

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

HOWARD GRADEN, Individually and  
On Behalf of All Others Similarly Situated,

Plaintiff,

v.

CONEXANT SYSTEMS, INC., DWIGHT  
W. DECKER, ARMANDO GEDAY,  
MICHAEL VISHNY, BALAKRISHNAN  
S. IYER, ROBERT McMULLAN, DENNIS  
E. O'REILLY, and J. SCOTT BLOUIN,

Defendants.

Case No. 2:05-cv-00695-SRC

**NOTICE OF CLASS ACTION SETTLEMENT AND FAIRNESS HEARING**

**TO: ALL PERSONS WHO HAVE BEEN PARTICIPANTS IN THE CONEXANT SYSTEMS, INC. RETIREMENT SAVINGS PLAN AND INVESTMENT PLAN AT ANY TIME BETWEEN MARCH 1, 2004 TO MAY 15, 2009 INCLUSIVE WHOSE PLAN ACCOUNTS ACQUIRED INTERESTS IN INVESTMENTS IN CONEXANT COMMON STOCK; AND, THEIR BENEFICIARIES, ALTERNATE PAYEES, REPRESENTATIVES AND SUCCESSORS-IN-INTEREST, NOT INCLUDING ANY OF THE DEFENDANTS, DEFENDANTS' IMMEDIATE FAMILY, ANY SUBSIDIARY, AFFILIATE, OR CONTROL PERSON OF SUCH PERSON OR ENTITY, OFFICERS AND DIRECTORS OF CONEXANT AND THE LEGAL REPRESENTATIVES, HEIRS, SUCCESSORS, OR ASSIGNS OF EACH SUCH EXCLUDED PARTY (THE "SETTLEMENT CLASS").**

**PLEASE READ THIS CLASS NOTICE CAREFULLY.  
A FEDERAL COURT AUTHORIZED THIS CLASS NOTICE.  
THIS IS NOT A SOLICITATION.**

This Class Notice advises you of a proposed settlement. The Settlement provides for a cash payment by Defendants of \$3,250,000, to be allocated on a *pro rata* basis among Settlement Class members after payment of Court-awarded attorneys' fees and Court-approved expenses, including a case contribution award for the lead plaintiff. The Settlement also provides for significant structural relief for a total value exceeding \$9,000,000.00. The Settlement resolves a lawsuit over whether Conexant Systems, Inc. ("Conexant") and others alleged to be fiduciaries of the Plan breached fiduciary duties in violation of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001 et seq. This Notice contains summary information about the Settlement. The terms and conditions of the Settlement are set forth in a Stipulation of Settlement (the "Stipulation of Settlement"), which is on file with the Court. Terms capitalized in this Notice but not defined in the Notice have the meanings assigned to them in the Stipulation of Settlement. You should read the entire Class Notice carefully because your legal rights are affected whether you act or not.

## YOUR LEGAL RIGHTS AND OPTIONS IN THIS

<b>YOU CAN DO NOTHING NO ACTION IS NECESSARY TO RECEIVE PAYMENT</b>	<p>You do not need to do anything for the Settlement to be approved. If the Settlement is approved by the Court and you are a member of the Settlement Class, you will not need to do anything to receive payment.</p> <p>If you are a current Plan Participant and are authorized to receive a payment, Conexant will deposit the payment into your Plan account [in the manner you designate for Plan contributions].</p> <p>If you are a Settlement Class member and no longer are a Participant in the Plan, your Settlement proceeds will be deposited into a Plan account [pending instructions from you. If no instructions are received, the amount will be sent to you in a check].</p>
<b>YOU CAN OBJECT (BY AUGUST 28, 2009)</b>	<p>You can write to the Court if you do not like the Settlement.</p>
<b>YOU CAN GO TO A HEARING (ON SEPTEMBER 11, 2009)</b>	<p>You can ask to speak in Court about the fairness of the Settlement by filing a Notice of Intention To Appear by August 28 , 2009.</p>

- Your rights and options, and the date by which you must object if you are opposed to the Settlement, are explained in this Class Notice.

## BASIC INFORMATION

### 1. Why did I get this notice package?

You or someone in your family may have been a Participant or a beneficiary in the Plan at any time between March 1, 2004 and May 15, 2009. The Court directed that you receive this Class Notice because you may have the right to know about a proposed Settlement of this lawsuit and about all of your options before the Court decides whether to approve the Settlement. This package explains the lawsuit, the Settlement, and your legal rights. The Court in charge of the case is the United States District Court for the District of New Jersey, and the case is known as *Graden v. Conexant Systems, Inc., et al.*, 2:05-cv-00695 (SRC). The person who sued (Howard Graden) is called the Plaintiff, and the people they sued, Conexant, Dwight W. Decker, Armando Geday, Michael Vishny, Balakrishnan S. Iyer, Robert McMullan, Dennis E. O'Reilly, and J. Scott Blouin, are called the Defendants.

