

**IN THE COURT OF CHANCERY FOR THE STATE OF DELAWARE**

IN RE MINDSPEED TECHNOLOGIES, INC. ) CONSOLIDATED  
STOCKHOLDERS LITIGATION ) Civil Action No. 9076-VCN

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED  
SETTLEMENT OF CLASS ACTION AND SETTLEMENT HEARING**

**If You Were a Mindspeed Technologies, Inc. Stockholder Between November 5, 2013 and December 18, 2013  
A Class Action Settlement May Affect Your Rights**

Please read this notice carefully. This notice is about a proposed settlement of a lawsuit and contains important information. Your rights will be affected by this proposed settlement.

**What is the purpose of this Notice?**

The purpose of this Notice is to inform you of a proposed settlement (the "Settlement") of a class action lawsuit in the Court of Chancery for the State of Delaware (the "Court") and of a hearing to be held before the Court on September 23, 2014 to determine, among other matters, whether the Settlement should be approved (the "Settlement Hearing"). The class action lawsuit is about the merger between Mindspeed Technologies, Inc. ("Mindspeed" or the "Company") and M/A-COM Technology Solutions Holdings, Inc., ("MACOM") for \$5.05 cash per share, that was announced on November 5, 2013 (the "Merger"). The Settlement is on behalf of all people and entities that owned Mindspeed stock from the announcement of the Merger on November 5, 2013 through the consummation of the Merger on December 18, 2013, except for Defendants and their affiliates. These stockholders are called the "Class." If you are a member of the Class, this Notice will inform you of how, if you so choose, you may appear in the lawsuit or object to the Settlement.

*The following recitation does not constitute findings of the Court and should not be understood as an expression of any opinion of the Court as to the merits of any claims or defenses by any of the parties. It is based on statements of the parties and is sent for the sole purpose of informing you of the existence of this action and of a hearing on a proposed settlement so that you may make appropriate decisions as to steps you may, or may not, wish to take in relation to this action.*

**What is the Lawsuit about?**

On November 5, 2013, Mindspeed announced that it had entered into an Agreement and Plan of Merger with MACOM (the "Merger Agreement"), in which MACOM would acquire all of the outstanding shares of Mindspeed common stock at \$5.05 per share in cash for each outstanding share of Mindspeed.

After the Merger was announced, six class actions lawsuits were filed in the Court, claiming that Mindspeed's Board of Directors (Raouf Y. Halim, Dwight W. Decker, Fared Adib, Robert J. Conrad, Michael T. Hayashi, Ming Louie, Thomas A. Madden, and Jerre L. Stead, collectively, the "Individual Defendants") breached their fiduciary duties to stockholders in connection with the Merger and that MACOM aided and abetted this breach. (Mindspeed, the Individual Defendants and MACOM together are called the "Defendants"). These actions were later consolidated into the Action. The stockholders who brought these cases are called the "Plaintiffs."<sup>1</sup>

On November 18, 2013, Plaintiff served a request on Defendants to obtain non-public documents about the Merger.

On November 19, 2013, MACOM filed a Tender Offer Statement on Schedule TO with the United States Securities and Exchange Commission ("SEC") that started the tender offer to purchase the outstanding shares of Mindspeed's common stock pursuant to the Merger. On that same day, Mindspeed filed its Recommendation Statement on Schedule 14D-9 with the SEC ("Recommendation Statement"). The Recommendation Statement provided a background of and information about the Merger, and Mindspeed recommended that stockholders tender their shares.

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<sup>1</sup> Between November 7, 2013 and November 13, 2013, five putative class action complaints also were filed in the Superior Court for the County of Orange on behalf of Mindspeed stockholders against the Defendants, and four of the complaints were consolidated on January 9, 2014 (the "California Action").

On November 22, 2013, Plaintiffs filed a verified amended class action complaint (the "Amended Complaint"). The Amended Complaint asked the Court to, among other things, stop the Merger unless stockholders were provided with all the information they needed to make an informed choice about whether to tender their shares. The Amended Complaint claimed that Mindspeed's primary financial advisor Morgan Stanley & Co. LLC ("Morgan Stanley") suffered from conflicts of interest because a Managing Director on the engagement team, Mark Edelstone, is on MACOM's Board of Directors; that the financial advisor that Mindspeed allegedly hired to address the conflict, Needham & Company ("Needham"), also suffered from a conflict because it had served as a manager for MACOM's IPO in 2012; and that Morgan Stanley allegedly manipulated its valuation analyses to attempt to justify an unfair price that provided a windfall to MACOM based on the concurrent sale of the wireless business to a known buyer, Company C.

On November 25, 2013, Plaintiff filed a motion to get discovery on an expedited basis and to stop the Merger (called a Motion for Preliminary Injunction).

