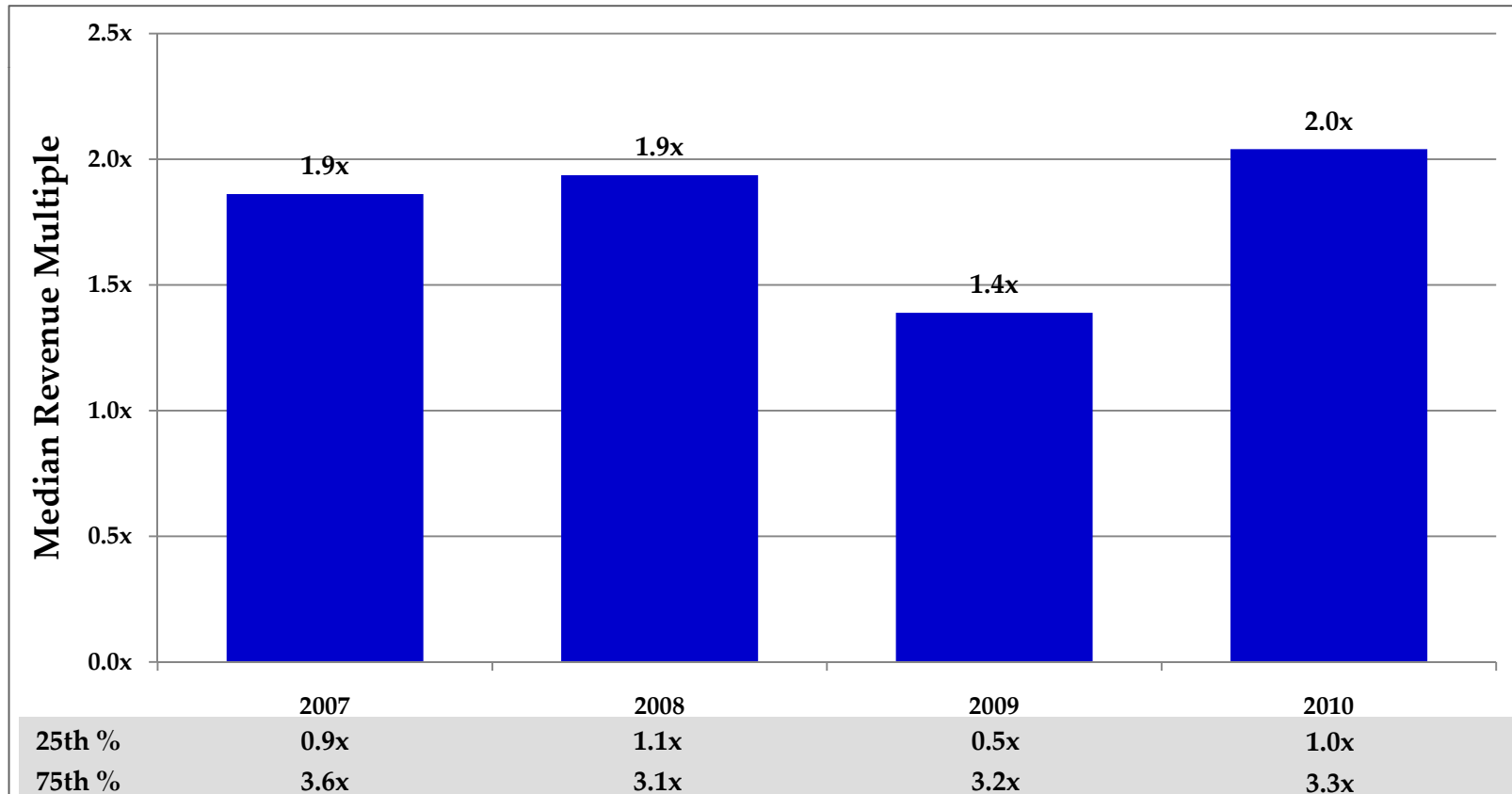
Annual M&A Transaction Volume – SagePoint ICIT Universe

- M&A transaction volume across SagePoint’s ICIT universe was up over 10% Q/Q again
- Q4’10 deal volume is nearing 2007 levels with over 400 deals for the first time since Q4’07
 - Equipment and Telco hit their highest quarterly volumes for the year, at or near two year highs
 - Software is down slightly from Q3’10 but still the largest deal volume for software in the past three years aside from Q3’10
- SagePoint expects M&A transaction volume to remain robust throughout 2011



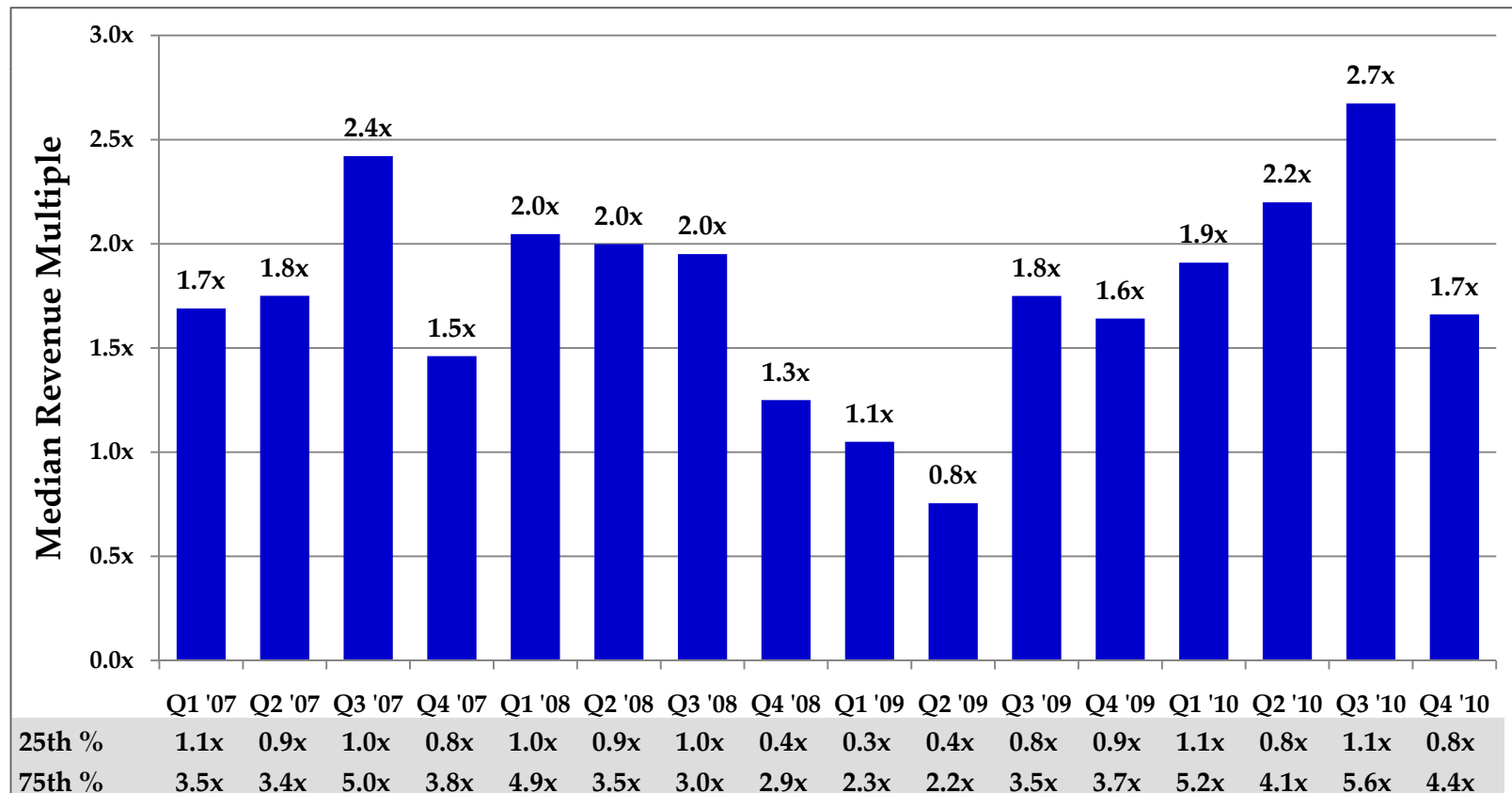
Annual Median M&A LTM Revenue Multiple – ICIT Universe

- The Median LTM revenue multiple across all targets in SagePoint’s ICIT Universe increased over 40% in 2010 to 2.0x
- Improved market valuations and buyers aggressively acquiring to drive scale and broaden product offerings resulted in the highest median revenue multiple level in the past four years
 - A multiple of 1.0x at the 25th percentile in 2010 demonstrates that distressed sales constituted a smaller portion of the mix compared to 2009



