

SagePoint Semiconductors M&A Review for Q3 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	3-4
Internet, Communications & IT Infrastructure (“ICIT”) Universe	
• M&A Dollar Volume	5
• M&A Transaction Volume	6
• Median M&A Revenue Multiples	7
Communications, Media & Computing Semiconductors	
• M&A Dollar Volume	8
• M&A Transaction Volume	9
• Transaction Volume by Deal Size	10-11
• Median M&A Revenue Multiples	12-13
• Most Active Buyers	14
• M&A Transaction Spotlight	15-20
• Appendix: Detailed M&A Data	21-24
Introduction to SagePoint	25-33

SagePoint's Viewpoint - Key Takeaways

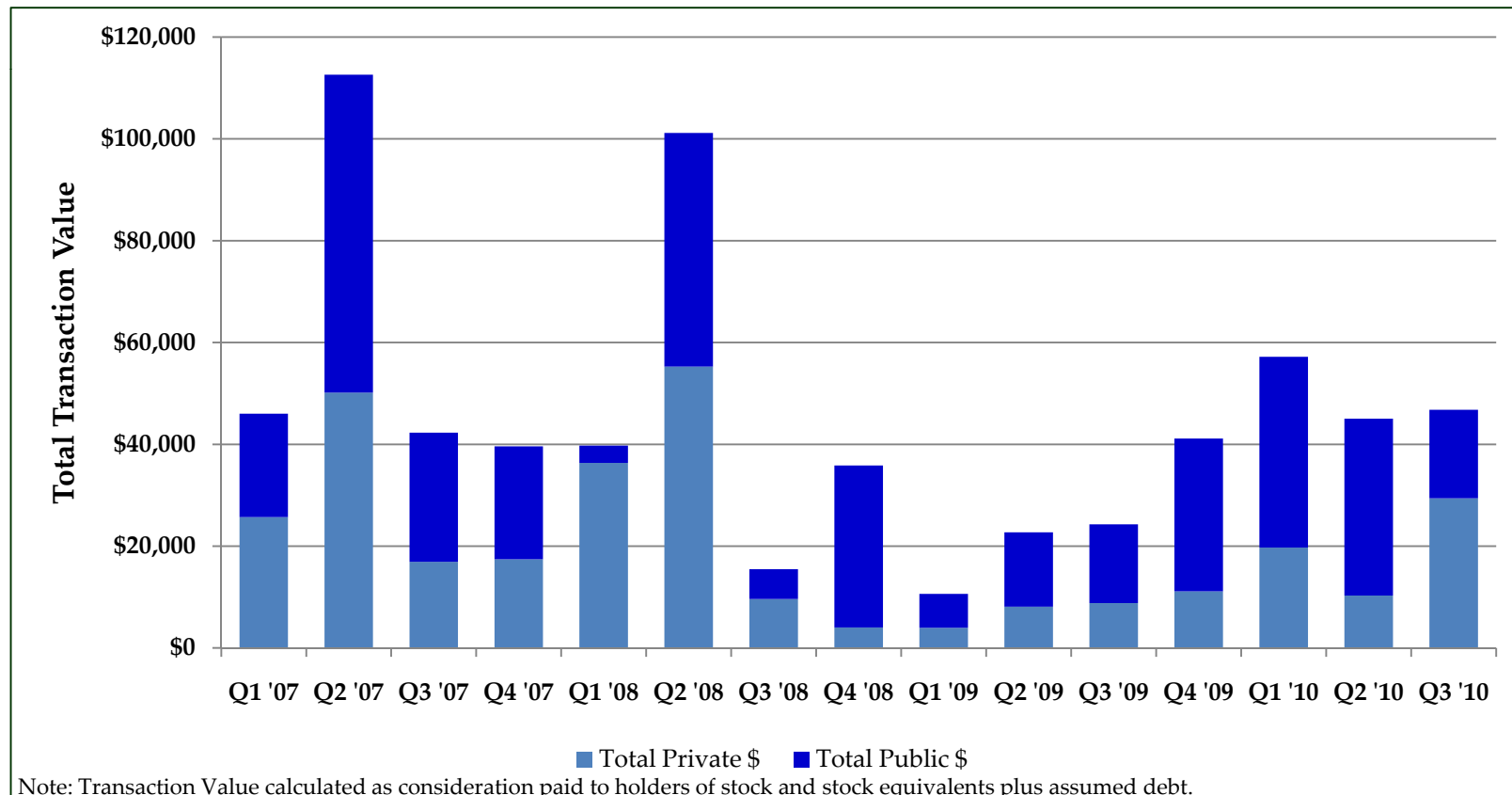
- M&A transaction volume for Q3 across SagePoint's entire ICIT Universe was up 12% versus Q2 and 36% versus Q3'09
 - Q3'10 deal volume of 349 has brought M&A activity back in line with Q4'09 and Q1'10 after a slower Q2
 - The Median LTM revenue multiple across all targets in SagePoint's ICIT Universe increased to 2.6x in Q3, its highest value in four years
- M&A dollar volume across SagePoint's Semis Universe surged in Q3 to more than triple that of Q2, though two large transactions accounted for 84% of dollar volume
 - Q3 saw just the second \$1B+ deal since the beginning of '07
- Semiconductor M&A transaction volume rose for the fourth straight quarter to its highest levels since Q4'08
 - However, total deal volume remains relatively low compared to other segments of the ICIT value chain with just 14 deals in the quarter
- The trend towards larger M&A transaction activity continued in Q3
 - For the first time in the past four years there were two \$500M+ private deals announced, including just the second \$1B+ deal
- Public median revenue multiples took a nose dive below 1x while private median revenue multiples dropped to 3.6x
 - Premium multiple private deals included Atheros/Opulan (7.2x) and PLX/Teranetics (6.0x)
 - With only one public deal (Zoran/Microtune), it is difficult to draw reliable conclusions

SagePoint's Viewpoint - Key Takeaways Continued

- The most active buyers over the last 24 months were led by Intel, Broadcom and Intersil at three deals each with 13 other acquirors at two deals
 - Of the acquirors with three deals, only Intel made a semiconductor acquisition in Q3
- Notable Q3 transactions:
 - Intel's acquisition of Infineon's Wireless Solutions Business for \$1.4B
 - ON Semiconductor's acquisition of Sanyo Semiconductor for \$855M
 - Zoran's acquisition of Microtune for \$160M
 - Maxim's acquisition of Phyworks for \$72.5M
 - Atheros' acquisition of Opuban for \$72.2M
 - PLX Technology's acquisition of Teranetics for \$53.6M
- SagePoint expects to see Semiconductor M&A continue at its current pace in Q4 and through 2011 as consolidation continues
 - Pickup in larger communications semiconductors M&A transactions over the past three 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
 - SagePoint expects the exit environment for VC-backed semiconductor vendors who are well below critical mass in revenues to remain challenging