On November 26, 2013, Plaintiffs served subpoenas on Morgan Stanley and Needham, and Barclays Capital, Inc., financial advisor to MACOM.

The Parties then negotiated an agreed-upon schedule for expedited discovery as well as the scope of expedited discovery. The parties also agreed on a schedule to present Plaintiff's motion to preliminarily enjoin the Merger to the Court. On December 4, 2013, the Court entered a Scheduling Order regarding Expedited Proceedings. On the same day, the Parties entered into a Stipulation and Order Governing the Production and Exchange of Confidential and Highly Confidential Information, which agreement was approved by the Court on December 4, 2013.

On December 3, 2013, the Court entered an Order consolidating the six class action cases and appointing the law firms of Gardy & Notis, LLP, and Rigrodsky & Long, P.A. as Plaintiffs' Co-Lead Counsel (referred to herein as "Plaintiffs' Counsel").

Defendants produced and Plaintiffs reviewed thousands of pages of confidential documents, including Board minutes, Board presentations, correspondence, forecasts, projections and e-mail communications. Plaintiffs also took the depositions of Mark Edelstone (Managing Director at Morgan Stanley, Mindspeed's financial advisor in the Merger) and Raouf Halim (Chief Executive Officer of Mindspeed).

Plaintiff's Motion for Preliminary Injunction was scheduled to be heard on December 11, 2013.

On December 6, 2013, Plaintiffs filed their opening brief in support of their Motion for a Preliminary Injunction.

After arm's-length negotiations, counsel to the parties in the Action reached an agreement-in-principle concerning the proposed settlement of the Action. Those extensive negotiations and discussions led to the execution of a memorandum of understanding (the "MOU") on December 9, 2013. The MOU provided for an agreement-in-principle to settle the Action, subject to the approval of the Court and the completion of additional discovery. As part of the Settlement, Defendants agreed to provide additional information to Mindspeed stockholders (the "Supplemental Disclosures") before the close of the tender offer.

On December 10, 2013, Plaintiffs informed the Court that the Parties to the Action had reached a settlement, subject to the Court's approval.

On December 18, 2013, the Merger was completed after approximately 70 percent of Mindspeed's outstanding shares were tendered by Mindspeed stockholders pursuant to the Merger.

In January 2014, the parties conducted additional discovery. Mindspeed and its financial advisors produced tens of thousands of pages of non-public documents including additional e-mail communications and correspondence. Plaintiffs also took the deposition of Chad Keck of Needham (Mindspeed's other financial advisor).

On June 30, 2014, the parties to the Action, by their counsel, executed the Stipulation and Agreement of Compromise, Settlement and Release (the "Stipulation") providing for the Settlement of the Action described in this Notice, and submitted the Stipulation to the Court.

On July 10, 2014, the Court entered a scheduling order providing for, among other things, the scheduling of the Settlement Hearing; the preliminary certification, for settlement purposes only of the Class; a stay of the Action pending a

hearing on the proposed Settlement; and an injunction against the commencement or prosecution of any action by any member of the Class asserting any of the claims subject to the Settlement of the Action (excluding the California Action, which Defendants anticipate moving to dismiss and/or stay, and which claims will be barred, in any event, following the entry of the Order and Final Judgment described below).

### **Why did the Parties agree to settle the lawsuit?**

Plaintiffs decided to agree to the Settlement because after they reviewed the non-public documents, deposed the witnesses and met with their experts, they determined that Mark Edelstone did not influence the sale of the Company to MACOM. Plaintiffs also learned that no other potential buyers wanted to purchase Mindspeed for more money. Because there were no other higher bidders for Mindspeed, Plaintiffs believed that it was not likely that the Court would stop the Merger. Plaintiffs also believed that proving damages after the Merger would be difficult because of the terms of the Company's charter and the advice that Plaintiffs received from their experts. Plaintiffs believed it was more likely that the Court would leave the decision of whether to tender their shares to the Company's stockholders. After consideration of the strengths and weaknesses of their claims, Co-Lead Counsel decided that the Settlement providing stockholders with additional information would be fair, reasonable, adequate, and in the best interests of the Plaintiffs and the Class because it empowered the Mindspeed stockholders to make a fully informed decision on whether or not to tender their shares.

Defendants deny and continue to deny that they have committed or aided or abetted in the commission of any unlawful or wrongful act alleged in the Action and maintain that they complied with their fiduciary duties, and Defendants are entering into this Settlement solely because the proposed settlement will eliminate the burden, expense and risk of litigation.