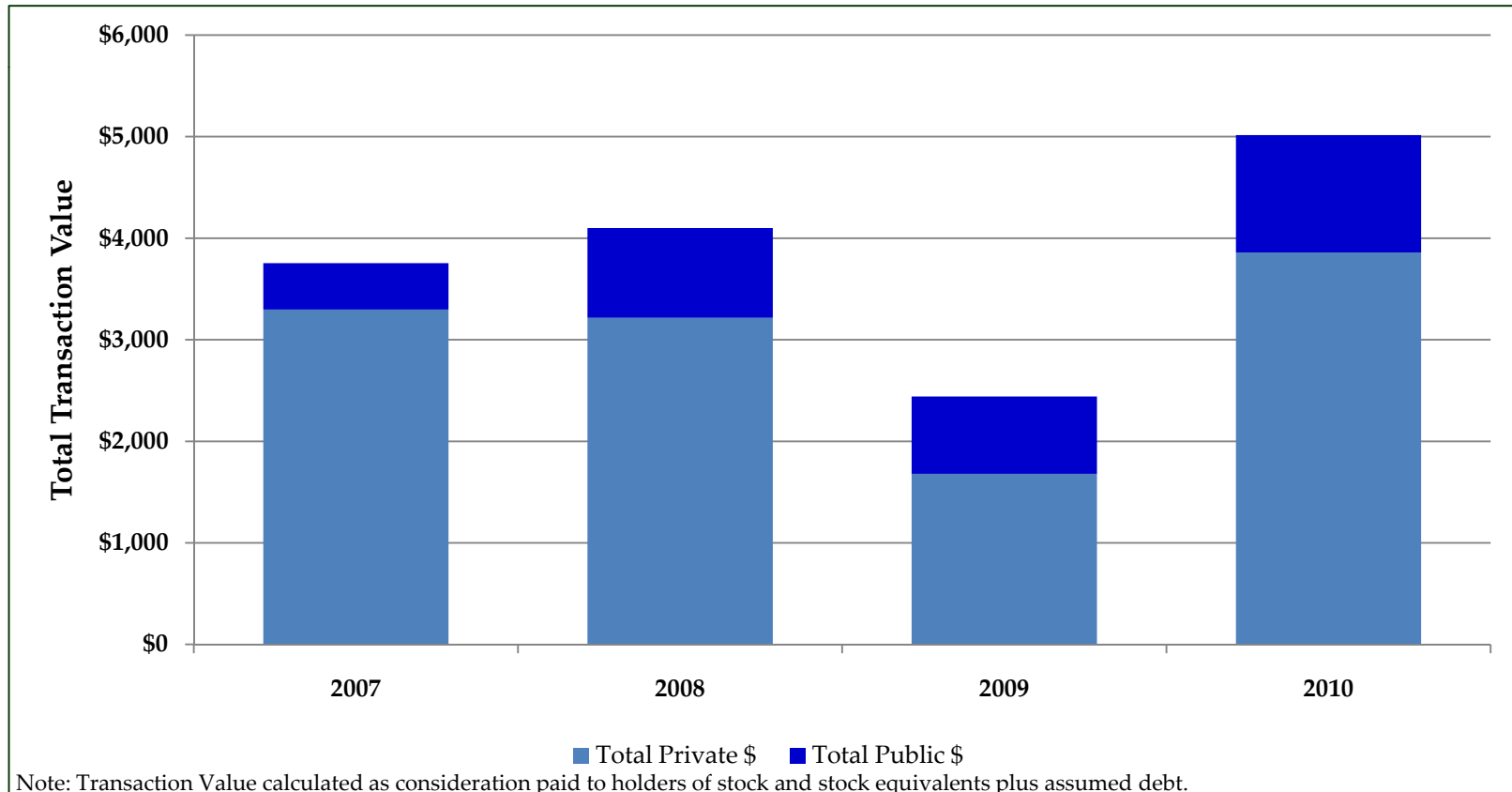
Quarterly Median M&A LTM Revenue Multiple – ICIT Universe

- The Median LTM revenue multiple across all targets in SagePoint’s ICIT Universe fell significantly to 1.7x in Q4, back within historical norms after hitting a three year high in Q3’10
 - The large drop came as the median Software & Services valuation multiple fell back to within its historic range to 2.8x, following three quarters of lofty valuations around 4x
 - Last quarter we stated that Q3’s 2.7x median revenue multiple was an aberration and expected multiples to settle closer to 2x and we believe the multiples will pull back up into the 2s for 2011



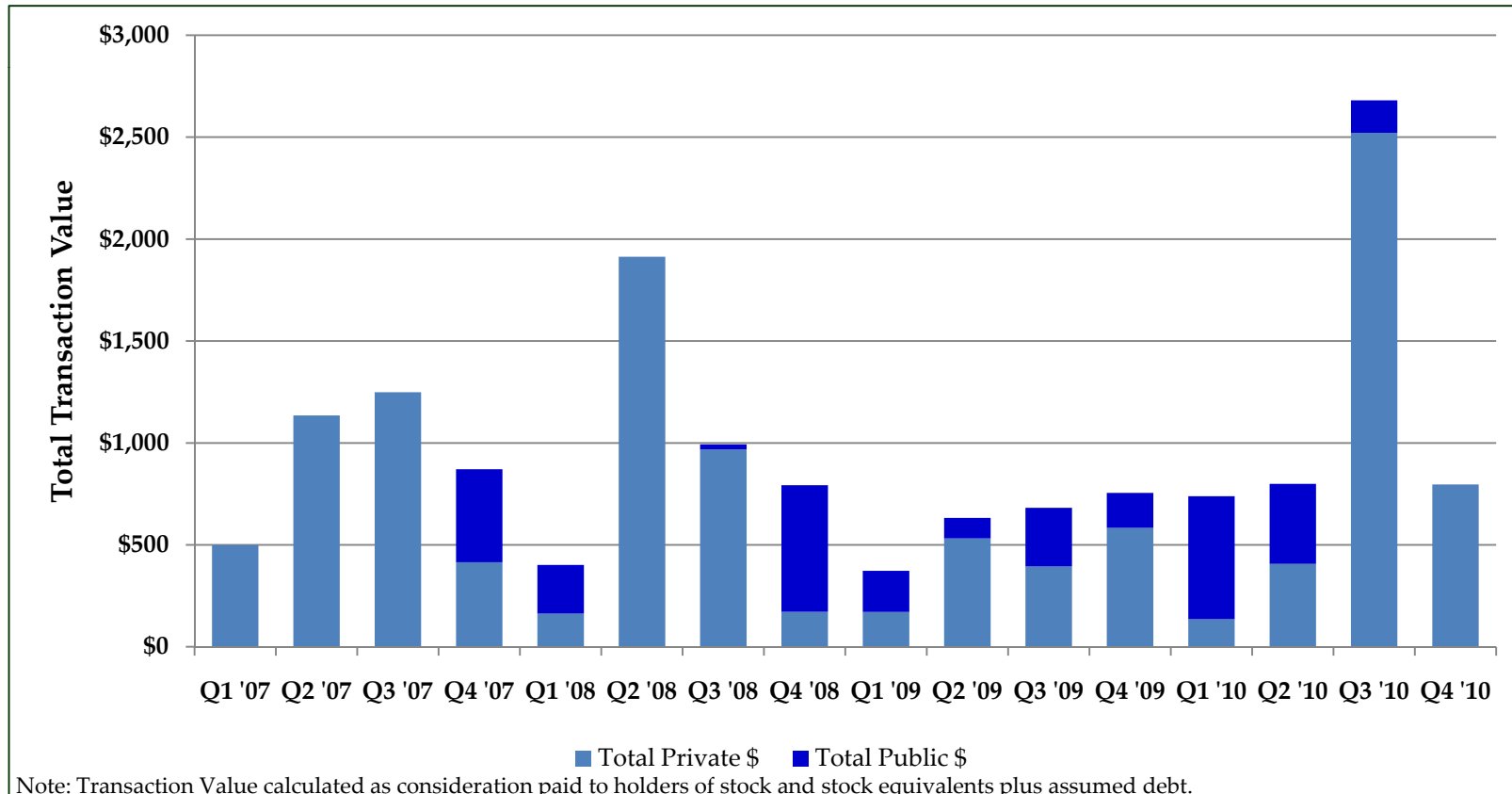
Annual M&A Dollar Volume – SagePoint Semis Universe

- M&A dollar volume across SagePoint’s Semis Universe more than doubled in 2010 to its highest level in the past four years
 - Seven \$250M+ deals for the year was the highest level in the past four years helping drive a median deal size of \$78M, more than double 2008 and 2009 and nearly 40% above 2007



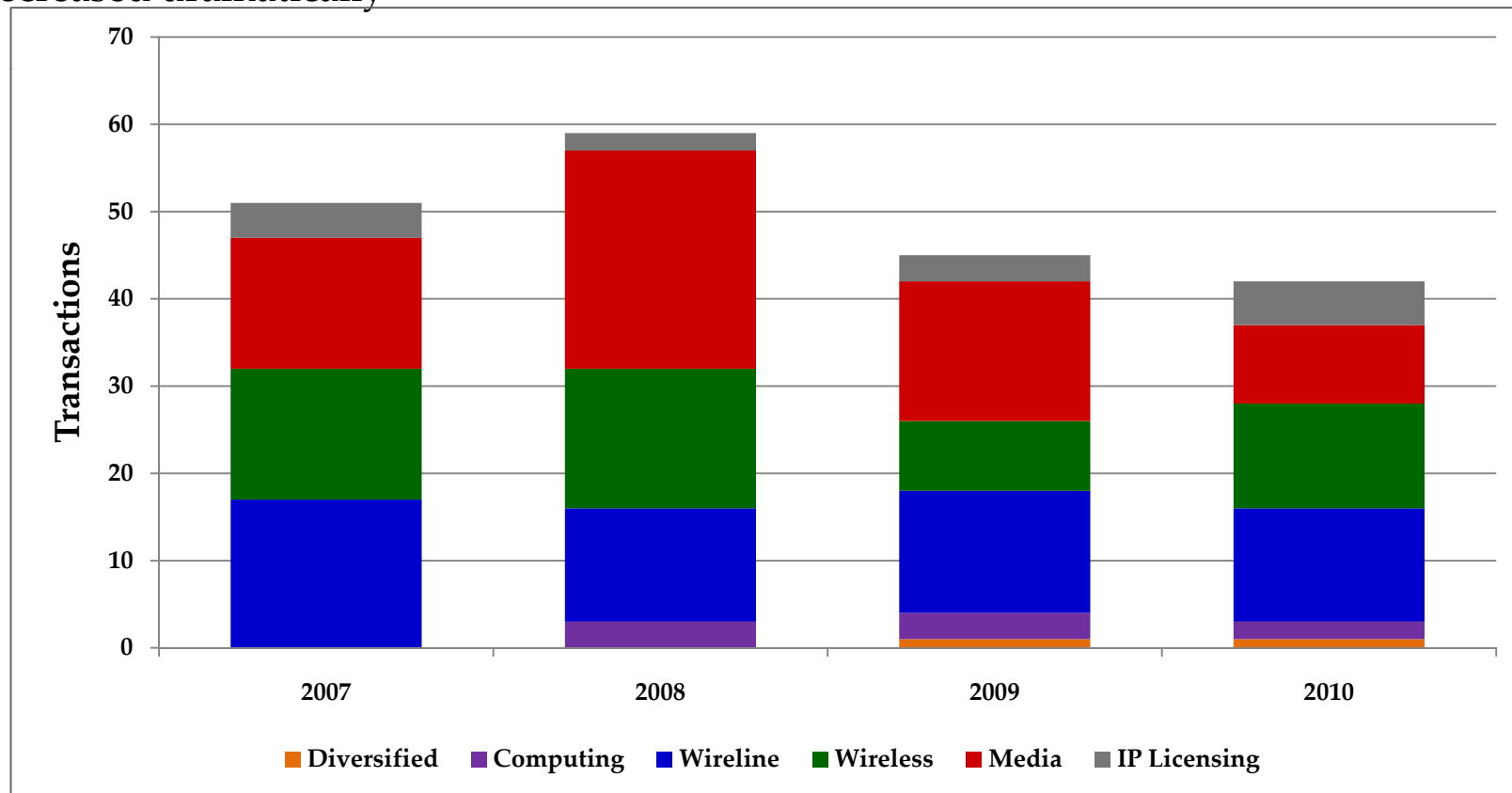
Quarterly M&A Dollar Volume – SagePoint Semis Universe