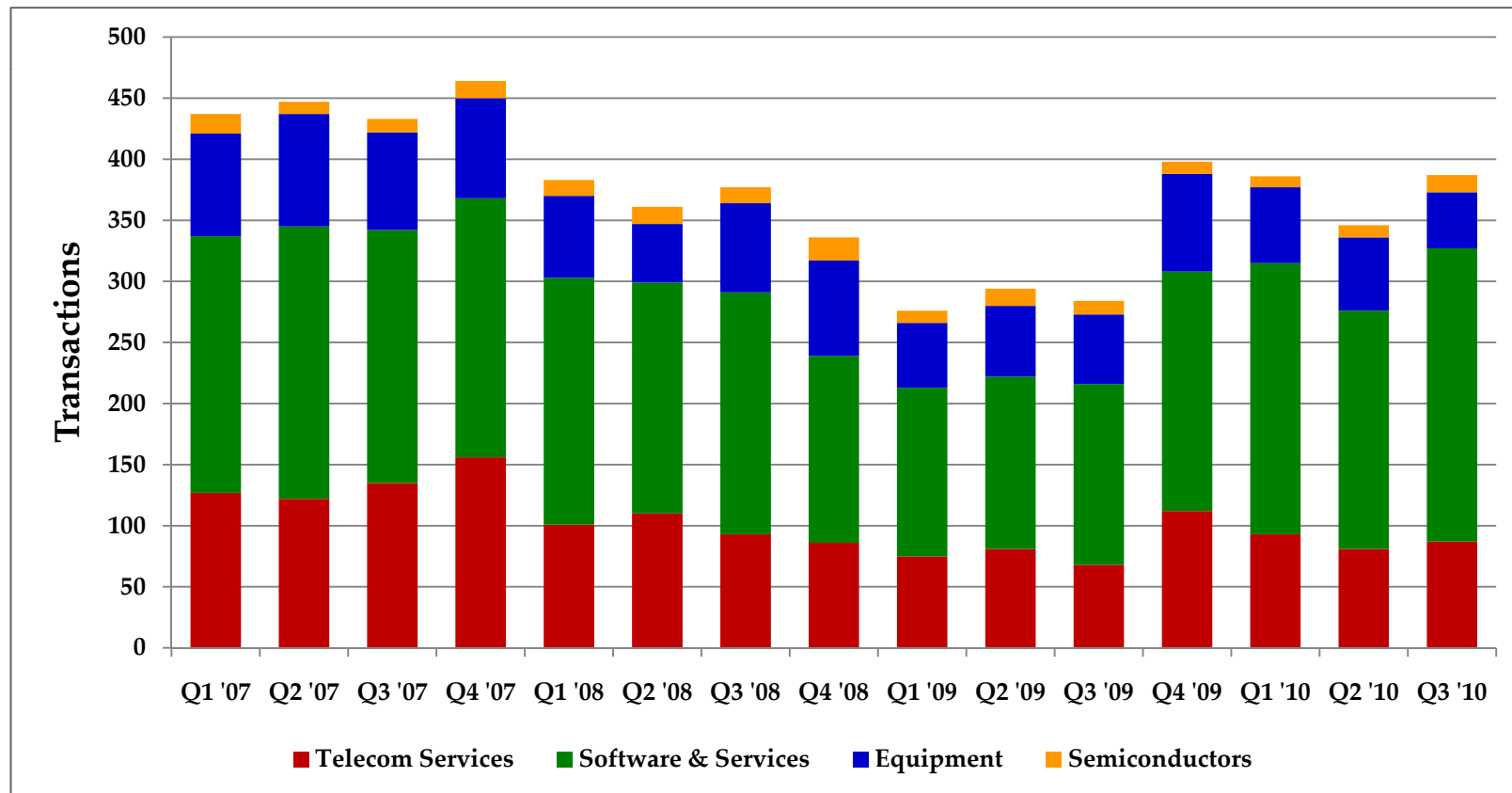
M&A Dollar Volume – SagePoint ICIT Universe

- M&A dollar volume across SagePoint 's entire Internet, Communications & IT Infrastructure (“ICIT”) rose slightly despite the lack of Telco megamergers
 - Semis, Equipment and Software & Services total deal dollars of nearly \$30B represents a major increase compared to \$16.5B in Q2
 - Telefonica’s \$9B bid for the remainder of Brasilcel was the only major Telco deal and Telco dollar volume was down to \$17B in Q3 from \$29B in Q2 and \$52B in Q1