### 2. How do I get more information?

To obtain more information about the Settlement, you can read the Amended Class Action Complaint and the Stipulation of Settlement, which are on file with the Court. You can also contact the Settlement Administrator at Conexant ERISA Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914, Telephone: (800) 766-3330, Fax: (516) 931-0810, website: [www.berdonclaims.com](http://www.berdonclaims.com), or the attorneys who represented the Plaintiff in the lawsuit at the phone numbers listed in Question 13, below. **Please do not contact the Court, Conexant, or the Plan's record keeper. They will not be able to answer your questions.**

### 3. What is this lawsuit about?

In the Amended Complaint, Plaintiff alleges that, during the Class Period, Defendants failed to prudently and loyally manage the Plan and its assets; failed to disclose complete and accurate information to Plan Participants; and failed reasonably to monitor and fully inform appointed Plan fiduciaries. The Amended Complaint also alleges co-fiduciary liability against all Defendants.

Defendants continue to deny each of the claims and allegations of wrongdoing contained in the Amended Complaint. Defendants specifically deny, among other things, the allegations that the Defendants breached any fiduciary duties or any other provisions of ERISA in connection with the acquisition or retention of Conexant stock by the Plan during the Class Period, or before, and deny that they in any way misrepresented the operations or security of Conexant or the value of Conexant stock either directly or indirectly to the Plan's Participants. Defendants deny that Plaintiff or the Plan is entitled to any relief.

#### **4. Why is this being done on behalf of the Plans?**

In a claim brought under section 502(a)(2) of ERISA, one court resolves the issues for the Plan and all Plan Participants. Because the wrongful conduct alleged by Plaintiff in this case affected the Plan and all Plan Participants in a similar way, Plaintiff filed this case on behalf of the Plan under Section 502(a)(2). The relief available under this section of ERISA benefits the Plan and all Plan Participants.

#### **5. Why is there a Settlement?**

Rather than continuing with the case, both sides agreed to a Settlement. By agreeing to a Settlement, parties avoid the costs and risk of trial and appeal, and the Plan Participants will get a share of the Settlement proceeds. The Plaintiff who filed this suit and his attorneys believe that the Settlement is in the best interest of the Plan and all Plan Participants.

#### **6. How do I know if I am part of the Settlement?**

Everyone who fits the following description is a member of the Settlement Class and is therefore included in the Settlement:

All Participants and beneficiaries in the Conexant Systems, Inc. Retirement Savings Plan and Investment Plan (the "Plan") between March 1, 2004 and May 15, 2009, inclusive, whose Plan accounts acquired interests in investments in Conexant common stock.

#### **7. Are there exceptions to being included?**

You are not included in the Settlement Class if you are a Defendant in the case, if you are currently an officer or director of Defendant Conexant, or were an officer or director of Defendant Conexant or any subsidiary, affiliate, or control person of such person or entity during the Class Period, if you are an immediate family member of a Defendant, or an heir, successor or assign of any of the foregoing.

#### **8. What if I'm still not sure whether I'm included?**

If you are still not sure whether you are included, you may contact the Settlement Administrator at Conexant ERISA Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914, Telephone: (800) 766-3330, Fax: (516) 931-0810, website: [www.berdonclaims.com](http://www.berdonclaims.com), or the attorneys for the Plaintiff listed in Question 13.

#### **9. Can I exclude myself from the Settlement?**

In some other class action contexts, class members have the opportunity to exclude themselves from a Settlement. This is sometimes referred to as "opting out" of the Settlement. **You do not have the right to exclude yourself from the Settlement in this case.** Because of the way ERISA operates, this Settlement will bind the Plan and all Plan Participants. Some breach of fiduciary duty claims must be brought by Participants on behalf of the Plan, and any judgment or resolution necessarily applies to all Plan Participants and beneficiaries. As such, it is not possible for any Participants or beneficiaries to exclude themselves from the benefits of the Settlement. **Therefore, you will be bound by any judgments or orders that are entered in**

**this Action, and, if the Settlement is approved, you will be deemed to have released each and all of the Defendants from any and all claims that were or could have been asserted in this case on your behalf or on behalf of the Plan under Section 502(a)(2) of ERISA or otherwise included in the release in the Stipulation of Settlement, other than your right to obtain the relief provided to you, if any, by the Settlement.**

Although you cannot opt out of the Settlement, you can object to the Settlement and ask the Court not to approve the Settlement. See Question 16.