- M&A dollar volume across SagePoint’s Semis Universe fell back to normal levels after a surge in Q3 driven by Intel/Infineon Wireless Business (\$1.4B) and ON Semi/Sanyo Semi (\$855M)
 - Broadcom’s acquisition of Beceem Communications for \$316M and PMC-Sierra’s acquisition of Wintegra for \$273M were the only \$100M+ deals though Broadcom’s acquisitions of Percello (\$98M) and Gige Networks (\$83M) were close



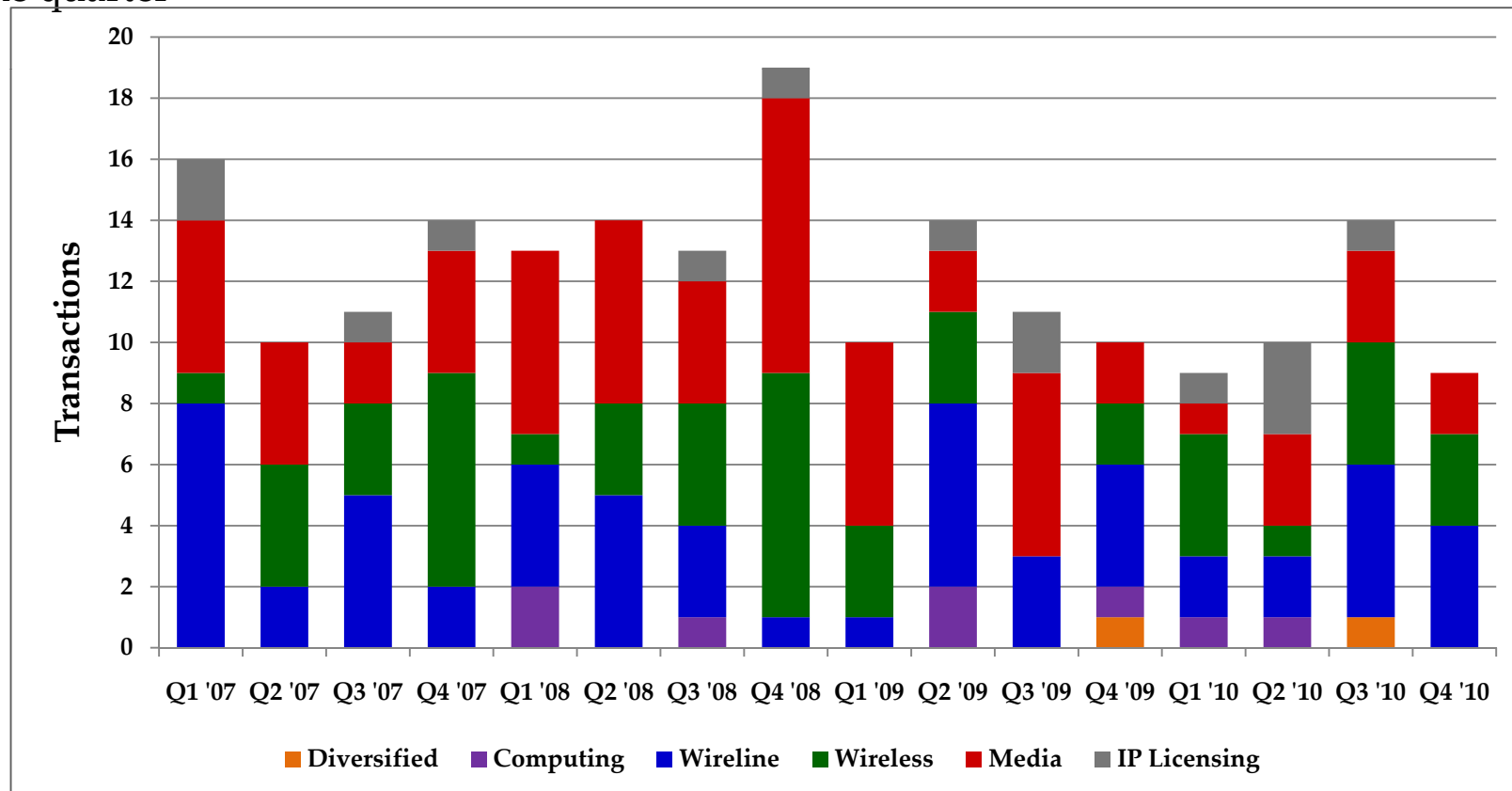
Annual M&A Transaction Volume – Semis Universe by Sector

- 2010 Semiconductor M&A transaction volume fell slightly from 2009 to its lowest level in the past four years
 - Media transactions have shrunk the past two years
 - Wireless seems to have bounced back in 2010 after a very weak 2009
- The semiconductor space has matured and consolidated significantly over the last several years which has resulted in fewer active buyers as well as fewer targets as VC investment has decreased dramatically



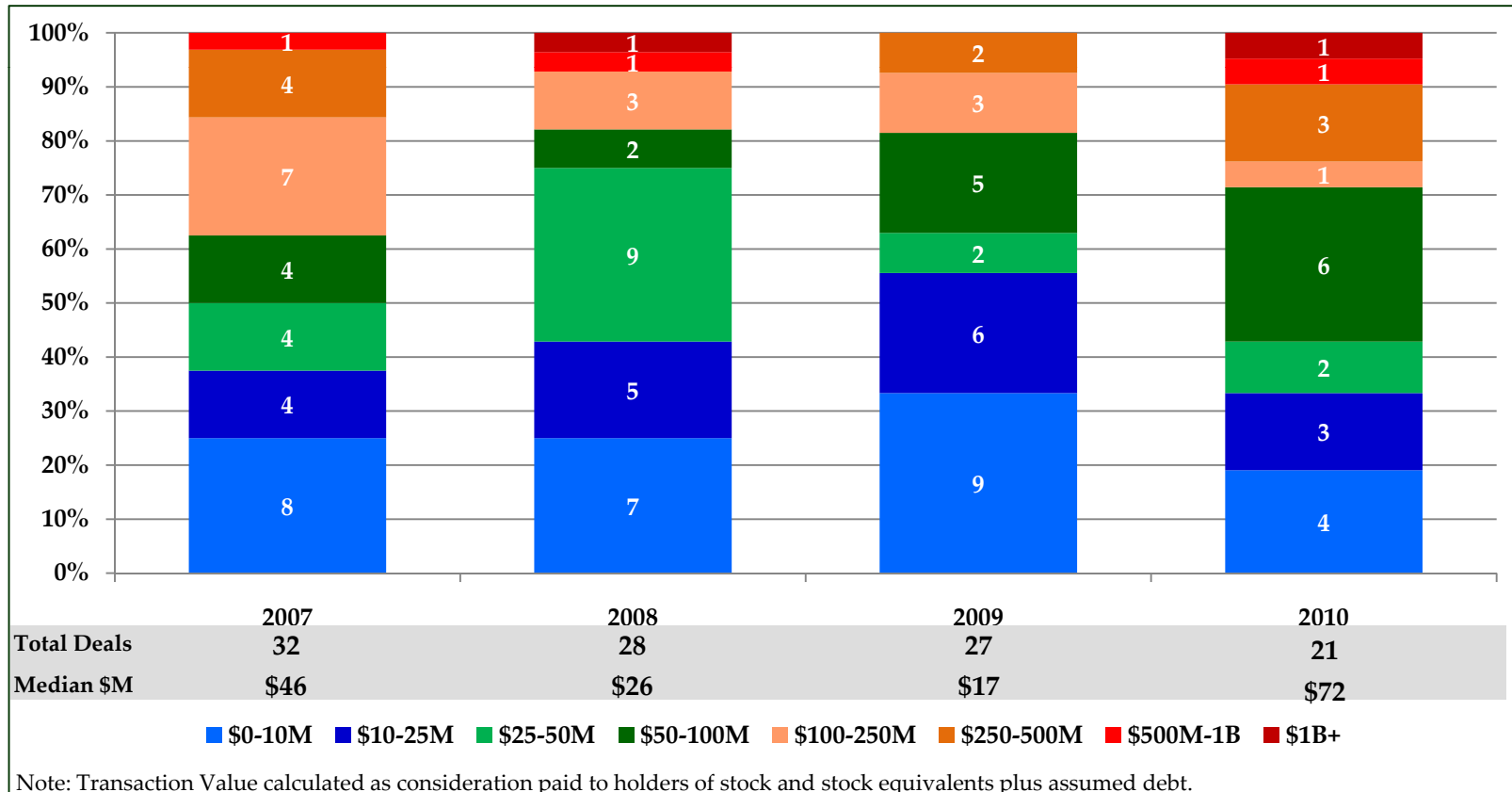
Quarterly M&A Transaction Volume – Semis Universe by Sector