### **What are the terms of the Settlement?**

The Settlement requires Mindspeed to provide more information to stockholders about the Merger. Specifically, the Defendants agreed to provide, and did provide, additional information to stockholders in an amendment to the 14D-9, which was filed with the SEC on December 10, 2013, and is available at: <http://www.sec.gov/Archives/edgar/data/1224370/000119312513467499/d640940dsc14d9a.htm>

The additional information included the following:

#### ***Additional Information Regarding the Price Negotiations with MACOM*** (new/changed text underlined):

Following further negotiations and exchanges of versions of the draft term sheet, on October 2, 2013, Company C and Mindspeed executed a non-binding letter of intent providing for the sale of the wireless business unit to Company C for \$12.0 million (or approximately \$0.22 per Share) in cash, including assumption of liabilities relating to the leases in Bath, England and Beijing, China as well as a portion of a lease in Newport Beach, California.

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Although the proposal improved on the fixed portion of MACOM's prior offer, it resulted in an incremental payment to stockholders of less than what could potentially be realized if Mindspeed proved successful in (a) obtaining MACOM's agreement to distribute the net proceeds from the wireless divestiture to Mindspeed stockholders, (b) maintaining the proposed gross purchase price of \$12.0 million (or approximately \$0.22 per Share) in its negotiations with Company C (and/or minimizing in its negotiations with MACOM the deductions from the gross purchase price that would impact the calculation of the net proceeds from the wireless divestiture, such that on a pro rata basis net proceeds would exceed \$0.05 per Share), (c) executing the definitive agreements regarding a wireless divestiture, and (d) closing the wireless divestiture.

**Additional Information about Morgan Stanley's Public Trading Comparables Analysis** (new/changed text underlined, omitted text struck):

The following table presents the results of this analysis:

	<u>Aggregate Value/CY2014 Revenue</u>	<u>Price/Earnings Per Share</u>
<u>Low</u>	<u>0.5x</u>	<u>9.5x</u>
<u>Median</u>	<u>1.8x</u>	<u>19.1x</u>
<u>Mean</u>	<u>1.6x</u>	<u>20.4x</u>
<u>High</u>	<u>2.9x</u>	<u>47.4x</u>

For purposes of this analysis and other analyses described below, Morgan Stanley utilized the Wireless Wind Down scenario estimates prepared by the Company's management, which we refer to as the management case, which is more fully described in "Item 4. The Solicitation or Recommendation— Projected Financial Information," and assumed a tax rate of 35%. Given that no definitive agreement to sell the Wireless segment had been reached at the time the merger agreement was entered into, Morgan Stanley believed it was appropriate to use the Wireless Wind Down scenario as opposed to the Wireless Divestiture scenario.

Morgan Stanley calculated the estimated implied value per Share as of November 4, 2013 as follows:

	<u>Mindspeed Statistic</u>	<u>Selected Representative Multiple Range</u>	<u>Implied Present Value Per Share</u>
<b>Fiscal Year 2014 Revenue</b>			
Aggregate Value to Annualized Estimated Q1 2014 Revenue	<u>\$116 million</u>	1.0x – 2.0x	\$1.92 – \$4.34
Aggregate Value to Estimated 2014 Revenue	<u>\$130 million</u>	1.0x – 2.0x	\$2.23 – \$4.86
<b>Fiscal Year 2014 Net Income</b>			
Equity Value to Estimated 2014 Net Income	<u>\$12 million</u>	10.0x – 15.0x	\$2.68 – \$3.25

**Additional Information about Morgan Stanley's Discounted Equity Value Analysis** (new/changed text underlined, omitted text struck):

*Discounted Equity Value Analysis*

Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into the estimated future value of a company's common equity as a function of the company's estimated future net income and a potential range of earnings multiples. The resulting value is subsequently discounted to arrive at a present value for such company's stock price. In connection with this analysis, Morgan Stanley calculated a range of present equity values per share of the Common Stock on a standalone basis. To calculate the discounted equity value, Morgan Stanley used fiscal year 2015 and fiscal year 2016 net income estimates based on the management case. Morgan Stanley applied a range of earnings multiples (derived from the public trading comparables analysis above) to these estimates and applied a discount rate of 16.3%, which is the midpoint of the discount rate utilized in the discounted cash flow analysis described below. ~~Morgan Stanley performed this analysis both with and without taking into account the impact of Mindspeed's existing U.S. federal net operating loss carry-forwards, which we refer to as NOLs.~~ In its analysis, Morgan Stanley treated the Company's 2017 convertible notes as debt.