## THE SETTLEMENT

### **10. What does the Settlement provide?**

The Settlement provides for both cash and structural relief to the Plan. A Settlement Fund of three million two hundred and fifty thousand dollars (\$3,250,000) has been established. The net amount in the Settlement Fund, after payment of Court-approved attorneys' fees, Settlement administration fees and expenses, and Settlement implementation expenses, will be divided among the Settlement Class members.

In addition:

- a. As a direct result of efforts by the Lead Plaintiff, the Company has already agreed to eliminate the Company Stock Fund as a separate investment option in the Plan. The Company shall not permit the Company Stock Fund to be reinstated as an investment option in the Plan for contributions of any sort for a period of not less than five (5) years from the Effective Date.
- b. Plan Participants will not have any other option for investing additional funds in the Company Stock Fund or in any other separate investment in Company securities in the Plan for a period of not less than five (5) years from the Effective Date.
- c. For a period of not less than five (5) years from the Effective Date, the Company will not make matching contributions in the Plan in the form of Company stock. During such time, matching contributions shall be made exclusively in cash.
- d. For any Plan Participant who has not yet revised any investment option in favor of the Company Stock Fund to other Plan investments, such Participants shall receive written notice within sixty (60) days of the Effective Date advising them to revise any investment directive in favor of the Company Stock Fund to other Plan investment option(s). If no revision is made within ninety (90) days from the Effective Date, any investment in the Company Stock Fund will be reallocated in accordance with the Plan's then designated default investment option. Thereafter, Plan Participants shall be precluded from holding any portion of their retirement saving in Company stock for a period of not less than five (5) years from the Effective Date.
- e. The Company agrees to undertake immediately, as well as periodically, communicating the advantages of investment diversification and directing Plan Participants to the appropriate resources at Fidelity Investments so that the Plan's Participants will be informed on taking independent steps to avoid the risks associated with over concentration in a single stock fund. The Company shall also make materials on retirement investing and diversification available to Plan Participants.
- f. For a period of five (5) years commencing on the Effective Date, the Company shall offer an online education program for Plan Participants, to be provided by the Plan's record keeper, or its designee, equivalent to and/or utilizing the resources already available through the education program currently offered to companies by Fidelity Investments, the Plan's current record keeper.

- g. The Company shall engage an outside entity to review the available Plan investment options and advise the Plan regarding potential changes to the options available to Plan Participants. This review shall be completed within twelve (12) months of the Effective Date and shall be conducted on an as-needed basis or at least every twenty-four (24) months thereafter for a term of not less than five (5) years from the Effective Date.
- h. Within six (6) months of the Effective Date, the Company shall engage an outside entity to provide a fiduciary training seminar to any Company personnel connected with ongoing Plan operations. Such seminars will be provided thereafter on an as-needed basis.
- i. An independent expert retained by the Lead Plaintiff has valued the above Structural Relief to exceeds nine million dollars (\$9,000,000). Defendants provided Lead Plaintiff with cost estimates of certain programs but take no position on the overall valuation of the Structural Relief.

### **11. How much will my payment be?**

The Settlement Fund, minus Court-approved attorneys' fees and expenses paid to Plaintiff's attorneys, and minus the cost of administering the Settlement, is going to be allocated on a *pro rata* basis among all of the Settlement Class members pursuant to a Court-approved Plan of Allocation.

### **12. What do I have to do to participate in the Settlement?**

The Settlement does not require you to do anything in order to receive the benefits if it is approved by the Court. You do not need to file a claim for recovery.

If you are a current Plan Participant and are authorized to receive a payment, your payment will be deposited in your Plan account [in the manner you designate for Plan contributions]. If you are a Settlement Class member and no longer are a Participant in the Plan, your Settlement proceeds will be deposited into a Plan account [pending instructions from you] or sent to you in the form of a check.