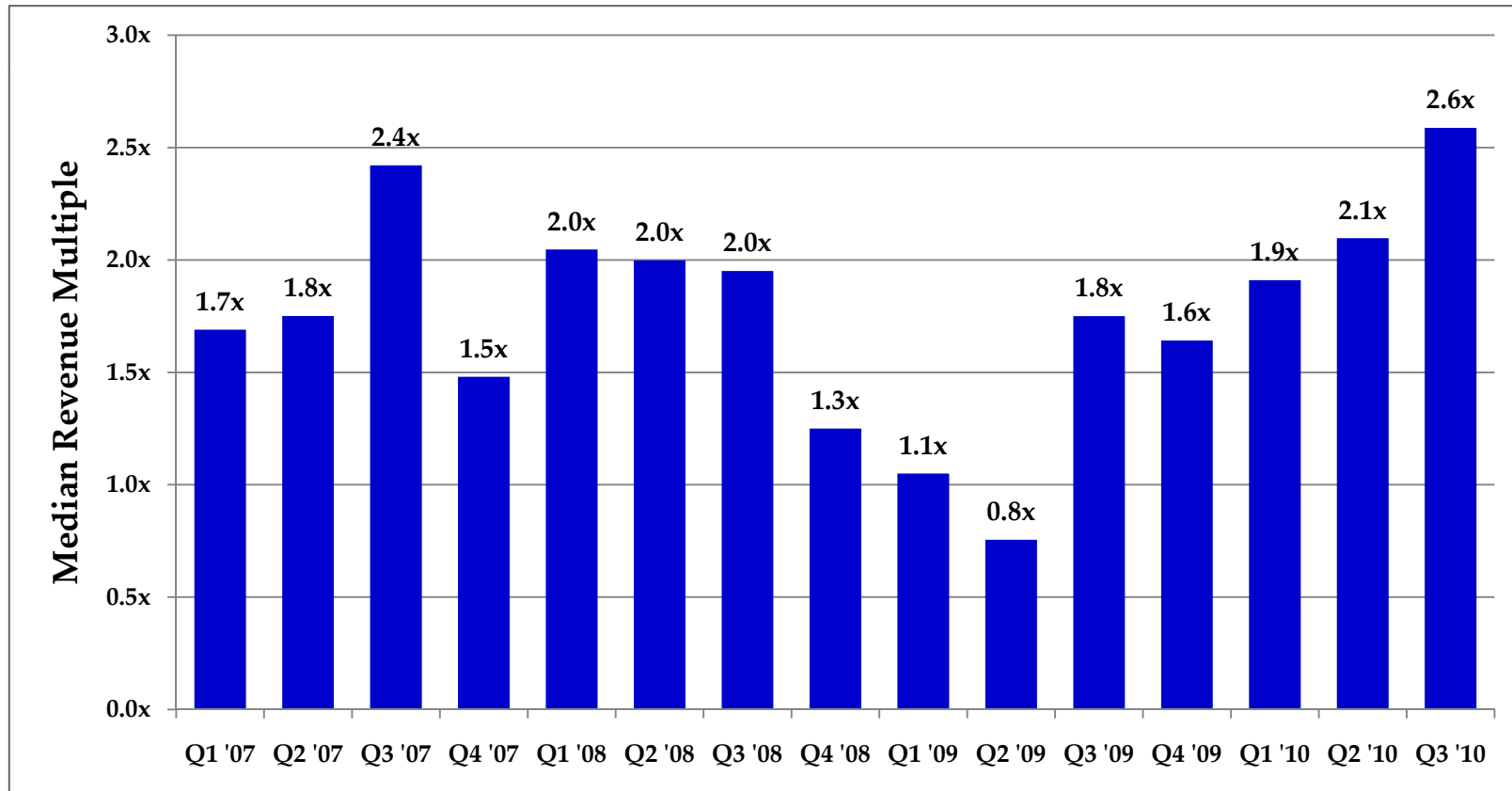
M&A Transaction Volume – SagePoint ICIT Universe

- M&A transaction volume across SagePoint’s ICIT universe was up almost 12% in Q3’10 versus Q2’10 and up 36% over Q3’09
 - Q3 deal volume bounced back in line with Q4’09 and Q1’10 after a slower Q2’10 as M&A activity remains strong
 - Software & Services had the highest growth while Equipment was the only segment with lower volumes
- SagePoint expects M&A transaction volume to remain relatively robust through 2010 and 2011



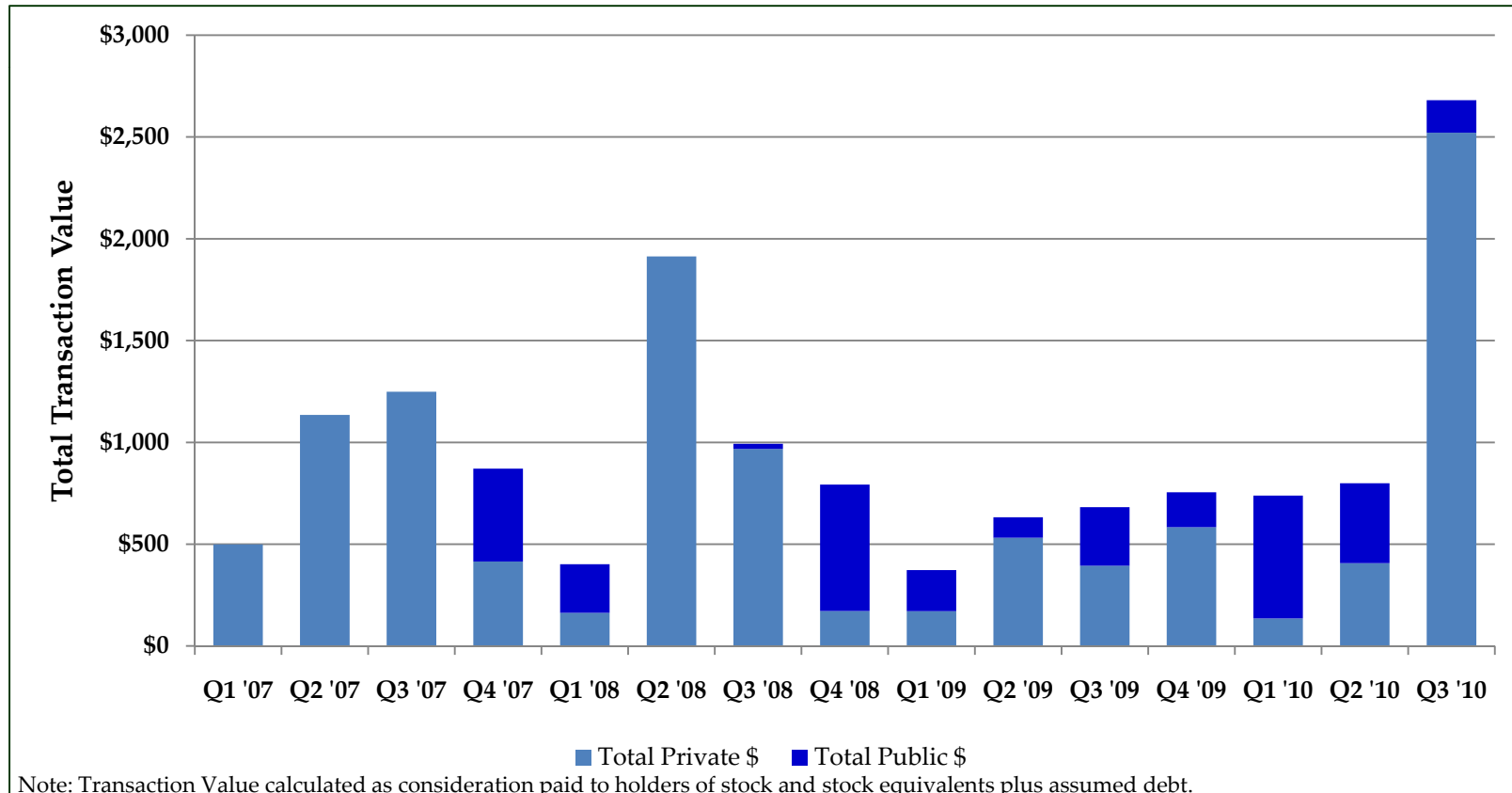
Median M&A Revenue Multiple – SagePoint ICIT Universe