Morgan Stanley performed this analysis both with and without taking into account the impact of Mindspeed's existing U.S. federal net operating loss carry-forwards, which we refer to as NOLs. Morgan Stanley calculated the net present value, as of November 4, 2013, of Mindspeed's NOL usage for the years 2014 through 2033 to be \$0.74 per Share. Morgan Stanley utilized a discount rate of 16.3%, which is the midpoint of the discount rate utilized in the discounted cash flow analysis described below. Mindspeed's NOL usage utilized by Morgan Stanley for purposes of its analysis was as follows:

	FY 2014E	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E	FY 2020E	FY 2021E	FY 2022E	FY 2023E- 2033E
	\$ in millions									
<u>NOLs Used</u>	<u>(12)</u>	<u>(13)</u>	<u>(12)</u>	<u>(14)</u>	<u>(12)</u>	<u>(13)</u>	<u>(14)</u>	<u>(15)</u>	<u>(17)</u>	<u>(21)</u>
<u>Cash Tax Benefit</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>7</u>

**Additional Information about Morgan Stanley's Discounted Cash Flow Analysis** (new/changed text underlined):

For purposes of its discounted cash flow analysis, Morgan Stanley defined (a) Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, stock-based compensation and related payroll costs, restructuring charges, goodwill and other asset impairment charges, acquisition-related costs, profit in acquired inventory, non-recurring legal and settlement costs, strategic alternatives process costs, employee separation costs, and integration costs and (b) unlevered free cash flow as Adjusted EBITDA less (i) after-tax stock based compensation expense (taking into account the headcount reductions contemplated by the Wireless Wind Down scenario), (ii) taxes, (iii) capital expenditures and (iv) change in net working capital. For purposes of its analysis, Morgan Stanley assumed restructuring charges of \$15 million incurred entirely in 2014. Morgan Stanley believed deducting after-tax stock based compensation expense to be an appropriate adjustment given (i) Mindspeed had historically compensated its employees with a material amount of equity awards (e.g., in fiscal year 2012 stock based compensation expense was approximately \$11 million and in fiscal year 2013 stock based compensation expense was approximately \$12 million, (ii) Mindspeed expected to compensate its employees with a material amount of equity awards in the future, (iii) Mindspeed constructed its financial projections on the basis that Mindspeed would compensate, in part, its employees with equity awards, and (iv) Mindspeed's peers within the semiconductor industry regularly use equity awards as a component of compensation. The unlevered free cash flows utilized by Morgan Stanley for purposes of its analysis were as follows:

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These values were discounted to present values as of November 4, 2013 at a discount rate ranging from 15.3% to 17.3% which were based on an estimate of Mindspeed's weighted average cost of capital implied by Mindspeed's cost of equity derived using the capital asset pricing model. Morgan Stanley performed this analysis both with and without taking into account the impact of Mindspeed's existing NOLs (as described in the discounted equity value analysis above).

**Additional Information about Morgan Stanley's Analysis of Precedent Transactions** (new/changed text underlined):

Selected Semiconductor Sector Transactions (Target / Acquiror / Date Announced)

- Actel Corporation / Microsemi Corporation / October 4, 2010
- Advanced Analogic Technologies Incorporated / Skyworks Solutions, Inc. / May 26, 2011\*
- AuthenTec, Inc. / Apple Inc. / July 27, 2012
- BCD Semiconductor Manufacturing Limited / Diodes Incorporated / December 26, 2012
- Beceem Communications Inc. / Broadcom Corporation / October 13, 2010
- Conexant Systems Inc. / Golden Gate Capital / February 23, 2011\*
- Gennum Corporation / Semtech Corporation / January 23, 2012\*
- Link\_A Media Devices Corporation / SK Hynix, Inc. / June 20, 2012
- LTX-Credence Corporation / Verigy, Ltd. / November 18, 2010 (Withdrawn)
- Micronetics, Inc. / Mercury Systems, Inc. / June 11, 2012

- Microtune, Inc. / Zoran Corporation / September 8, 2010
- MOSAID Technologies Inc. / Sterling Partners / October 27, 2011
- PLX Technology, Inc. / Integrated Device Technology, Inc. / April 30, 2012 (Withdrawn)\*
- Provigent Inc. / Broadcom Corporation / March 21, 2011
- Ramtron International Corporation / Cypress Semiconductor Corporation / June 12, 2012
- SandForce, Inc. / LSI Corporation / October 26, 2011
- Silicon Storage Technology, Inc. / Microchip Technology Incorporated / February 3, 2010
- SMART Modular Technologies, Inc. / Silver Lake / April 26, 2011
- Standard Microsystems Corp. / Microchip Technology Incorporated / May 2, 2012\*
- Symmetricom, Inc. / Microsemi Corporation / October 21, 2013
- Techwell, Inc. / Intersil Corporation / March 22, 2010\*
- Telular Corporation / Avista Capital / April 29, 2013
- Toko, Inc. / Murata Manufacturing Co., Ltd. / February 13, 2013
- Trendchip Technologies Corp. / Ralink Technology, Corp. / March 11, 2010
- Virage Logic Corporation / Synopsys, Inc. / June 10, 2010
- Volterra Semiconductor Corporation / Maxim Integrated Products, Inc. / August 15, 2013\*
- White Electronic Designs Corporation / Microsemi Corporation / March 30, 2010
- Wintegra, Inc. / PMC-Sierra, Inc. / October 21, 2010
- Zarlink Semiconductor Inc. / Microsemi Corporation / July 20, 2011\*
- Zoran Corporation / CSR plc / February 21, 2011