### **13. Do I have a lawyer in this case?**

The law firm of Harwood Feffer LLP has been representing the Plaintiff who seeks to bring claims on behalf of the Plan and its Participants. If you want to be represented by your own lawyer, you may hire one at your own expense. If you would like to discuss the case or the proposed Settlement with the Plaintiff's lawyers, feel free to do so. They may be contacted as follows:

Robert I. Harwood  
Jeffrey N. Norton  
HARWOOD FEFFER LLP  
488 Madison Avenue  
New York, NY 10022  
Telephone: (212) 935-7400  
Facsimile: (212) 753-3630  
[rhawood@hfesq.com](mailto:rhawood@hfesq.com)  
[jnorton@hfesq.com](mailto:jnorton@hfesq.com)

#### 14. How will the lawyers be paid?

If the Settlement is approved by the Court, Plaintiff's Counsel will ask the Court to approve payment of attorneys' fees and expenses from the Settlement proceeds. You are not responsible for paying any part of the attorneys' fees or expenses. Plaintiff's counsel will seek a fee of no more than \$1.07 million (*i.e.*, 11.5% of the overall Settlement value or 33% of the cash contribution) and reimbursement of their costs and expenses of approximately \$115,000. Plaintiff's motion for payment of attorneys' fees and expenses will be considered at the Settlement Fairness Hearing.

#### 15. What does it mean to object?

Objecting is simply telling the Court that you do not like something about the Settlement.

#### 16. How do I tell the Court that I don't like the Settlement?

You can object to the Settlement if you dislike any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *Graden v. Conexant Systems, Inc., et al.*, 2:05-cv-00695 (SRC) (D.N.J.). Be sure to include your name, address, telephone number, your signature, proof of your status as a Plan Participant or beneficiary, and the reasons you object to the Settlement. **Mail the objection to the three different places below postmarked no later than August 28, 2009. You must mail your objection to all three addresses by this date. If you fail to do so, the Court will not consider your objections.**

**ALL PAPERS SUBMITTED MUST INCLUDE THE CASE NAME AND NUMBER, *Graden v. Conexant Systems, Inc., et al.*, 2:05-cv-00695 (SRC) (D.N.J.) ON THE FIRST PAGE AND MUST BE MAILED TO THE FOLLOWING THREE ADDRESSES:**

COURT	PLAINTIFF'S COUNSEL	DEFENDANTS' COUNSEL
Clerk of the Court United States District Court For the District of New Jersey 50 Walnut Street Newark, NJ 07101	Robert I. Harwood Jeffrey M. Norton 488 Madison Avenue 8th Floor New York, NY 10022	Richard A. Rosen Robyn Tarnofsky Paul Weiss Rifkind Wharton & Garrison 1285 Avenue of the Americas New York, NY 10019

#### THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you are not required to do so.

#### 17. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 1:30 p.m., on Friday, September 11, 2009, at the United States District Court for the District of New Jersey, 50 Walnut Street, Newark, New Jersey 07101. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Judge will also consider Plaintiff's application for payment of attorneys' fees and expenses at the Fairness Hearing. If there are objections, the Court will consider them. Judge Chesler will listen to people who have asked to speak at the hearing. At or after the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

**18. Do I have to go to the Fairness Hearing?**

No, Plaintiff's Counsel will answer any questions that Judge Chesler may have. You may attend the hearing at your own expense or pay an attorney to appear on your behalf. Even if you submit an objection, you still do not have to appear in Court. As long as your objection is postmarked by August 28, 2009, and sent to all three addresses provided in Question 16 above, the Court will consider it.

**19. May I speak at the hearing?**

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear in *Graden v. Conexant Systems, Inc., et al.*, 2:05-cv-00695 (SRC)." Please be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be postmarked no later than August 28, 2009 and sent to the Clerk of the Court, Plaintiff's Counsel, and Defendants' Counsel at the three addresses indicated above in Question 16.

**IF YOU DO NOTHING**

**20. What happens if I do nothing at all?**

The Settlement does not require you to do anything in order to receive the benefits if it is approved by the Court.

**GETTING MORE INFORMATION**

**21. Are there more details about the Settlement?**

This Class Notice summarized the proposed Settlement. More details are in the Stipulation of Settlement, which is on file with the Court. If you have questions about the Settlement or wish to obtain a copy of the Stipulation of Settlement, you may contact the Settlement Administrator at Conexant ERISA Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914, Telephone: (800) 766-3330, Fax: (516) 931-0810, website: [www.berdonclaims.com](http://www.berdonclaims.com), or contact the Plaintiff's attorneys identified in Question 13.

**PLEASE DO NOT CONTACT THE COURT OR CONEXANT IF YOU HAVE ANY QUESTIONS.**

Dated: June 29, 2009

BY ORDER OF  
UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

# CONEXANT

## IMPORTANT LEGAL INFORMATION

Conexant ERISA Litigation  
c/o Berdon Claims Administration LLC  
P.O. Box 9014  
Jericho, NY 11753-8914

FIRST-CLASS MAIL  
U.S. POSTAGE  
PAID  
PEARL PRESSMAN LIBERTY  
COMMUNICATIONS GROUP