- Semiconductor M&A transaction volume fell following two straight quarters of increasing volume, matching its lowest deal volume in the past three years
 - Total deal volume remains quite low for the semis segment as a whole compared to other segments of the ICIT value chain
- Wireless, Wireline and Media were the only segments with deal activity
- Broadcom continues its return to deal making, representing four of the nine semis deals for the quarter



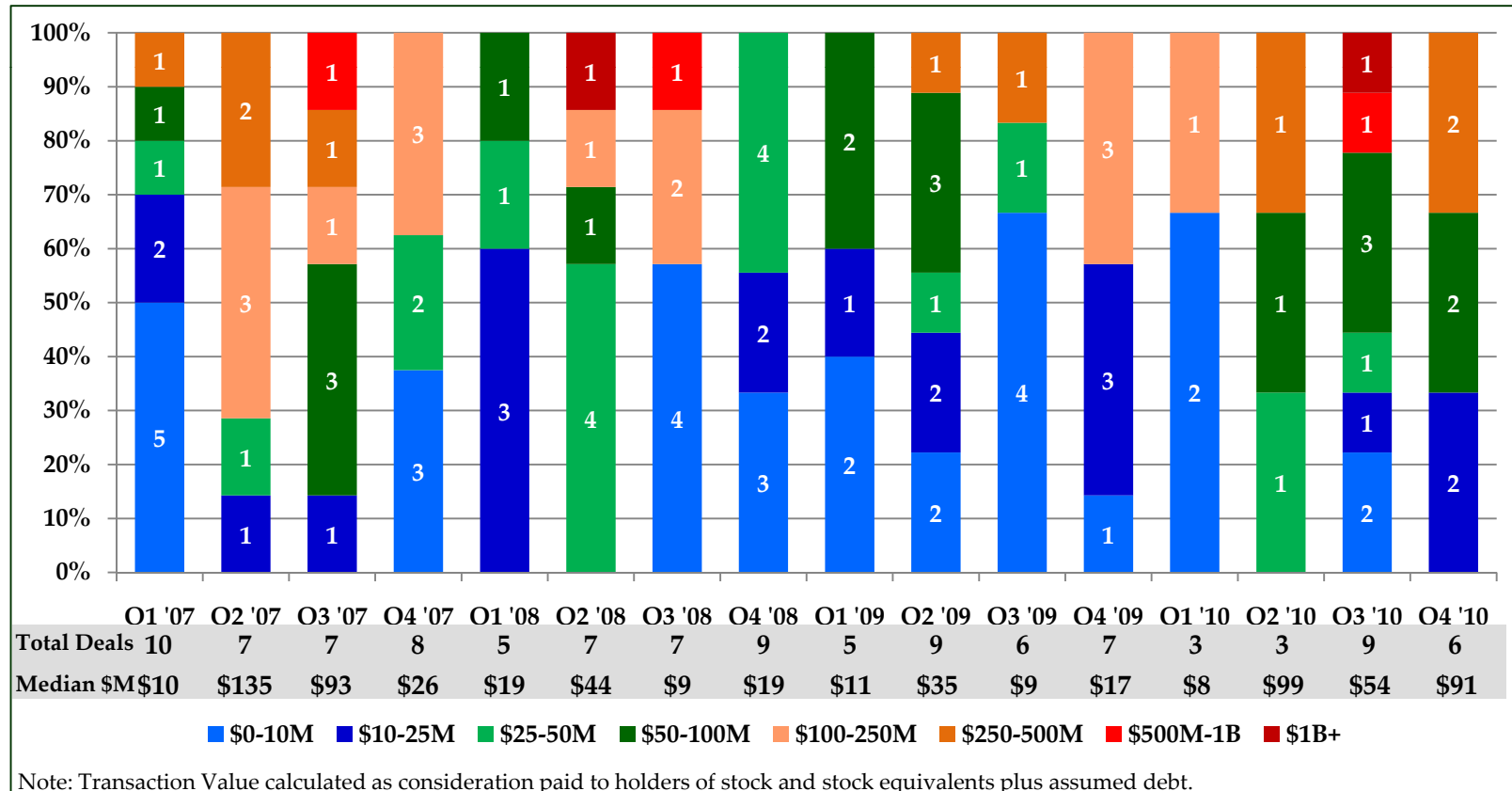
Annual Transaction Volume by Deal Size – Private Semis Targets

- \$100M+ transactions represented a larger percentage of deals with announced values in 2010 due to several sizable divestitures by public players
- Several quality companies with compelling technology sold for \$50-100M in 2010, getting snatched up early with investors preferring to take the liquidity rather than face competitive risks and a weak IPO environment



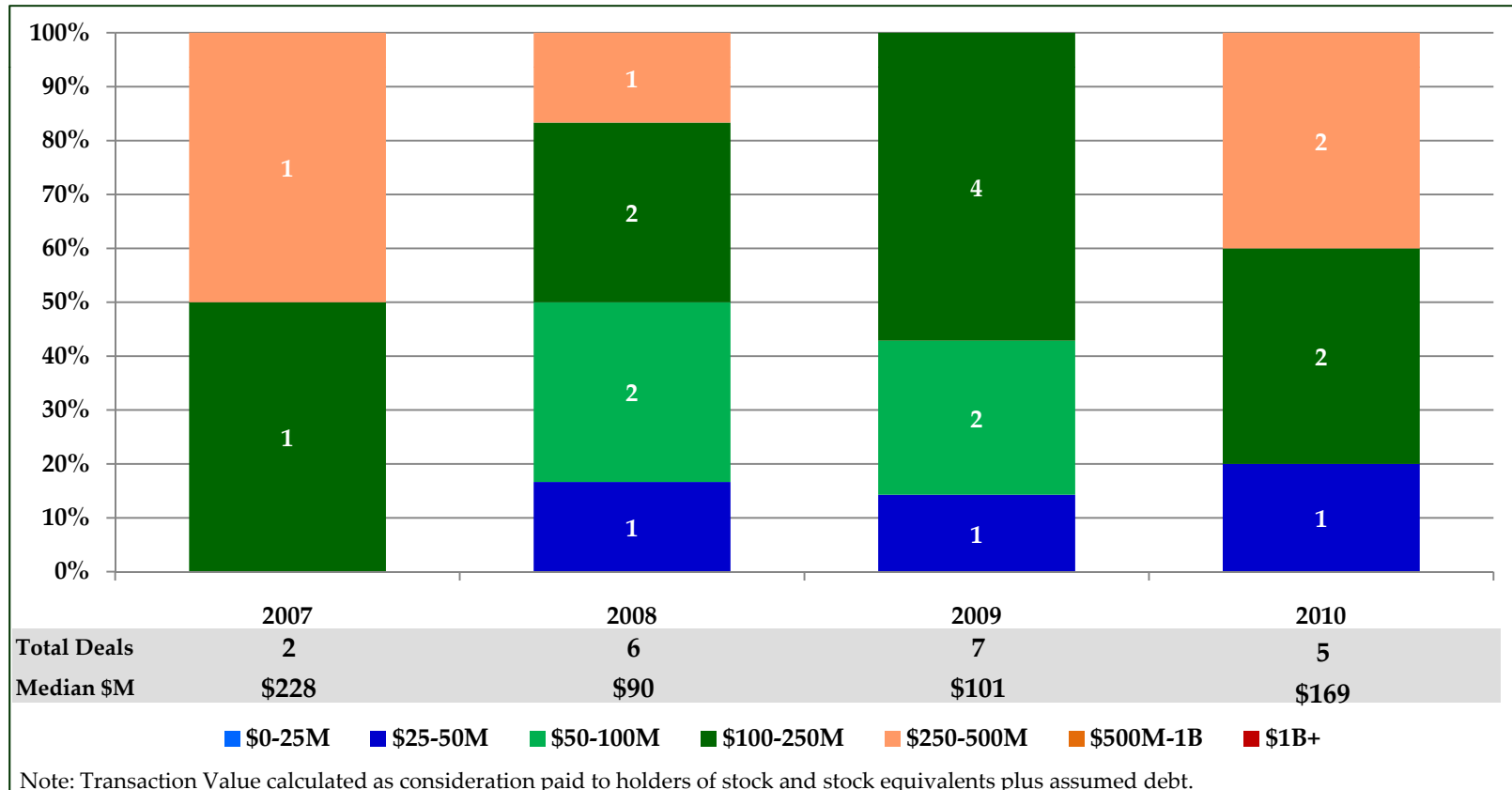
Quarterly Transaction Volume by Deal Size – Private Semis Targets

- Private deals with announced values were evenly dispersed with two \$10-25M deals, two \$50-100M deals and two deals in the \$250-500M range
 - Broadcom acquired Beceem Communications for \$316M
 - PMC-Sierra acquired Wintegra for \$273M
 - Broadcom accounted for nearly two thirds of Q4 M&A dollars for deals with announced values
 - Median deal size increased with just two small deal values announced