For each transaction listed above, Morgan Stanley noted the following financial statistics where available: (1) implied premium to the acquired company's closing share price on the last trading day prior to announcement (or the last trading day prior to the share price being affected by acquisition rumors or similar merger-related news); (2) implied premium to the acquired company's 30 trading day average closing share price prior to announcement (or the last trading day prior to the share price being affected by acquisition rumors or similar merger-related news); and (3) the multiple of aggregate value of the transaction to next twelve months estimated revenue. For purposes of this analysis, Morgan Stanley determined that certain of these transactions (denoted with an “\*”) were more relevant to its analysis, because, among other things, the acquired companies were engaged in the design of high performance analog and mixed-signal semiconductor devices which have similar characteristics, revenue growth rates and profitability as Mindspeed's products. The following table presents the results of this analysis:

	<u>Aggregate Value /</u> <u>NTM Revenue</u>	<u>Premium to 1-Day Prior</u> <u>Closing</u> <u>Share Price</u>	<u>Premium to 30-Day</u> <u>Average Closing Share</u> <u>Price</u>
All Transactions			
Low	0.3x	(20.9%)	(13.7%)
Median	1.7x	43.0%	44.3%
Mean	2.2x	45.6%	48.3%
High	4.9x	120.3%	124.1%
Selected Transactions			
Low	1.6x	11.1%	38.5%
Median	2.3x	51.0%	51.3%
Mean	2.5x	55.1%	61.2%
High	4.1x	120.3%	124.1%

*The preceding chart was added in its entirety. For the chart below, new/changed text underlined.*

	<u>Mindspeed Statistic</u>	<u>Selected Representative Multiple Range</u>	<u>Implied Present Value Per Share</u>
<b>Fiscal Year 2014 Revenue</b>			
Aggregate Value to Annualized Estimated Q1 2014 Revenue	<u>\$116 million</u>	1.5x – 2.5x	\$3.21 – \$5.44
Aggregate Value to Estimated 2014 Revenue	<u>\$130 million</u>	1.5x – 2.5x	\$3.63 – \$6.10
<b>Premia</b>			
Premium to 1-Day Prior Closing Share Price	<u>\$2.29</u>	20.0% – 40.0%	\$2.75 – \$3.21
Premium to 30-Day Average Closing Share Price	<u>\$2.86</u>	30.0% – 50.0%	\$3.71 – \$4.29

**Additional Information about Mark Edelstone’s Potential Conflict** (new/changed text underlined):

Further, Mr. Edelstone was a senior member of a team at another investment bank that worked on Parent’s initial public offering in March 2012 and arranged Parent’s credit facility. Mr. Edelstone was approached to join the board of directors of Parent in January 2013, and was appointed to the board of directors of Parent in March 2013.

**Additional Information about Needham’s Selected Transaction Analysis** (new/changed text underlined):

Needham & Company did not conduct any “benchmarking” analysis of the companies involved in the selected transactions that would compare various financial multiples and ratios of the Company and the companies set forth in the table above because such an analysis is not typically conducted with respect to companies involved in a selected transactions analysis.

**Additional Information about Needham’s Discounted Cash Flow Analysis** (new/changed text underlined):

Needham & Company performed an illustrative discounted cash flow analysis to determine indicators of illustrative implied equity values for the Company and illustrative implied equity values per Share based on the Company’s management’s forecasts. Needham & Company calculated a range of indications of the present value of unlevered free cash flows for the Company for the projected fiscal years 2014 through 2018 using discount rates ranging from 17.0% to 21.0%.

Needham & Company then calculated a range of illustrative terminal enterprise values as of the end of 2018 by applying multiples ranging from 8.0x to 12.0x to the Company’s management’s estimate of its fiscal year 2018 EBITDA. The range of multiples was selected by Needham & Company utilizing its professional judgment and experience. These illustrative terminal enterprise values were then discounted to calculate ranges of implied indications of present values using discount rates ranging from 17.0% to 21.0%. Needham & Company then added the ranges of the implied present values of the Company’s unlevered free cash flows for the projected periods to the ranges of implied present values of the Company’s terminal enterprise values to derive ranges of implied present enterprise values of the Company. Needham & Company then added the Company’s cash and subtracted the Company’s debt to arrive at the ranges of implied present equity values. The range of discount rates, reflecting an estimated range of weighted average costs of capital of the Company, was selected by Needham & Company utilizing its professional judgment and experience after taking into account, among other things, a risk-free rate based upon the U.S. Government 20-year Treasury yield, a market risk premium and size premium based upon data from Ibbotson Associates, a levered beta estimate based upon Bloomberg financial databases, and the after-tax cost of the Company’s debt, as estimated by the Company’s management. Needham & Company made these calculations assuming two cases—one assuming sale of the Company’s wireless business unit, and one not assuming the wind-down of the wireless business unit. This analysis indicated an implied per Share equity reference range for the Company of \$2.91 to \$4.61 assuming the sale of the