- The Median LTM revenue multiple across all targets in SagePoint’s ICIT Universe increased to 2.6x in Q3, its highest value in four years
 - This increase in revenue multiples caps off a dramatic turnaround from late 2008 and early 2009 as distressed sales become less prevalent and buyers show a willingness to pay a premium for sought after targets
 - It is not yet clear whether the Q3 peak is sustainable or an aberration though it is more likely that revenue multiples will settle closer to their historical levels near 2x in the coming quarters



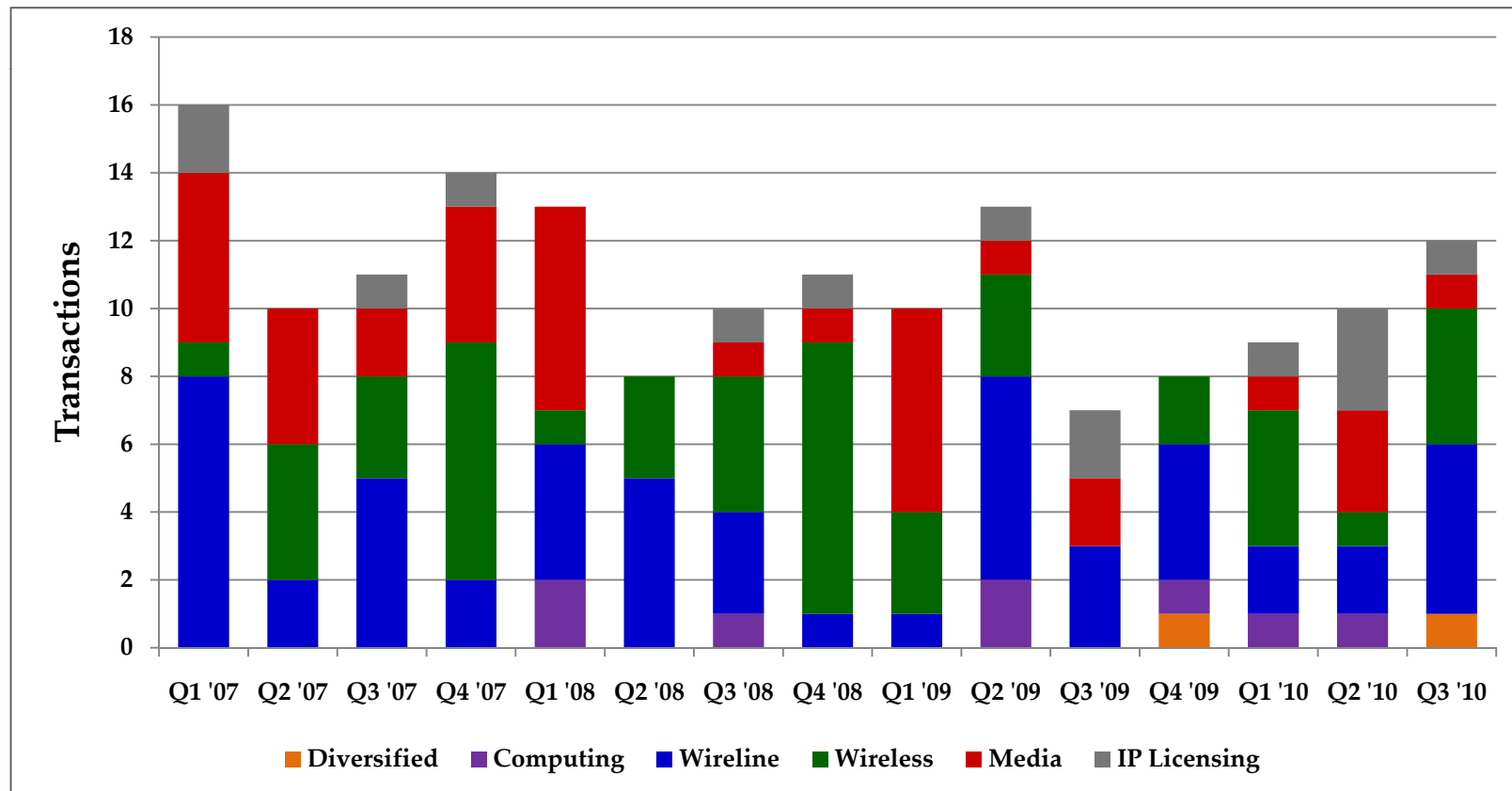
M&A Dollar Volume – SagePoint Semis Universe

- M&A dollar volume across SagePoint’s Semis universe exploded in Q3 to its highest level in four years, more than tripling Q2 levels
 - M&A dollar volume driven by Intel’s acquisition of Infineon’s Wireless Business for \$1.4B and ON Semiconductor’s acquisition of Sanyo Semiconductor for \$855M
 - Zoran’s acquisition of Microtune for \$160M was the only public deal
 - All of the remaining deals were below \$100M in size



