

CONEXANT SYSTEMS INC
Form 425
January 10, 2011

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SMSC Overview

January 2011

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Filing Person: Standard Microsystems Corporation

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Subject Company: Conexant Systems, Inc.

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PC Ecosystem

Consumer Connectivity

Automotive Networking

Smart Mixed-Signal Connectivity™

SMISC Facts:

Deliver Market-Differentiating Connectivity Mixed-Signal Solutions

Enable our Customers' Success

Generate Attractive Returns

Our Mission

\$308M Fiscal 2010 Revenue

- \$107M in Q3FY11

Expect revenue to be greater than

\$400M in FY11

SMISC: Building a Connectivity Ecosystem

\$189M in Cash and Investments

95% Revenue Single Sourced

SMSC At A Glance
~85% of Revenue Related to Connectivity
All Data is Unaudited

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Unaudited Data

Q3FY11

Q2FY11

Attractive Level of Diversity in End Markets

Product Growth Drivers
Computing & Connectivity
USB application expansion
USB 3.0
Continued enterprise PC sales recovery
Market share gains in Japan and Korea
Security and storage
Automotive
Luxury demand recovery
Initial USB, Ethernet and Companion product ramps
New OEM MOST® ramps
Analog Products
Ramp of RightTouch™ capacitive sensing products
Low-end PC demand, particularly in Asia
Market share gains in thermal management
Battery charging
Consumer Electronics Solutions
New product ramps in:
Portable hubs
Tablet connectivity
Portable power
Home theater
Headphones
Q3FY11 Performance
Computing & Connectivity
64% or \$69.2M
Automotive
18% or \$18.7M
Consumer Electronics Solutions
8% or \$8.7M
Includes newly acquired
Storage Products
Includes Portable &
Wireless Audio Products
Analog Products
10% or \$10.4M

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Solid Geographic Diversity

Design Win Location;

Unaudited Data

Q3FY11

Q2FY11

\$104.1M

\$107.0M

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Rationale

Business Model

Investment

First SMISC design facility

in low-cost geography

Broad technical capabilities

Drives 2-3X product productivity

\$3.4M

Sept 8, 2009

~50 resources

Extends SMISC design

capabilities in low-cost

geographies

World-class analog / mixed-signal

expertise

Drives 2-3X product productivity

\$0

April 1, 2010

~20 resources

Middleware and

framework for MOST®

enabled technologies

>60% GM

\$8.9M

Nov 5, 2009

~30 resources

Entrée into wireless audio

market with strong IP

portfolio

38% ~50% GM

\$5.5M

Feb 16, 2010

~15 resources

Expand consumer

presence and solidify

position in wireless audio

market

35% ~50% GM

\$22M

June 14, 2010

~40 resources

Investing In Our Future

Sofia Design

Center

Investments exclude potential earnout payments; gross margin goals are non-GAAP

Entrance into the USB 3.0

SuperSpeed market with

storage products in production
Technology expected to be broadly
deployed across SMSC's
connectivity products
\$5.2M - 2009; \$3.1M
bridge financing - 2010
Closed Nov 12, 2010
~90 resources

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Computing & Connectivity Solutions
PC System Management Controller

PC system control

Embedded connectivity

Leading global PC customers

8 bit to 32 bit controllers

USB Connectivity

Continued robust USB 2.0 growth

Expanding use cases for USB 2.0

Transition to USB 3.0 for high-speed applications

Low power portable solutions

Embedded Connectivity

Mission critical applications

Industrial control

Consumer interfaces

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Automotive Information Systems

Ethernet is the mandated
standard diagnostic interface

by automotive industry
regulation (ISO/SAE)

USB is rapidly becoming
the consumer interface of
choice for mobile device
connection

MOST is the de-facto industry
standard for high bandwidth
infotainment networking

Kleer provides unique
combination of low power
and high quality wireless
audio and control

SMVC is uniquely positioned to offer all four technologies

Diagnostics & Software

Download

The Infotainment Backbone

Wireless Audio

The Consumer Port

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Analog Products

SMSC Portable Products
in Our Business Model
Capitalize on SMSC's Connectivity
Investments
Optimize for lowest power & smallest footprint
Flexible & nimble to respond to market
& customer changes
High value & profitability
in Our Customers
Smartphone + Portable Consumer Electronics
in Our Products
Feature rich connectivity solutions
Highly differentiated mixed-signal
portable solutions
Centered around USB and its low
power derivatives

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Wireless Audio Systems

Our Business Model

The established leader for Wireless Audio

Proven, unique proprietary technology

Leadership through complete coverage of all
volume audio applications

Intimacy with major global customers

Leading presence in Home and Portable products

Our Products

Full systems & support

Architecture

Hardware

Software

ODM/OEM support

Back - and forward compatible products, spanning multiple product life cycles

Our Customers

Major global brands

Major OEMs worldwide

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Our Growing Worldwide R&D Presence

A Successful Design Model

Product Line Engineering

Architecture

High Level Design

Design Solutions Execution

>500 Engineers Worldwide

Validation & Verification

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World Class Customers and Partners

PC

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Additional Information

n Additional Information About This Transaction

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

n Participants in This Transaction

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

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n Forward Looking Statements

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

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

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