wireless business unit, and \$2.54 to \$4.23, assuming the wind-down of the wireless business unit, as compared to the Merger Consideration of \$5.05 per Share.

For purposes of its discounted cash flow analysis, Needham & Company defined (a) Adjusted EBITDA as earnings before interest, taxes, depreciation, amortization, stock-based compensation, and non-recurring items such as goodwill impairment, impairment of intangible assets, acquisition-related costs and restructuring charges and (b) unlevered free cash flow as Adjusted EBITDA less net taxes, less capital expenditures, plus or minus change in net working capital, less restructuring expenses related to the sale or wind-down of the wireless business unit, as the case may be, and, in the case of the sale of the wireless business unit, plus proceeds from such sale, as estimated by Company management. In its analysis, Needham & Company did not take into account the Company's existing NOLs; rather, Needham & Company's analysis used in the calculation of Adjusted EBITDA a low tax rate estimated by Company management. The unlevered free cash flows utilized by Needham & Company for purposes of its discounted cash flow analysis, which were based upon projections and estimates by Company management, were as follows:

**Additional Information about Needham's Selected Transaction Analysis** (new/changed text underlined):

"The following tables sets forth information concerning the multiples described above for the selected transactions and the same multiples implied by the Merger.

	Selected Transactions				Merger
	High	Low	Mean	Median	
Enterprise value to LTM revenues	2.6x	0.1x	1.3x	1.1x	1.8x
Enterprise value to LTM adjusted EBITDA	16.1x	6.7x	10.9x	10.3x	15.8x

<u>Transaction</u>	<u>Enterprise Value to LTM</u>	
	<u>Revenues</u>	<u>EBITDA</u>
<u>Diodes Incorporated / BCD Semiconductor Manufacturing Limited</u>	<u>0.9x</u>	<u>8.2x</u>
<u>Cypress Semiconductor Corporation / Ramtron International Corporation</u>	<u>1.7x</u>	<u>12.5x</u>
<u>Skyworks Solutions, Inc. / Advanced Analogic Technologies Incorporated</u>	<u>2.4x</u>	<u>NM</u>
<u>Zoran Corporation / Microtune, Inc.</u>	<u>1.0x</u>	<u>NM</u>
<u>Microsemi Corporation / White Electronic Designs Corporation</u>	<u>1.7x</u>	<u>16.1x</u>
<u>Microchip Technology Incorporated / Silicon Storage Technology, Inc.</u>	<u>0.6x</u>	<u>NM</u>
<u>ON Semiconductor Corporation / California Micro Devices Corporation</u>	<u>2.3x</u>	<u>NM</u>
<u>IXYS Corporation / ZiLOG, Inc.</u>	<u>1.1x</u>	<u>NM</u>
<u>Atheros Communications, Inc./ Intellon Corporation</u>	<u>2.6x</u>	<u>NM</u>
<u>Integrated Device Technology, Inc. / Tundra Semiconductor Corporation</u>	<u>0.9x</u>	<u>6.7x</u>
<u>Exar Corporation / hi/fn, inc.</u>	<u>0.8x</u>	<u>NM</u>
<u>CSR plc / SiRF Technology Holdings, Inc.</u>	<u>0.1x</u>	<u>NM</u>

NM: Not meaningful. Negative values and EDITDA multiples exceeding 20.0x were considered not meaningful.

**Additional Information about Needham's Potential Conflicts** (new/changed text underlined, omitted text struck):

In the past two years, Needham & Company has provided investment banking and financial advisory services to the Company and Parent for which it has received compensation. Needham & Company acted as financial advisor to the Company in connection with the August 2012 renewal of the Company's Section 382 rights agreement and acting. Needham & Company acted as an underwriter in connection with Parent's March 2012 initial public offering, for which Needham & Company received fees aggregating approximately \$345,000. This participation in Parent's initial public offering was not discussed with the Board before its retention of Needham & Company.