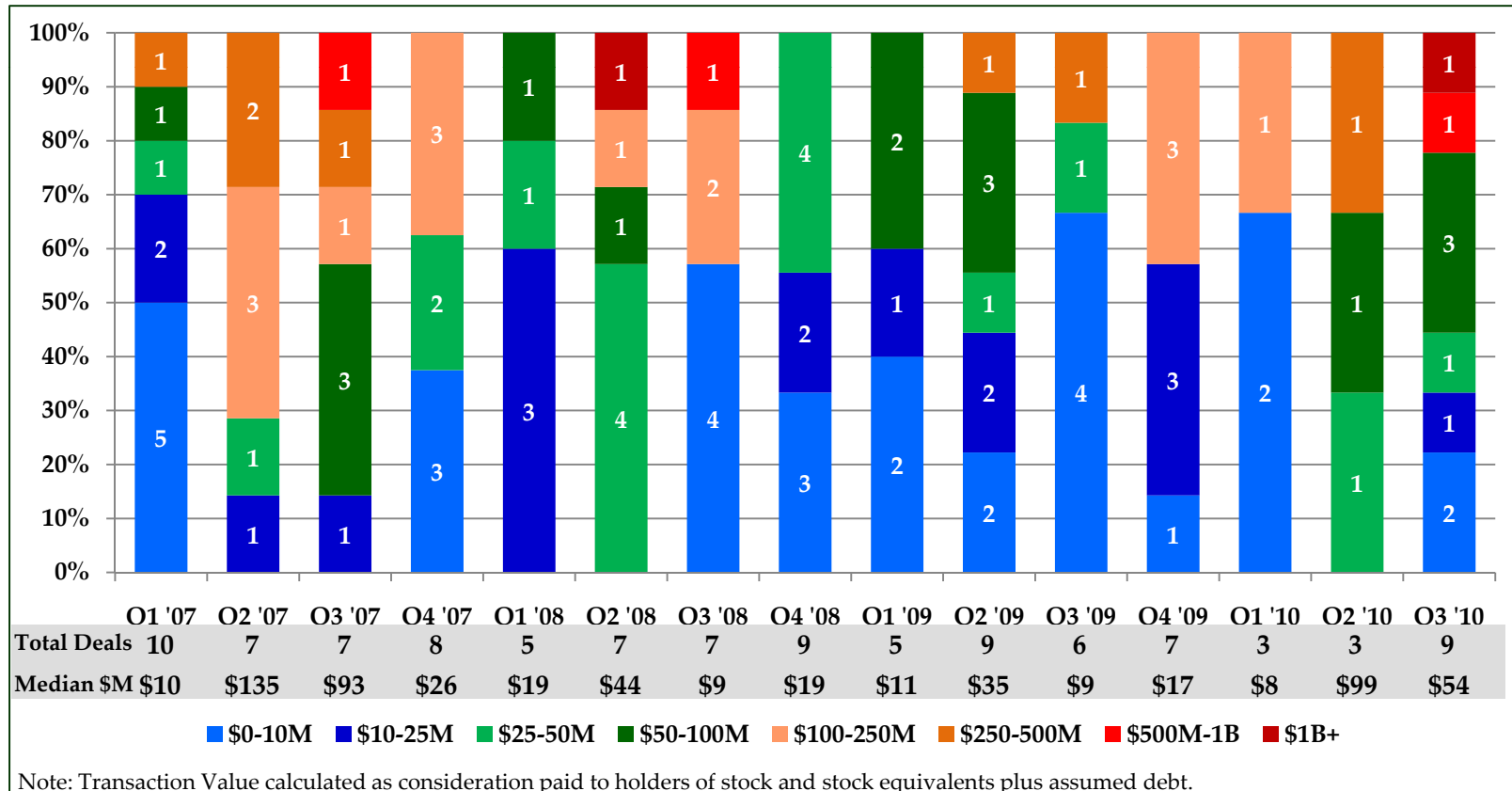
M&A Transaction Volume – SagePoint Semis Universe by Sector

- Semiconductor M&A transaction volume rose for the fourth straight quarter, reaching its second highest level in two and a half years
 - Total deal volume remains relatively low for the semis segment as a whole compared to other segments of the ICIT value chain
- Wireless and Wireline represented most of the deal activity with 4 and 5 deals, respectively, with Diversified, Media and IP Licensing adding one deal each



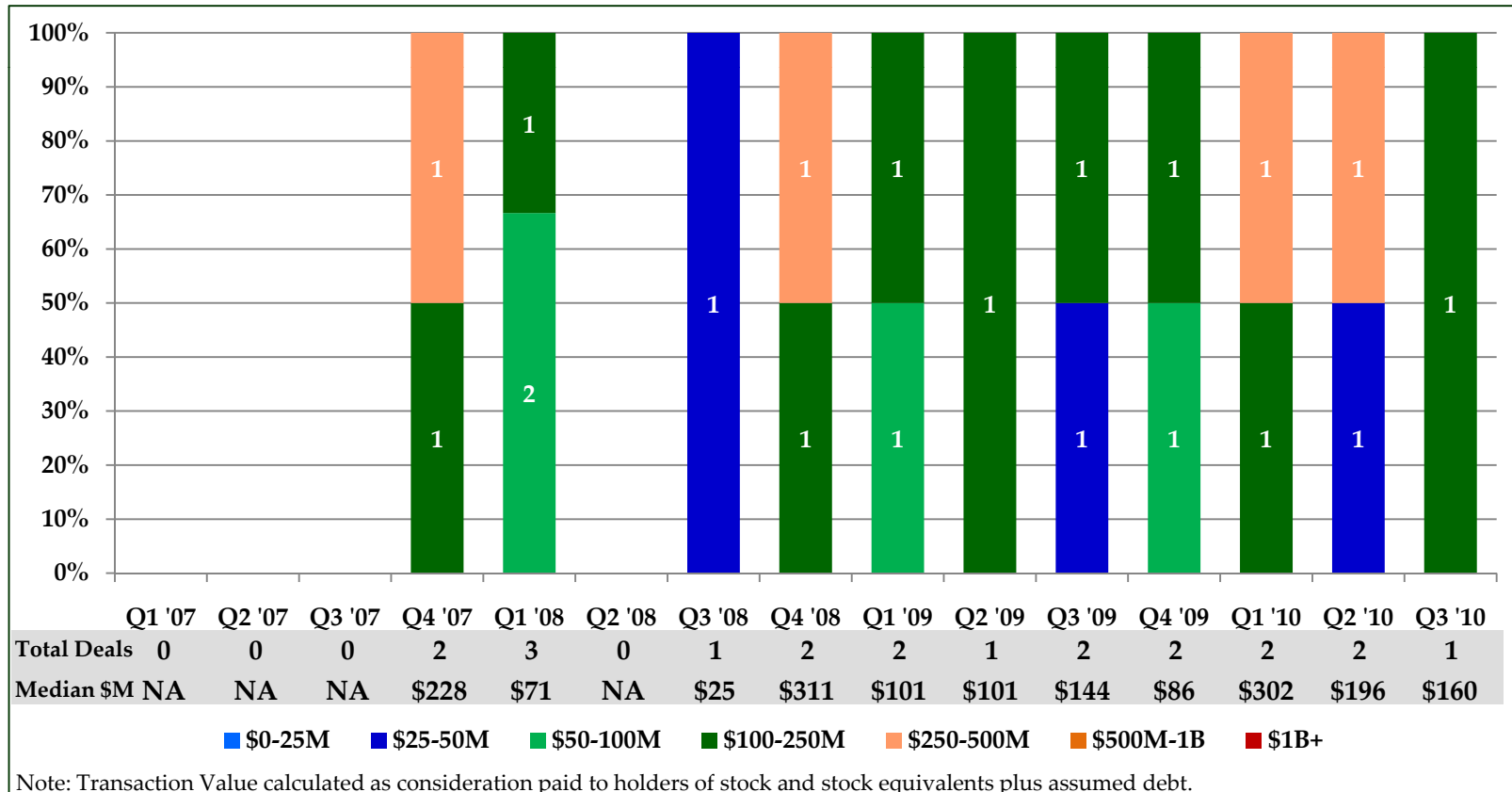
M&A Transaction Volume by Deal Size – Private Semis Targets

- For the first time in the past four years, there were two \$500M+ private deals announced, including just the second \$1B+ deal
 - Intel acquired Infineon’s Wireless Solutions Business for \$1.4B
 - ON Semi acquired Sanyo Semiconductor for \$855M
 - Median deal size fell but remains higher than 2008 and 2009 levels