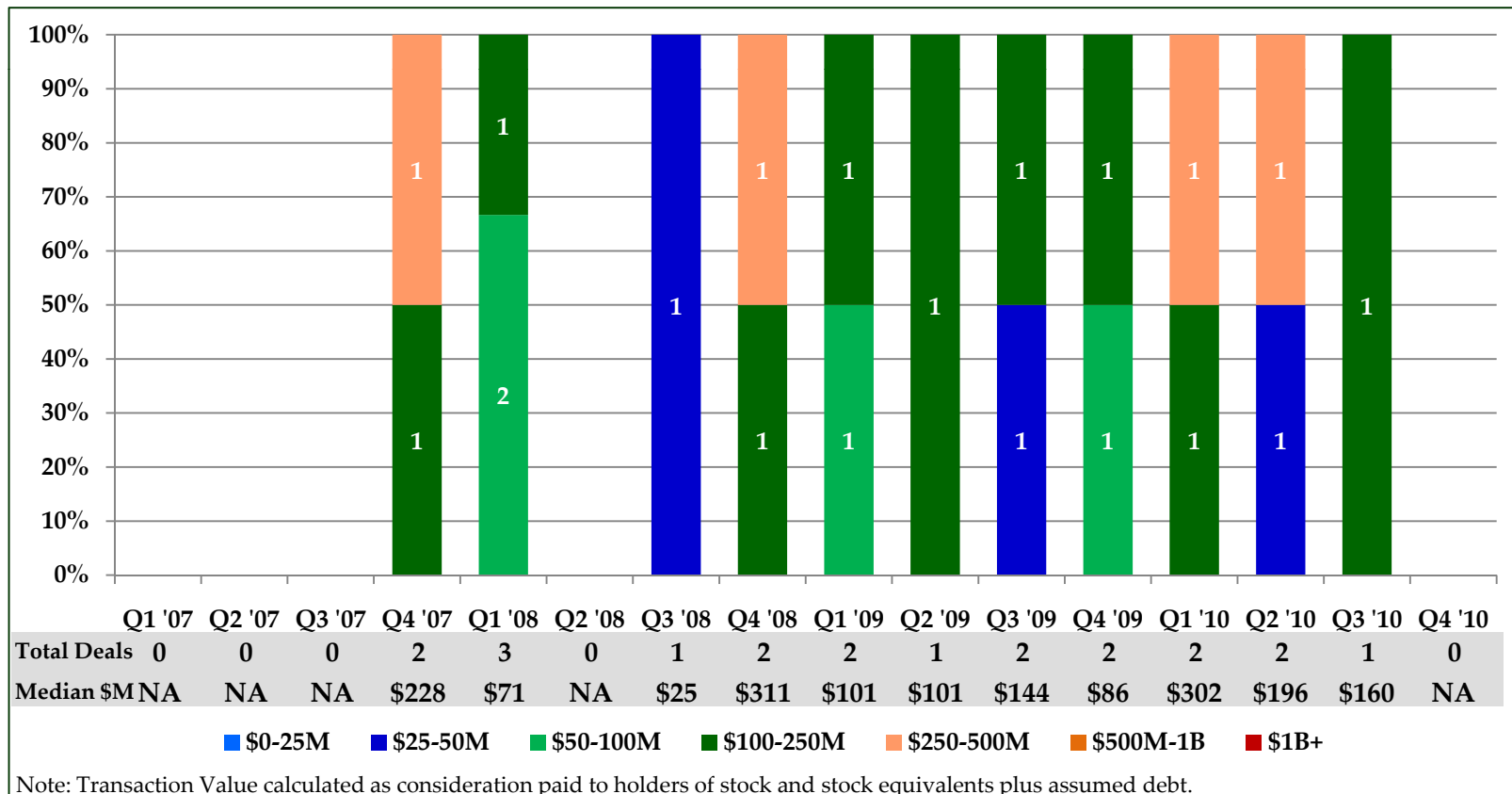
Annual Transaction Volume by Deal Size – Public Semis Targets

- Public M&A activity remains quite thin in 2010
- Median deal value was strong at \$169M due to two \$250M+ deals, but with so few data points no reliable conclusions can be drawn



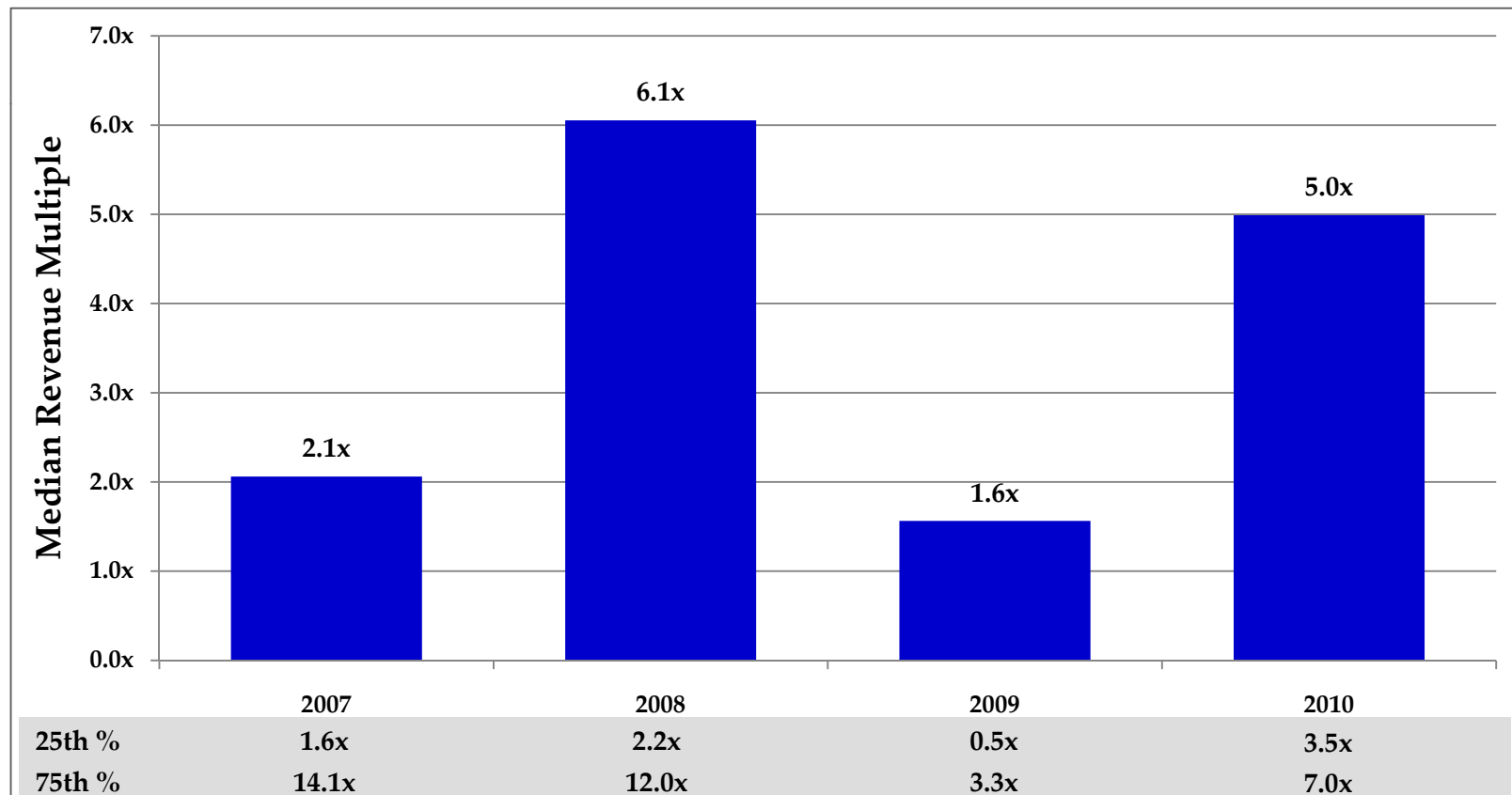
Quarterly Transaction Volume by Deal Size – Public Semis Targets

- No public M&A activity for Q4 after just one deal in Q3
- SagePoint expects to see industry consolidation continue with public targets, albeit at a slow pace



Annual Median M&A Revenue Multiples – Private Semis Targets

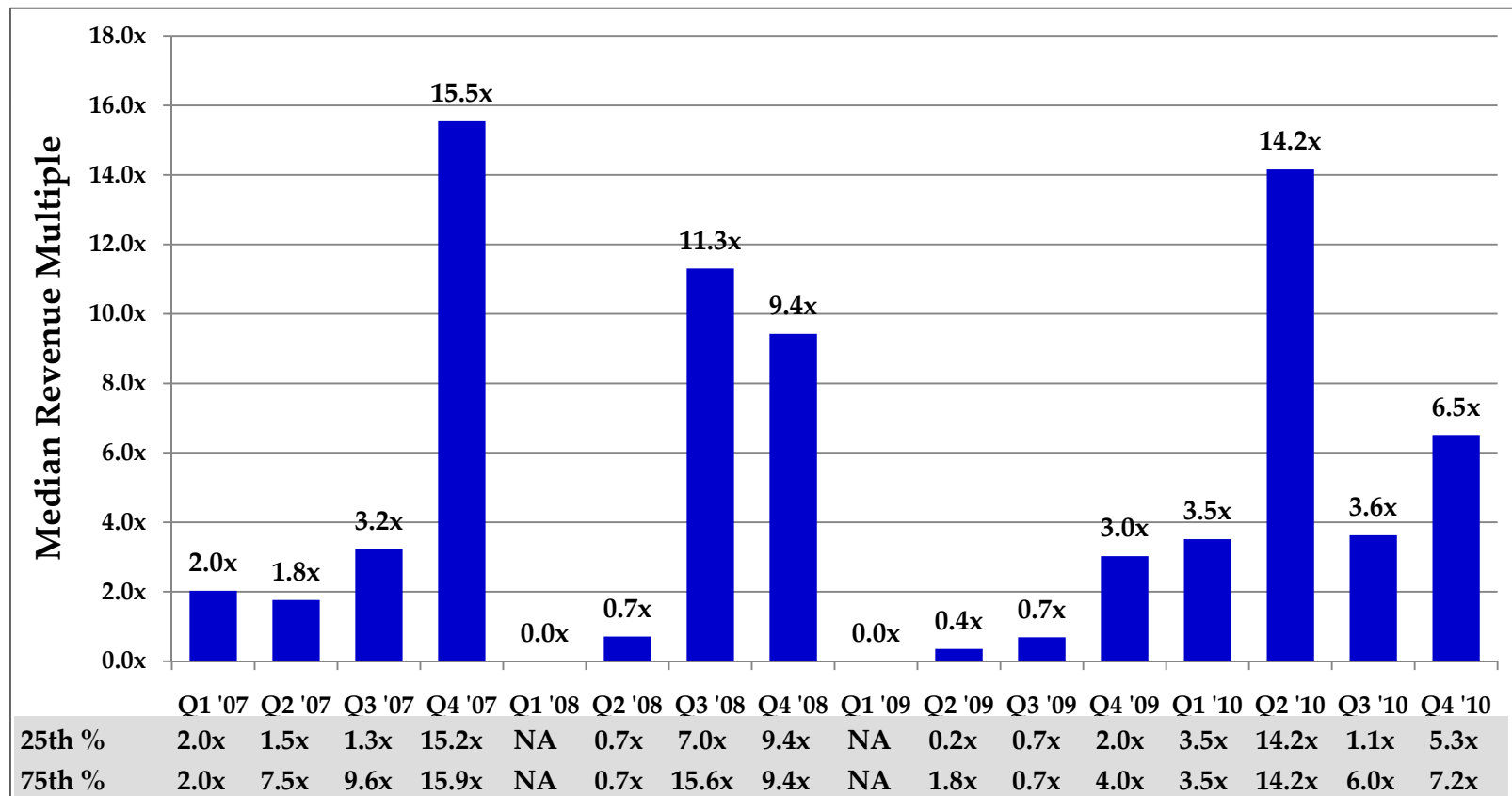
- 2010 median revenue multiple increased to 5.0x after a very weak 2009, though still short of 2008's 6.1x median revenue multiple
- 2010 revenue multiples were in a surprisingly tight range with 3.5x at the 25th percentile and 7.0x at the 75th percentile