### **Will there be a Court hearing?**

The Court will hold a hearing to decide if the Settlement will be approved. The Settlement Hearing will be held on September 23, 2014 at 2:00 p.m. in Kent County Courthouse, 38 The Green, Dover, Delaware, 19901. The Court will decide: (a) if certification of the Class should be made final; (b) determine whether Plaintiffs should be certified as class representatives and Plaintiffs' Counsel certified as class counsel; (c) determine whether the Settlement should be approved as fair, reasonable, adequate and in the best interests of the Class; (d) determine whether an Order and Final Judgment should be entered dismissing the Action with prejudice on the merits and releasing the Released Claims; (e) consider Plaintiffs' Counsel's application for an award of attorneys' fees and expenses; (f) hear and determine any objections to the Settlement or Plaintiffs' Counsel's application for an award of attorneys' fees and expenses; and (g) rule on such other matters as the Court may deem appropriate.

The Court reserves the right to change the date of the Settlement Hearing without further notice to the Class.

### **What are my legal rights?**

As a member of the Class you can either do nothing or object to the Settlement if you disagree with any part of it. You can also hire your own lawyer, at your own cost, if you choose. If you want to object to the Settlement or Plaintiffs' Co-Lead Counsel's request for an award of attorneys' fees and expenses, you may appear in person or by your attorney at the Settlement Hearing and present evidence or arguments against the Settlement. If you choose to appear, you must first submit a statement of your objection to the Court fourteen (14) business days before the Settlement Hearing. Specifically you or your lawyer must file with the court and serve the lawyers listed below the following information: (a) a written notice of intention to appear; (b) a statement of your objections to any matters before the Court; and (c) evidence that you are a member of the Class as well as all documents or writing you want the Court to consider. Such filings shall be served by e-filing, hand delivery or overnight mail upon the following counsel:

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Technology Solutions and Micro  
Merger Sub, Inc.*

If you do not object to the Settlement in the manner described above, you waive the right to object (including any right of appeal) and will be forever barred from raising such objection in this or any other action or proceeding. Any member of the Class who does not object to the Settlement or the request by Plaintiffs' Co-Lead Counsel for an award of attorneys' fees and expenses (described below) or to any other matter stated above need not do anything.

### **Will this Settlement end the lawsuit?**

If the Court determines that the Settlement is fair, reasonable, adequate, and in the best interests of the Class, the parties to the Lawsuit will ask the Court to enter the Order and Final Judgment, which will, among other things:

- a. approve the Settlement as fair, reasonable, adequate and in the best interests of the Class and direct consummation of the Settlement in accordance with its terms and conditions;
- b. permanently certify the Class for settlement purposes as a non-opt out class pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1) and (b)(2) and designate Plaintiffs in the Lawsuit as the class representatives with Plaintiffs' Co-Lead Counsel as class counsel;
- c. determine that the requirements of the rules of the Court and due process have been satisfied in connection with this Notice;

- d. dismiss the Lawsuit with prejudice on the merits and grant the releases more fully described below;
- e. permanently bar and enjoin Plaintiffs and all members of the Class from instituting, commencing or prosecuting any of the Released Claims against any of the Released Parties (as defined below); and
- f. award attorneys' fees and expenses to Plaintiffs' Co-Lead Counsel.

#### **What am I giving up as part of the Settlement?**

As part of the Settlement, Plaintiffs and the Class agree to release certain claims against Defendants. That means the members of the Class cannot sue Defendants for the claims that were made in this Action ever again, even if new facts are later discovered about these claims. The specific release language as stated in the Stipulation is as follows:

The Stipulation provides that upon Final Court Approval of the Settlement, the Action shall be dismissed with prejudice and without costs, except as set forth in this Stipulation.

The Stipulation further provides that, upon Final Court Approval of the Settlement by the Court, Plaintiffs and all Class members shall be deemed to, and by operation of the Judgment shall (i) fully, finally, and forever release, relinquish, and discharge all Released Claims (as defined below) as against all Released Parties (as defined below), and (ii) forever be enjoined and barred from suing any Defendant or other Released Party for any Released Claim.

The Stipulation further provides that, upon Final Court Approval of the Settlement by the Court, Defendants shall release Plaintiffs, the Class members, and Plaintiffs' Counsel from all claims arising out of the institution, prosecution, settlement and/or resolution of the Action, *provided, however*, that Defendants and Released Parties shall retain the right to enforce in this Court the terms of this Stipulation or the Settlement, and to oppose or defend any appraisal rights of any Class member. These claims include Unknown Claims as defined below.