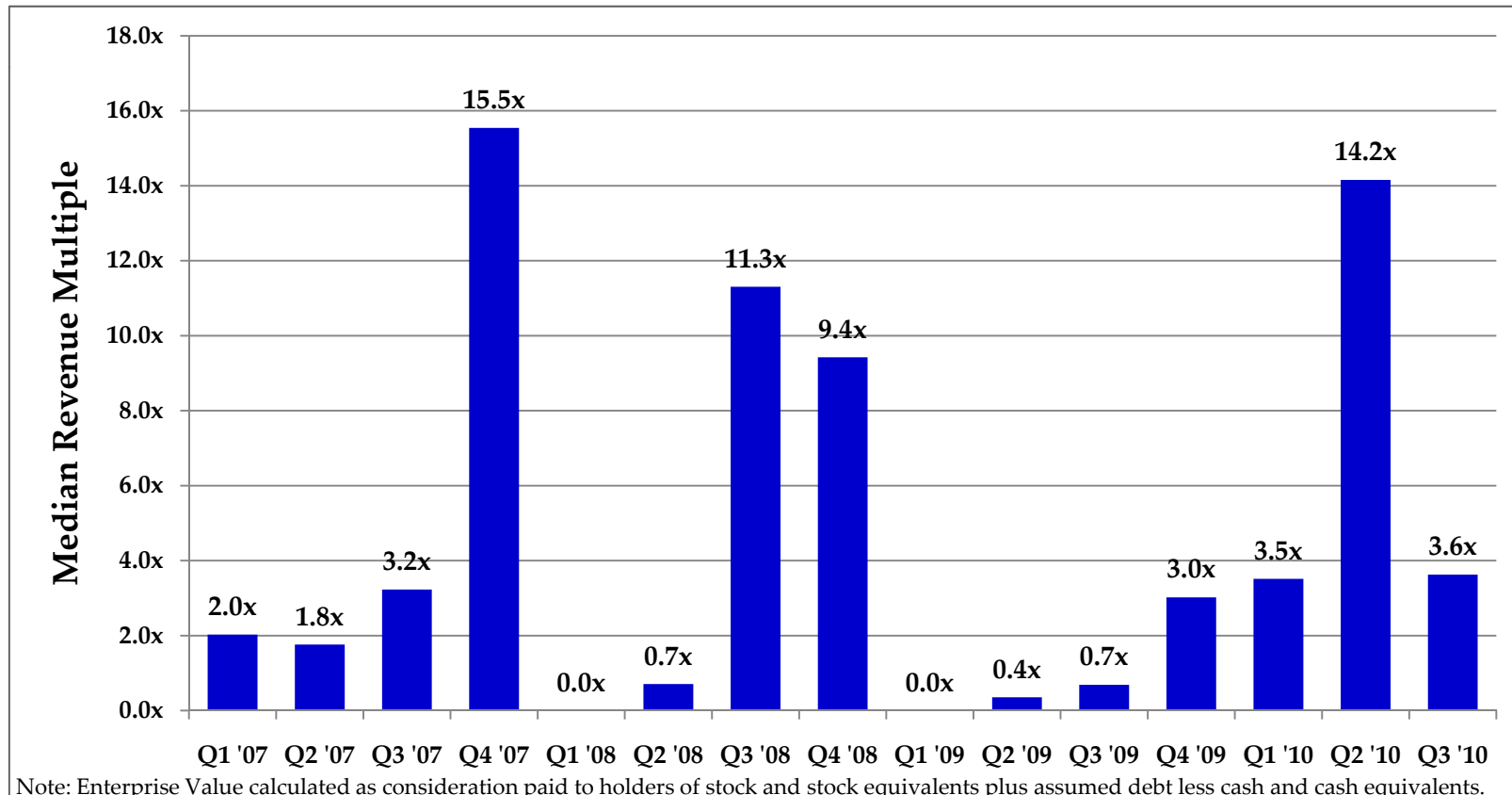
M&A Transaction Volume by Deal Size – Public Semis Targets

- Public M&A activity remains thin with just one deal in Q3
 - Zoran acquired Microtune for \$160M at a multiple of just 0.9x LTM revenue
- SagePoint expects to see industry consolidation to continue with public targets, albeit at a fairly slow pace



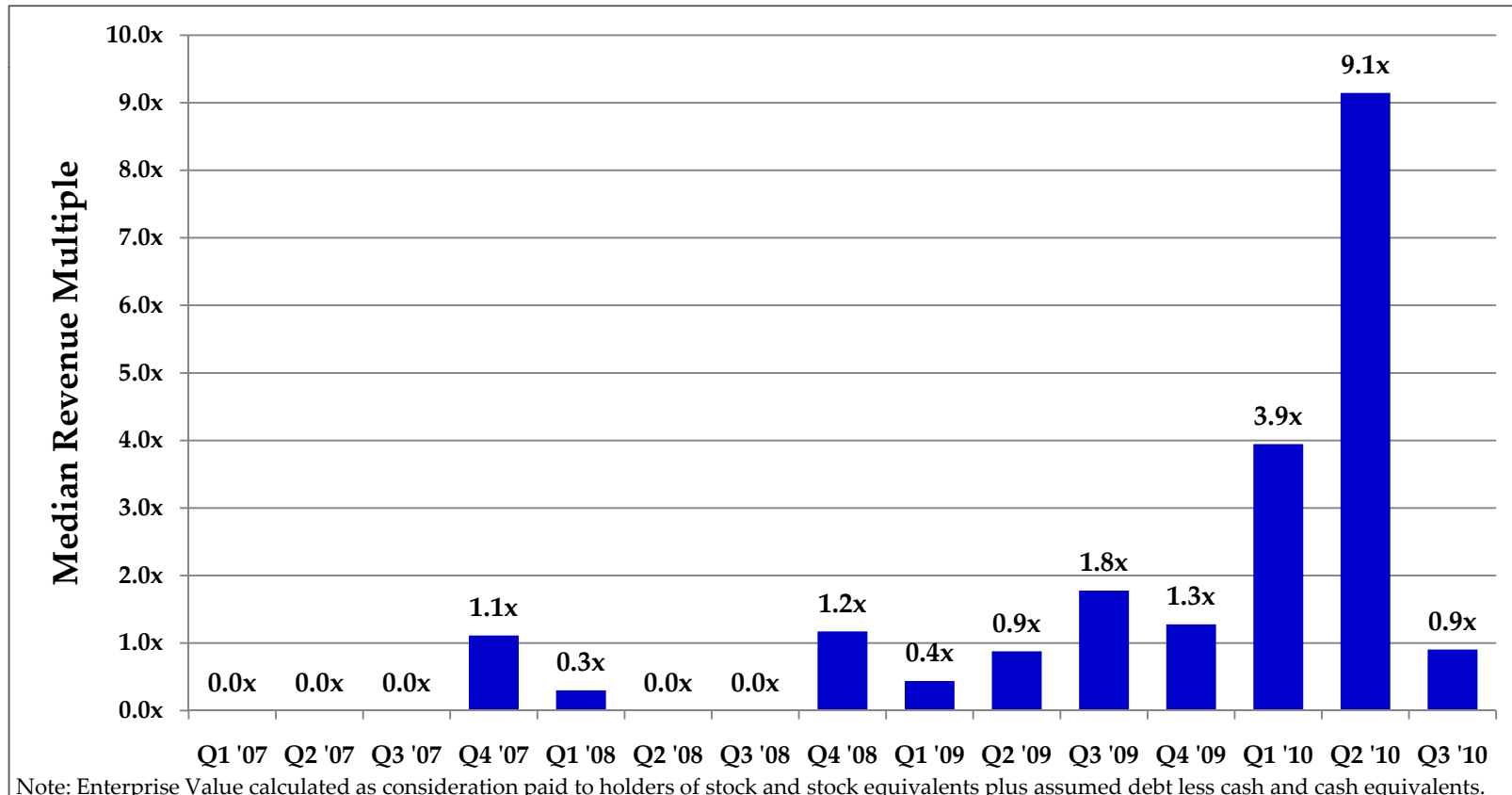
Median M&A Revenue Multiples – Private Semis Targets