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

Quarterly Median M&A Revenue Multiples – Private Semis Targets

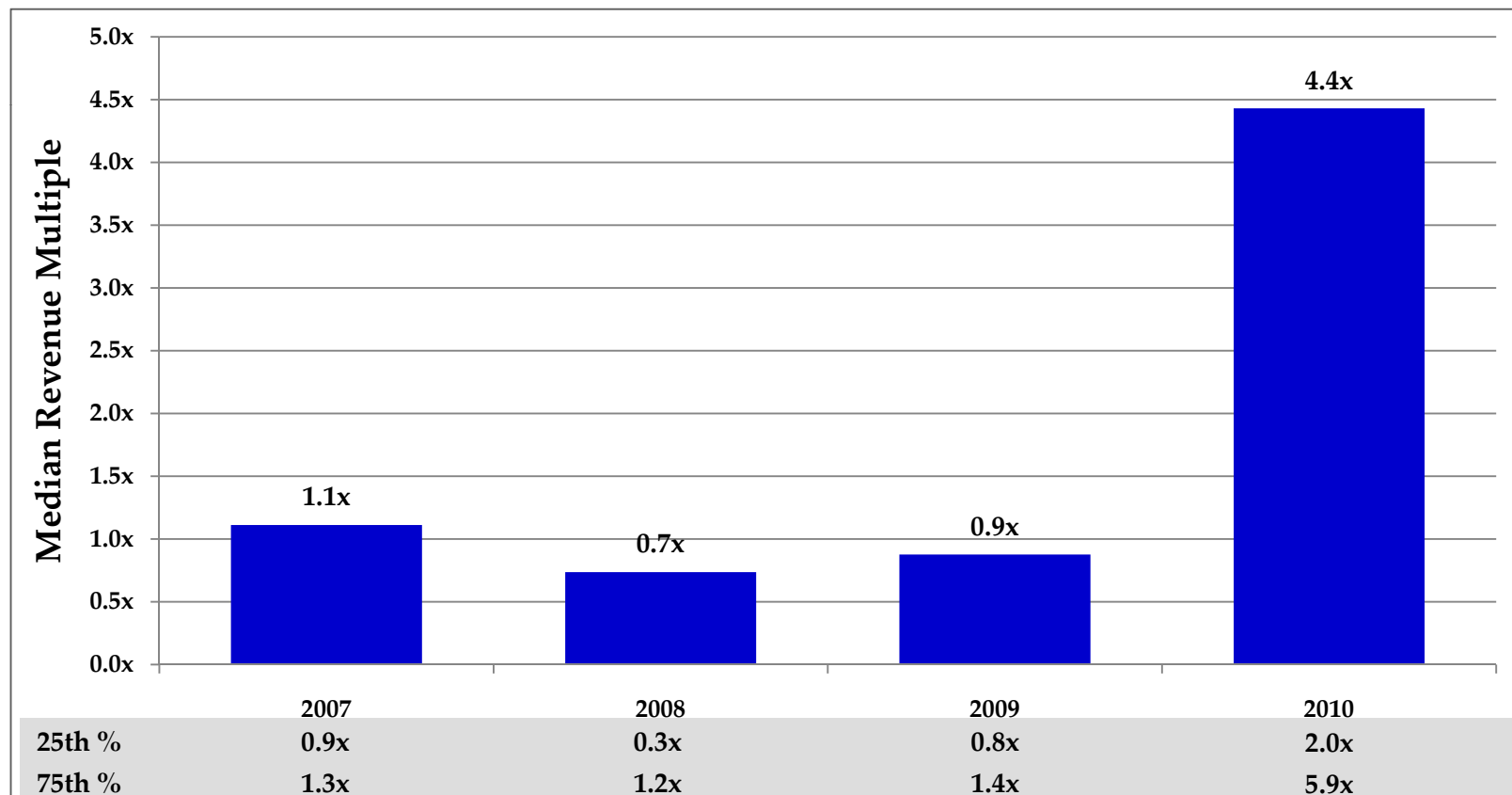
- Median revenue multiple increased to 6.5x, its second highest level in the past two years, though data was light with just three data points
 - Premium multiple deals for Q4 were: Broadcom/Percello (7.8x), PMC-Sierra/Wintegra (6.5x) and Broadcom/Beceem (4.0x)
 - Q2'10 spike due to just one deal with revenue multiple, Emulex/ServerEngines (14.2x)



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

Annual Median M&A Revenue Multiples – Public Semis Targets

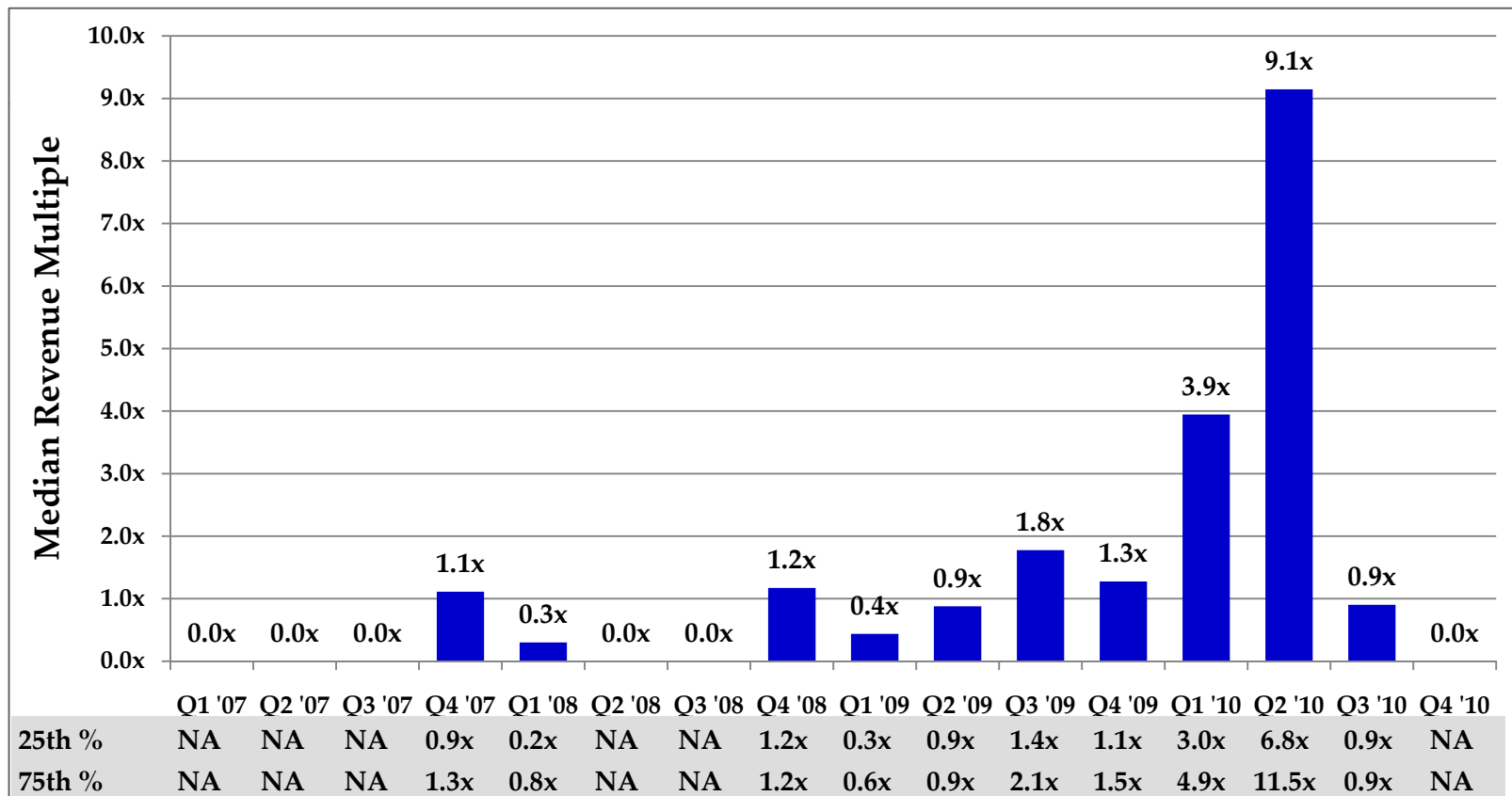
- 2010 median revenue multiples for public deals jumped to 4.4x, four times the next highest level in the past four years
- Five public transactions were completed in 2010, all below \$500M, though the deals that got done tended to be solid companies at strong valuations



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




Quarterly Median M&A Revenue Multiples – Public Semis Targets

- No median revenue multiple data available for public targets as there were no public deals for the quarter
 - Q2'10 high multiple driven by Broadcom/Innovision (13.9x) and Synopsys/Virage Logic (4.4x)
- SagePoint expects multiples to continue to bounce around due to thin deal volume
 - Public Semiconductor company revenue multiples vary widely with IP Licensing and fast growing, well-positioned Wireline and Wireless players commanding 5x+ while others lag at below 1x