"Released Claims" as used herein mean any and all claims (including "Unknown Claims" as defined below), demands, rights, liabilities, and causes of action of every nature and description whatsoever, that have been or could have been asserted by Plaintiffs or any member of the Class, either individually or on behalf of the members of the Class related to the Merger in any forum, including class, derivative, individual, or other claims, whether based on federal, state, local, foreign, statutory or common law, or any other law, rule or regulation, including, without limitation, claims under the federal securities laws, arising out of or related to: (i) the allegations contained in the Action; (ii) the Merger; (iii) the Offer to Purchase by MACOM and the Company's Recommendation Statement and any amendments thereto or any other disclosures relating to the Merger, or alleged failure to disclose, with or without scienter, material facts to stockholders in connection with the Merger; (iv) the events leading to the Merger; (v) negotiations in connection with the Merger; (vi) any agreements relating to the Merger, and any compensation or other payments made to any of the Defendants in connection with the Merger; (vii) any alleged aiding and abetting of any of the foregoing; and (viii) any and all conduct by any of the Defendants or any of the other Released Parties arising out of or relating in any way to the negotiation or execution of the MOU and the subsequent Stipulation of Settlement; provided, however, that the Released Claims shall not include the right of Plaintiffs or any members of the Class to enforce in the Court the terms of the Stipulation or the Settlement or: (1) any valid claims for appraisal pursuant to 8 *Del. C.* § 262; (2) claims in the action captioned *Leips v. Halim*, Civ. A. No. 13-15 (D. Del.) ("*Leips Action*"), provided, however, that Defendants have reserved any and all defenses to the *Leips Action* as a result of the consummation of the Merger.

"Released Parties" means Defendants and each of their respective predecessors, successors in interest, parents, subsidiaries, affiliates, representatives, agents, trustees, executors, heirs, spouses, marital communities, assigns or transferees and any person or entity acting for or on behalf of any of them and each of them, and each of their predecessors, successors in interest, parents, subsidiaries, affiliates, representatives, agents, trustees, executors, heirs, spouses, marital communities, assigns or transferees and any person or entity acting for or on behalf of any of them and each of them (including, without limitation, any investment bankers, accountants, insurers, reinsurers or attorneys and any past or present officers, directors and employees of any of them).

"Unknown Claims" as used herein means any claim that Plaintiffs or any member of the Class does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Claims as against the Released Parties, including without limitation those which, if known, would or might have affected the decision to enter into the Settlement or whether or how to object to the Settlement. Plaintiffs and the Class members acknowledge that they may hereafter

discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs upon the Effective Date shall expressly, fully, finally and forever settle and release, and each Class member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs shall expressly waive, and each of the Class members shall be deemed to have waived, and by operation of the Judgment shall have waived, relinquished and released any and all provisions, rights and benefits conferred by or under Cal. Civ. Code § 1542 or any law of the United States or any state of the United States or territory of the United States, or principle of common law that governs or limits a person's release of unknown claims, including any law or principle of common law that is similar, comparable or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties acknowledge that they understand the significance and consequence of such release and such specific waiver of Cal. Civ. Code § 1542. It is the intention of Plaintiffs, and by operation of law, the Class members, to completely, fully, finally and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or may hereafter exist, and without regard to the subsequent discovery of additional or different facts. Plaintiffs acknowledge, and the Class members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of "Released Claims" was separately bargained for and was a material element of the Settlement and was relied upon by each and all of the Defendants in entering into the Stipulation.

#### **How will the attorneys be paid?**

If the Court approves the Settlement, Plaintiff's Co-Lead Counsel will ask the Court for an award of attorneys' fees and expenses (the "Fee Application"), in an amount not to exceed \$425,000.00. Defendants have agreed not to oppose the Fee Application. Any fees and expenses awarded by the Court will be paid by Defendants or their insurers; you will not be responsible for any of the fees and expenses to Co-Lead Counsel. The Fee Application or any fee award may be considered separately from the Settlement, and the Settlement is not contingent on the Fee Application. Any award to Plaintiffs' Co-Lead Counsel of attorneys' fees and expenses by the Court will be in addition to the Settlement and will not reduce or in any way affect the benefits of the Settlement.

#### **What should I do if I was a beneficial owner of Mindspeed stock?**

Brokerage firms, banks and/or other persons or entities who held shares of the common stock of Mindspeed from the announcement of the Merger on November 5, 2013 through the consummation of the Merger on December 18, 2013 for the benefit of others, are requested to promptly send this Notice to all of their respective beneficial owners. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such copies may be made to Gilardi & Co. LLC, P.O. Box 990, Corte Madera, CA 94976-0990. Phone: 1-800-477-7657 Website: [www.gilardi.com](http://www.gilardi.com).

**Where can I get more information?**

The description of the Action and the Settlement in this Notice is only a summary. More detailed information about the Action and the Settlement is available in the documents that have been filed with the Court. **PLEASE DO NOT WRITE OR CALL THE COURT.**

Questions or comments about the Settlement may be directed to Co-Lead Counsel as follows:

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Dated: July 23, 2014

BY ORDER OF THE COURT OF CHANCERY  
FOR THE STATE OF DELAWARE:

/s/ Register in Chancery

Register in Chancery