- Median revenue multiple fell to 3.6x, back in line with Q1 levels for private targets
 - Premium multiple deals for Q3 were: Atheros/Opulan (7.2x), PLX/Teranetics (6.0x) and Maxim/Phyworks (3.6x)
 - Q2'10 spike due to just one deal with revenue multiple, Emulex/ServerEngines (14.2x)
 - Q1'10 deals done at solid multiples include Intersil/Techwell (5.9x) and Broadcom/Teknovus (3.5x)
 - Q4'09 deals done at solid multiples include Broadcom/Dune (5.1x) and Semtech/Sierra (3.6x)















Median M&A Revenue Multiples – Public Semis Targets

- Median revenue multiples for public targets also crashed, down to 0.9x, though with just a single data point it is difficult to draw reliable conclusions
 - Last quarter’s 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



Most Active Semis Buyers – Last 2 Yrs

Company	# of Deals		Communications Semiconductor Transactions	
	Semis	Comm		
	3	5	8/29/10 - Infineon (Wireless Business) - \$1,400M 8/16/10 - Texas Instruments (Cable Modem) - NA	3/31/09 - Swiftfoot Graphics - NA
	3	3	6/17/10 - Innovision (AIM:INN) - \$47.4M 2/2/10 - Teknovus, Inc. - \$123M	11/30/09 - Dune Networks, Inc. - \$178M
	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
	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 - Oplun 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	4/25/09 - Tundra Semiconductor Corp. - \$101M	10/20/08 - Silicon Optix, Inc. - \$19.4M
	2	2	9/8/10 - Phyworks Ltd. - \$72.5M	10/14/08 - Mobilygen Corporation - \$38.3M
	2	2	7/14/10 - Sanyo Semiconductor Co., Ltd. - \$855M	12/14/09 - California Micro (Nasdaq:CAMD) - \$112M
	2	2	9/23/10 - Teranetics, Inc. - \$53.6M	12/15/08 - Oxford Semiconductor, Inc. - \$26.5M
	2	2	11/11/08 - Foveon, Inc. - NA	10/12/09 - CopperGate Communications - \$173M

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

Acquiror



Target



Wireless Solutions Bus.

Deal Summary

Date: 8/29/10

Transaction Value: \$1,400M

% 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: 1.1x

LTM EBIT Multiple: 20x

Multiple on \$ Invested: NA

Investors

Infineon

Deal Rationale/Commentary

After years of struggling to meaningfully penetrate the cellular space Intel has finally decided to buy a major player to gain footing. Infineon's WLS business is the #3 wireless modem vendor and brings baseband processors, transceivers and power mgt ICs with key customers including Apple, Huawei, LG, Nokia, RIMM, Samsung and ZTE and seems the final puzzle piece in Intel's arsenal.

The deal also brings clarity to its earlier purchase of McAfee as mobile phone security is increasingly becoming a major problem. If Intel can implement a hardware based solution to secure data transmission between servers, PCs, STBs and mobile devices it could be a major differentiator that further secures its position in core markets while helping to grow WLS' presence in mobile devices.

WLS is expecting solid growth but should be slightly dilutive to CY'11 but nicely accretive going forward. The pairing of WLS' leading cellular technology with Intel's application processors and strength in Wi-Fi and WiMAX creates a formidable powerhouse for internet connectivity.

Acquiror



Target



Deal Summary

Date: 7/14/10

Transaction Value: \$855M

% Sought: 100%

Consideration: Stock/Cash

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

Valuation Metrics

LTM Revenue Multiple: 0.6x

LTM P/E Multiple: NA

Multiple on \$ Invested: NA

Investors

Sanyo

Deal Rationale/Commentary

ON Semi acquired Sanyo's Semiconductor business for \$366M in cash and stock plus the assumption of debt.

Sanyo Semi provides custom chip design to a variety of primarily consumer-centric markets. The deal expands geographic exposure to Japan, Korea and China and customers such as Apple, Canon, Lenovo, JVC, Panasonic, Pioneer, Nikon, Samsung and Sony.

Sanyo's \$1.2B semi business has been flat to down over the past couple years and grows ON's revenues ~50%, though dilutes gross and operating margins. ON believes that it can improve margins for the business over time.

Risks seem to parallel ON's '07 acquisition of AMIS which has ultimately been a great success, though this time with an Asian target. AMIS was a smaller deal at \$907M though at a much higher 1.8x LTM revenue. If ON is able to achieve the same success as with AMIS and improve margins while retaining customers the deal could be a big winner for ON.

Acquiror



Target



Deal Summary

Date: 9/7/10

Transaction Value: \$159.7M

% 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: 0.9x

LTM P/E Multiple: NM

Premium to:

1 day prior: 18.2%

1 week prior: 28.1%



1 month prior: 17.7%

Deal Rationale/Commentary

Zoran's acquisition of Microtune's silicon tuner technology is highly complementary to its SOC decoder/demodulator technology and provides leverage into cable markets where Microtune dominates. Zoran will likely integrate Microtune's tuners into its SOC to make offerings more cost competitive against competitors.