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

Most Active Semis Buyers – Last 2 Yrs

Company	# of Deals		Communications Semiconductor Transactions	
	Semis	Comm		
	7	7	11/25/10 - Sightic Vista Limited - \$15.0M 11/22/10 - Gigle Networks Inc. - \$83.0M 10/26/10 - Percello Ltd. - \$98.0M 10/12/10 - Beceem Communications Inc. - \$316M	6/17/10 - Innovision (AIM:INN) - \$47.4M 2/2/10 - Teknovus, Inc. - \$123M 11/30/09 - Dune Networks, Inc. - \$178M
	3	6	8/29/10 - Infineon (Wireless Business) - \$1,400M 8/16/10 - Texas Instruments (Cable Modem) - NA	3/31/09 - Swiftfoot Graphics - NA
	3	3	3/22/10 - Techwell, Inc. (NasdaqGS:TWLL) - \$434M 12/15/09 - Rock Semiconductor Co., Ltd. - NA	8/4/09 - Quellan, Inc. - \$29.7M
	3	3	11/12/10 - Symwave, Inc. - NA 6/14/10 - Wireless Audio IP B.V. - \$25.0M	2/16/10 - Klear Corporation - \$7.5M
	2	3	6/5/09 - Galazar Networks, Inc. - \$5.0M	2/23/09 - Hifn, Inc. - \$63.2M
	2	3	7/13/10 - Focus Enhancements, Inc. - NA	3/1/09 - FOCUS Enhancements-MPEG Decoder - NA
	2	2	7/19/10 - Oplan Technologies Corp. - \$72.2M	9/8/09 - Intellon (NasdaqGM:ITLN) - \$246M
	2	2	7/20/10 - APT Licensing Ltd. - \$7.3M	2/9/09 - SiRF Technology (NasdaqGS:SIRF) - \$138M
	2	2	12/30/09 - Metalink, Ltd. (WLAN Bus.) - \$16.9M	10/14/09 - Aware Inc. (Home Ntwk and DSL) - \$6.8M
	2	2	5/31/09 - RMI Corporation - \$251M	4/30/09 - Integrated Device (Ntwk Search) - \$90.0M
	2	2	7/14/10 - Sanyo Semiconductor Co., Ltd. - \$855M	12/14/09 - California Micro (CAMD) - \$112M

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

Acquiror



Target



Deal Summary

Date: 10/12/10

Transaction Value: \$316.0M

% Sought: 100%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: 4.0x

LTM P/E Multiple: NA

Multiple on \$ Invested: 4.5x

Investors

Sequoia Capital; NEC; AmBex Venture; Walden Intl;
 Samsung Venture; Intel Capital; Motorola Ventures;
 Global Catalyst; VentureTech Alliance; KTB Ventures;
 Teachers' Private Capital; Mitsui & Co; Khosla Ventures

Deal Rationale/Commentary

Beceem is a leading provider of 4G wireless chips, including the industry's first and only multimode platform supporting both WiMAX and LTE on a single chip. Beceem is the largest WiMAX supplier with CLEAR and Sprint as customers.

The acquisition adds a talented 4G team to round out Broadcom's presence in the wireless space. Broadcom will likely integrate Beceem's 4G technology into its existing 2/3G cellular solutions enabling operators to build out next generation networks while providing support for existing networks.

The deal value pegs Beceem at 4x LTM revenue and about 3.2x its current \$100M run rate while providing a 4.5x multiple on dollars invested. Broadcom will certainly aim to improve on Beceem's current low/mid 40s gross margins, particularly if they are able to achieve a single chip 2/3/4G device.

The acquisition is a good move for Broadcom who has quickly solidified its position as a leader in the emerging 4G segment and will certainly be able to quickly grow revenues through an integrated offering while improving margins.

Acquiror



Target



Deal Summary

Date: 10/21/10

Transaction Value: \$273.0M

% Sought: 100%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: 6.5x

LTM P/E Multiple: 105.6x

Multiple on \$ Invested: 6.2x

Investors

Concord Ventures; Marvell Technology Group Ltd. (NasdaqGS:MRVL); Genesis Partners Ltd.; China Development Industrial Bank; Texas Instruments Inc. (NYSE:TXN); Magma Venture Partners; Tenaya Capital

Deal Rationale/Commentary

Wintegra is a leading provider of highly integrated network processors optimized for mobile backhaul equipment. The company's single chip solutions enable carriers to increase throughput on their mobile backhaul while scaling and migrating to packet-based architectures. Wintegra has 165 employees and a strong customer base that includes Alcatel-Lucent, Cisco, Ericsson, Huawei, Motorola and ZTE.

The acquisition springboards PMC-Sierra into the packet-based mobile backhaul market and is highly synergistic to current WAN infrastructure products as the company pushes to accelerate the transition to converged, packet-centric solutions. PMC-Sierra was already partnering with Wintegra for its WinPath processors and networking software and their silicon sits next to each other on many wireless infrastructure platforms.

The 6.5x LTM revenue multiple paid by PMC-Sierra may appear steep. However, Wintegra is growing rapidly resulting in a much lower NTM revenue multiple of 3.6x, the deal is expected to be immediately accretive to earnings and \$60M of the deal value is contingent upon an earnout.

Acquiror



Target



Deal Summary

Date: 10/26/10

Transaction Value: \$98.0M

% Sought: 100%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: 7.8x

LTM P/E Multiple: NA

Multiple on \$ Invested: 5.4x

Investors

Granite Ventures, LLC; Seven Main Ltd.; T-Mobile Venture Fund I; T-Venture Holding GmbH; Vertex Venture Capital

Deal Rationale/Commentary

Broadcom acquired Percello, a fabless provider of WCDMA and LTE femtocell SoCs. Percello provides the chips for Ubiquisys and its Aquilo chip supports 8-16 users with 21.6Mbps downlink and 5.7 Mbps uplink HSPA+.

The acquisition provides Broadcom an entry into the femtocell market which ABI estimates will grow from 1M units in 2010 to 50M units in 2015. Broadcom is able to purchase a proven product to eliminate design risk and accelerate its time to market while leveraging its clout to drive down BOM and win customers against smaller competitors.

The 7.8x LTM revenue multiple sounds high but with the fast growing market and Broadcom's market muscle the deal could very well payoff for Broadcom. The transaction is expected to be neutral to 2011 earnings.

Acquiror



Target



Deal Summary

Date: 11/22/10

Transaction Value: \$83.0M

% Sought: 100%

Consideration: Cash

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

Valuation Metrics

LTM Revenue Multiple: NA

LTM P/E Multiple: NA

Multiple on \$ Invested: 2.7x

Investors

Accel Management Co, Inc.; Pond Venture Partners Ltd.; Scottish Equity Partners LLP

Deal Rationale/Commentary

Broadcom purchased Gigle Networks, provider of chips for home networking over power lines. The company's chips convert ethernet-based data into electrical signals that can be transferred between wall sockets in a house, making the devices particularly useful for homes without broadband connections throughout the home.

Gigle is a member of the HomePlug Powerline Alliance and is also working in the G.hn arena, providing Broadcom expertise in both spaces. The acquisition expands Broadcom's presence in home networking to ensure it has all bases covered and complements its current line up of wired and wireless home networking chips.

Broadcom plans to use the Gigle Networks' technology to integrate power line networking with other kinds of networking in the same device. With such networks in place, consumers could stream 3D video from their PC to the TV using any one of a number of networking technologies, including WiFi, MoCA, and HomePlug.

Appendix – Semiconductors M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
Wireline				
11/12/10	Standard Microsystems Corp. (NasdaqGS:SMSC)	Symw ave, Inc.	NA	NA
11/10/10	IC Plus Corp. (GTSM:8040)	Crystal Media Inc.	NA	NA
10/21/10	PMC-Sierra Inc. (NasdaqGS:PMCS)	Wintegra, Inc.	273.0	6.5x
11/22/10	Broadcom Corp. (NasdaqGS:BRCM)	Gigle Netw orks Inc.	83.0	NA
Wireless				
10/27/10	Huaw ei Technologies Co., Ltd.	M4S N.V.	11.1	NA
10/26/10	Broadcom Corp. (NasdaqGS:BRCM)	Percello Ltd.	98.0	7.8x
10/12/10	Broadcom Corp. (NasdaqGS:BRCM)	Beceem Communications Inc.	316.0	4.0x
Media				
11/25/10	Broadcom Corp. (NasdaqGS:BRCM)	Sightic Vista Limited	15.0	NA
10/29/10	Microsoft Corporation (NasdaqGS:MSFT)	Canesta, Inc.	NA	NA

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 – Semiconductors M&A Data

Quarter	Sector	# of Deals		% w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Semiconductors	16	10	63%	\$499	\$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	11	7	64%	\$1,249	\$93	3.2x	4	NA	NA	NA	0
Q4 '07	Semiconductors	14	10	71%	\$871	\$67	8.1x	4	45.3%	49.0%	19.1%	2
Q1 '08	Semiconductors	13	8	62%	\$401	\$44	0.3x	3	37.8%	38.9%	54.6%	3
Q2 '08	Semiconductors	14	7	50%	\$1,913	\$44	0.7x	1	NA	NA	NA	0
Q3 '08	Semiconductors	13	8	62%	\$993	\$17	11.3x	2	(4.8)%	(6.3)%	(21.1)%	1
Q4 '08	Semiconductors	19	11	58%	\$793	\$26	5.3x	2	19.3%	20.6%	26.1%	2
Q1 '09	Semiconductors	10	7	70%	\$372	\$63	0.4x	2	75.3%	70.9%	31.1%	2
Q2 '09	Semiconductors	14	10	71%	\$632	\$46	0.6x	4	13.6%	10.8%	41.1%	1
Q3 '09	Semiconductors	11	8	73%	\$682	\$20	1.1x	3	26.4%	26.8%	41.6%	2
Q4 '09	Semiconductors	10	9	90%	\$755	\$60	2.1x	6	37.6%	36.1%	46.0%	2
Q1 '10	Semiconductors	9	5	56%	\$739	\$123	3.5x	3	33.1%	44.7%	36.0%	2
Q2 '10	Semiconductors	10	5	50%	\$799	\$99	13.9x	3	53.9%	40.6%	49.6%	2
Q3 '10	Semiconductors	14	10	71%	\$2,681	\$63	2.3x	6	18.2%	28.1%	17.7%	1
Q4 '10	Semiconductors	9	6	67%	\$796	\$91	6.5x	3	NA	NA	NA	0
Total	Semiconductors	197	128	65%	\$15,311	\$43	2.0x	51	30.9%	32.4%	36.8%	20
Q1 '07	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '07	Diversified	0	0	NA	\$0	NA	NA	0	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
Q2 '10	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '10	Diversified	1	1	100%	\$855	\$855	0.6x	1	NA	NA	NA	0
Q4 '10	Diversified	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Total	Diversified	2	2	100%	\$1,035	\$518	2.1x	2	NA	NA	NA	0

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 – Semiconductors M&A Data

Quarter	Sector	# of Deals		% w/ Ann. Value	Trans Value		Revenue Multiple ⁽¹⁾	Deals w/ Rev. Mult.	Stock Premium to ⁽¹⁾			Deals w/ Prem Info
		Total	Ann. Value		Total	Median			1 Day	1 Week	1 Month	
Q1 '07	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '07	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '07	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '07	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '08	Computing	2	2	100%	\$103	\$51	NA	0	NA	NA	NA	0
Q2 '08	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	Computing	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q4 '08	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '09	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '09	Computing	2	1	50%	\$58	\$58	NA	0	NA	NA	NA	0
Q3 '09	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '09	Computing	1	1	100%	\$60	\$60	0.8x	1	21.1%	19.5%	35.3%	1
Q1 '10	Computing	1	1	100%	\$5	\$5	NA	0	NA	NA	NA	0
Q2 '10	Computing	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q3 '10	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q4 '10	Computing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Total	Computing	8	5	63%	\$226	\$58	0.8x	1	21.1%	19.5%	35.3%	1
Q1 '07	Wireline	8	4	50%	\$75	\$7	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	4	1	25%	\$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	3	3	100%	\$148	\$25	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
Q2 '10	Wireline	2	2	100%	\$382	\$191	14.2x	1	NA	NA	NA	0
Q3 '10	Wireline	5	4	80%	\$235	\$63	6.0x	3	NA	NA	NA	0
Q4 '10	Wireline	4	2	50%	\$356	\$178	6.5x	1	NA	NA	NA	0
Total	Wireline	57	42	74%	\$3,845	\$60	2.7x	23	17.4%	25.5%	31.2%	5

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 – Semiconductors M&A Data

Quarter	Sector	# of Deals		%w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
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	1	1	100%	\$71	\$71	1.2x	1	17.7%	38.9%	66.7%	1
Q2 '08	Wireless	3	2	67%	\$1,637	\$818	NA	0	NA	NA	NA	0
Q3 '08	Wireless	4	1	25%	\$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
Q2 '10	Wireless	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q3 '10	Wireless	4	3	75%	\$1,424	\$20	1.1x	1	NA	NA	NA	0
Q4 '10	Wireless	3	3	100%	\$425	\$98	5.9x	2	NA	NA	NA	0
Total	Wireless	51	31	61%	\$7,135	\$98	1.7x	11	39.5%	45.7%	44.8%	4
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	2	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	0	4	NA	\$251	\$39	0.7x	1	NA	NA	NA	0
Q3 '08	Media	1	3	300%	\$144	\$1	NA	0	NA	NA	NA	0
Q4 '08	Media	1	6	600%	\$129	\$23	9.4x	1	NA	NA	NA	0
Q1 '09	Media	6	4	67%	\$81	\$7	NA	0	NA	NA	NA	0
Q2 '09	Media	1	1	100%	\$35	\$35	0.1x	1	NA	NA	NA	0
Q3 '09	Media	2	3	150%	\$54	\$9	1.1x	1	4.8%	4.8%	38.3%	1
Q4 '09	Media	0	1	NA	\$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
Q2 '10	Media	3	1	33%	\$25	\$25	NA	0	NA	NA	NA	0
Q3 '10	Media	1	1	100%	\$160	\$160	0.9x	1	18.2%	28.1%	17.7%	1
Q4 '10	Media	0	1	NA	\$15	\$15	NA	0	NA	NA	NA	0
Total	Media	37	37	100%	\$2,213	\$28	0.9x	11	32.7%	16.2%	32.5%	7

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 – Semiconductors M&A Data

Quarter	Sector	# of Deals		% w/ Ann.	Trans Value		Revenue	Deals w/	Stock Premium to ⁽¹⁾			Deals w/
		Total	Ann. Value	Value	Total	Median	Multiple ⁽¹⁾	Rev. Mult.	1 Day	1 Week	1 Month	Prem Info
Q1 '07	IP Licensing	2	2	100%	\$12	\$6	NA	0	NA	NA	NA	0
Q2 '07	IP Licensing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '07	IP Licensing	1	1	100%	\$162	\$162	4.9x	1	NA	NA	NA	0
Q4 '07	IP Licensing	1	1	100%	\$26	\$26	NA	0	NA	NA	NA	0
Q1 '08	IP Licensing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '08	IP Licensing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q3 '08	IP Licensing	1	1	100%	\$2	\$2	NA	0	NA	NA	NA	0
Q4 '08	IP Licensing	1	1	100%	\$242	\$242	NA	0	13.8%	12.0%	19.2%	1
Q1 '09	IP Licensing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q2 '09	IP Licensing	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q3 '09	IP Licensing	2	2	100%	\$13	\$7	NA	0	NA	NA	NA	0
Q4 '09	IP Licensing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Q1 '10	IP Licensing	1	0	0%	\$0	NA	NA	0	NA	NA	NA	0
Q2 '10	IP Licensing	3	2	67%	\$392	\$196	9.1x	2	53.9%	40.6%	49.6%	2
Q3 '10	IP Licensing	1	1	100%	\$7	\$7	NA	0	NA	NA	NA	0
Q4 '10	IP Licensing	0	0	NA	\$0	NA	NA	0	NA	NA	NA	0
Total	IP Licensing	14	11	79%	\$856	\$10	4.9x	3	32.7%	16.2%	32.5%	3

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

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.

Mission	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.
Services	Sell Side Advisory; Divestitures; Buy Side Advisory; Strategic Investments
Industry Focus	Software, hardware and services in the Wireless, VoIP, IP Video, Networking, Internet, Telecom Equipment, IT Infrastructure and Enabling Technology sectors
Offices	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





























 <i>has been acquired by</i>  August 2009	 <i>has been acquired by</i> Undisclosed Buyer November 2008	 <i>has sold certain assets to</i> Undisclosed Handset OEM October 2008	 Buyside Advisory 2008	 <i>has been acquired by</i>  April 2008	 <i>has sold its assets to</i>  \$10,000,000 October 2007	 <i>has been acquired by</i>  \$34,875,000 September 2007
 Initial Public Offering \$82,500,000 Co-manage June 2007	 <i>has been acquired by</i>  January 2007	 Initial Public Offering \$167,440,000 Co-manager September 2006	 <i>has been acquired by</i>  August 2006	 <i>has been acquired by</i>  August 2006	 Senior Convertible Debentures \$5,000,000 Financial Advisor and Placement Agent July 2006	 <i>has sold its SRAM assets to</i>  January 2006
 Private Investment in Public Equity \$14,400,000 Co-Agent January 2006	 <i>has been acquired by</i>  October 2005	 <i>has agreed to the sale of their NAS Software Intellectual Property to</i>  \$50,000,000 May 2005	 <i>has sold a minority stake to</i> Strategic Investor 2005	 <i>has been acquired by</i>  August 2004	 <i>has been acquired by</i>  \$122,500,000 April 2004	 <i>has been acquired by</i>  March 2004
 <i>has been acquired by</i>  August 2003	 <i>has been acquired by</i>  December 2003	 <i>has been acquired by</i>  February 2003	 <i>has been acquired by</i>  April 2002	 Private Placement \$9,900,000 Placement Agent July 2001	 Private Placement \$11,000,000 Placement Agent May 2000	 <i>has merged with</i>  \$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"> • Sale of Xumii to Myriad Group • Capital Raise for InfoSonics 	<ul style="list-style-type: none"> • Sale of AccessLine to Telanetix • Strategic Advisory for Voice 2.0 Service Provider 	<ul style="list-style-type: none"> • Strategic Advisory for DirecTV Reseller 	<ul style="list-style-type: none"> • Sale of Compute Intensive to Verio • Sale of GeoNet to Level 3 • Capital Raise for Speakeasy
Software	<ul style="list-style-type: none"> • Sale of Neven Vision to Google • Sale of SKY MobileMedia; 	<ul style="list-style-type: none"> • Sale of CrystalVoice to Global IP Solutions • Buyside Advisory for VOIP Softphone Vendor 	<ul style="list-style-type: none"> • IPO for Divx • Strategic Advisory for Mobile Video SW Vendor 	<ul style="list-style-type: none"> • Sale of LVL7 to Broadcom • Sale of Neteon to CA
Equipment	<ul style="list-style-type: none"> • Sale of Strix to Idream • Sale of Aiprime to Sierra Wireless 	<ul style="list-style-type: none"> • Strategic Advisory for Unified Messaging Vendor • Strategic Advisory for IP-PBX Vendor 	<ul style="list-style-type: none"> • Sale of Gyration to Philips • Sale of TIR to Philips 	<ul style="list-style-type: none"> • Sale of Network Physics to OpNet • Capital Raise for Raptor Networks • Sale of Procom to Sun
Semis	<ul style="list-style-type: none"> • Sale of CommAsic to Freescale • Peregrine Strategic Investment • Sale of Synad to ST 	<ul style="list-style-type: none"> • Strategic Advisory for Noise Cancellation IC Vendor 	<ul style="list-style-type: none"> • Sale of Vativ to Entropic • Strategic Advisory for Video Processing IC Vendor 	<ul style="list-style-type: none"> • Strategic Advisory for Storage Networking IC Vendor

Representative Buyer Relationships

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

Why Work With SagePoint?

- 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