The transaction helps build on Zoran's long-term strategy to focus on the connected home entertainment market. The deal also provides a strategic relationship with Intel via its recent acquisition of TI's cable modem group whose chip is usually alongside a Microtune tuner. Key Microtune customers include Cisco, Hitron, Panasonic, Samsung and Unihan.

At just 0.9x LTM revenue the multiple is attractive, though appropriate given Microtune's maturing cable markets and difficulty penetrating new markets such as FPTV. The acquisition is expected to be accretive and Zoran will benefit from \$182M in NOLs.

Acquiror	Target	Deal Rationale/Commentary
		
<h3>Deal Summary</h3>		
<p>Date: 9/8/10 Transaction Value: \$72.5M % Sought: 100% Consideration: Cash <small>Note: Transaction Value calculated as consideration paid to holders of stock and stock equivalents plus assumed debt.</small></p>		<p>Phyworks is a leading provider of optical transceiver chips for FTTH. Its products span the entire spectrum of data rates from 1-10Gbps.</p>
<h3>Valuation Metrics</h3>		<p>The \$72.5M acquisition complements Maxim’s optical module business and strengthens the company’s optical position as the company will now have the dominant market share in optical transceiver chips.</p>
<p>LTM Revenue Multiple: 3.6x LTM P/E Multiple: NA Multiple on \$ Invested: 3.1x</p>		<p>Maxim’s communication end market has been a relative slow grower compared to consumer and industrial. Phyworks brings exposure to the faster growth PON/FTTH market.</p>
<h3>Investors</h3>		<p>The deal seems a good one for Maxim as the tuck in acquisition provides little risk, brings a growth driver, provides margins in line with current and is immediately accretive to EPS.</p>
<p>ADD Partners; Advent Venture Partners; Atlas Venture LLP; DFJ Esprit; ETV Capital; Prelude Trust plc</p>		<p>At a valuation of just over 3x total invested capital, the transaction appears to be a moderately positive outcome for investors.</p>

Acquiror



Target



Deal Rationale/Commentary

Deal Summary

Date: 7/19/10

Transaction Value: \$72.2M

% 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: 7.2x

LTM P/E Multiple: NA

Multiple on \$ Invested: NA

Investors

Acorn Campus Ventures; AsiaVest Partners, TCW/YFY Ltd.;
 Enspire Capital Pte Ltd; KLM Capital Group

Opulan is a Chinese fabless semi provider for PON and broadband access aggregation. The acquisition also enhances Atheros' R&D capabilities and brings valuable customer relationships in Asia.

Opulan provides exposure to the growing FTTH market where PON is expected to show strong growth over the next five years, driven by the increased bandwidth needs for video delivery and cloud-based content sharing.

Combining Atheros' hybrid connectivity solutions (Ethernet, Wi-Fi and powerline) with Opulan's cutting edge access technologies will provide Atheros with a unique architecture covering the WAN to the LAN and delivering gigabit speed next-gen optical access to the home.

Acquiror



Target



Deal Summary

Date: 9/23/10

Transaction Value: \$53.6M

% Sought: 100%

Consideration: Stock/Cash

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

Valuation Metrics

LTM Revenue Multiple: 6.0x

LTM P/E Multiple: NA

Multiple on \$ Invested: 0.8x

Investors

Columbia Capital LLC; GGV Capital; Global Catalyst Partners; Gold Hill Capital Management, LLC; LSI Corporation; Portview Communications Partners LP; U.S. Venture Partners; Venrock

Deal Rationale/Commentary

Teranetics is a provider of high performance mixed-signal semis for 10GbE over copper, having delivered the first fully integrated single-chip implementation of single-port and dual-port 10GBase-T PHY silicon. The Company's solution delivers 10Gb rates over widely installed CAT6 cabling to allow data centers and enterprise networks to increase scalability and improve throughput while dramatically lowering the total cost of ownership for 10Gb links.

PLX views the acquisition as a strong future growth prospect as existing 1Gb Ethernet networks are upgraded to 10Gb. PLX also gets access to leading edge serdes technology which it could leverage to a range of interconnect markets such as Fibre Channel and backplanes.

The disappointing outcome for investors resulted from Teranetics' need for additional funding to reach profitability as the 10Gb Ethernet over copper market has been slow to ramp with significant volumes not expected until H2'12.

Appendix – Q3 Semis M&A Transactions

Ann Date	Acquiror	Target	Transaction Value	Value / Revenue
Diversified				
7/14/10	ON Semiconductor Corp. (NasdaqGS:ONNN)	Sanyo Semiconductor Co., Ltd.	855.0	0.6x
Wireline				
8/17/10	Applied Micro Circuits Corp. (NasdaqGS:AMCC)	TPACK A/S	37.0	NA
9/23/10	PLX Technology Inc. (NasdaqGM:PLXT)	Teranetics, Inc.	53.6	6.0x
7/19/10	Atheros Communications Inc. (NasdaqGS:ATHR)	Opulan Technologies Corp.	72.2	7.2x
9/8/10	Maxim Integrated Products Inc. (NasdaqGS:MXIM)	Phyw orks Ltd.	72.5	3.6x
7/30/10	Marvell Technology Group Ltd. (NasdaqGS:MRVL)	Design of Systems on Silicon S.A.	NA	NA
Wireless				
9/20/10	Ceragon Netw orks Ltd. (NasdaqGM:CRNT)	ELXYS Innovations S.A.	3.5	NA
7/26/10	NXP B.V.	Jennic Limited	20.0	NA
8/29/10	Intel Corporation (NasdaqGS:INTC)	Infineon Technologies AG, Wireless Solutions Business	1,400.0	1.1x
9/14/10	Microsemi Corp. (NasdaqGS:MSSC)	VT Silicon, Inc.	NA	NA
Media				
9/7/10	Zoran Corporation (NasdaqGS:ZRAN)	Microtune Inc. (NasdaqGM:TUNE)	159.7	0.9x
7/13/10	Vitec Multimedia	Focus Enhancements, Inc.	NA	NA
8/16/10	Intel Corporation (NasdaqGS:INTC)	Texas Instruments Inc., Cable Modem Product Line	NA	NA
IP Licensing				
7/20/10	CSR plc (LSE:CSR)	APT Licensing Ltd.	7.3	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 – Q3 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
Total	Semiconductors	188	122	65%	\$14,515	\$40	1.9x	48	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
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 – Q3 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
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
Total	Wireline	53	40	75%	\$3,489	\$57	2.6x	22	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 – Q3 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	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
Total	Wireless	48	28	58%	\$6,710	\$96	1.5x	9	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
Total	Media	37	36	97%	\$2,198	\$29	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 – Q3 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	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
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