



FOR IMMEDIATE RELEASE

**CONEXANT SYSTEMS REACHES COMPREHENSIVE AGREEMENT TO SIGNIFICANTLY
REDUCE DEBT, ENHANCE FINANCIAL FLEXIBILITY AND IMPROVE CAPITAL
STRUCTURE**

*Agreement to be Implemented Through Pre-Arranged Financial Restructuring of U.S. Operations;
Foreign Operating Subsidiaries Not Impacted by Filing*

All Outstanding Secured Debt to be Eliminated

Secured Lender to Provide \$15 Million in Debtor-in-Possession Financing

NEWPORT BEACH, Calif. – February 28, 2013 – Conexant Systems Inc. (“Conexant” or the “Company”), a leading supplier of innovative semiconductor solutions for imaging, audio, embedded modem, and video applications, today announced that it has reached an agreement to facilitate an expedited restructuring of the Company’s balance sheet with the Company’s equity sponsors and its sole secured lender, QP SFM Capital Holdings Limited (the “Secured Lender”), an entity managed by Soros Fund Management LLC.

As part of the restructuring, the Secured Lender will exchange approximately \$195 million of secured debt into equity in the reorganized Company. In addition, the Secured Lender will receive \$76 million of unsecured notes issued by a holding company, which can elect to either pay interest in cash or accrue interest in kind. The new unsecured notes will be non-recourse to the reorganized Conexant operating company. Upon implementation, this restructuring will (i) eliminate debt at the operating company, (ii) reduce annual cash payment of interest by approximately \$19.7 million and (iii) cut excess real estate expenses by approximately \$7 million annually. To effectuate the restructuring, the Secured Lender will provide \$15 million through a debtor-in-possession financing facility that will convert into equity in the reorganized Company. The Company expects that the restructuring will create a stronger capital structure, significantly reduce its break-even revenue level and enable it to generate significant positive cash flow. The restructured Conexant will be well-positioned for long-term growth and improved profitability.

To implement the restructuring agreement, Conexant voluntarily commenced cases under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Court”). The Company expects to receive Court approval for its “Pre-Arranged” plan of reorganization (the “Pre-Arranged Plan”) in less than 85 days. The Company expects that operations will continue in the ordinary course throughout the financial restructuring process, and none of Conexant’s foreign operating subsidiaries are expected to be directly impacted by the filing.

“Following a comprehensive strategic and financial review of the business, we are pleased to have reached an agreement that will allow Conexant to expeditiously complete our financial restructuring initiatives and ensure that we are able to continue serving our customers for many years to come,” said Sailesh Chittipeddi, President and Chief Executive Officer of Conexant. “Our Pre-Arranged financial restructuring provides for a clear path to renewed growth and success, and upon emergence, Conexant will be a leaner company with a stronger balance sheet that allows for a more focused and consistent investment in product lines. We thank our employees for their focus and commitment and appreciate the support of our lenders, equity partners, customers, suppliers and stakeholders.”

In conjunction with today's filing, the Company filed a number of customary motions and expects to receive immediate authority to continue to support its employees, customers and suppliers during the financial restructuring process. As part of these motions, the Company has asked the Court for permission to continue paying employee wages and salaries and to provide employee benefits without interruption. The Company has also asked to continue honoring certain customer policies and programs to ensure that the restructuring process will have minimal effect on its customers. Additionally, during the Chapter 11 process, suppliers will be paid in full for all goods and services provided after the filing date as required by applicable law.

The implementation of the Pre-Arranged Plan is dependent upon a number of factors, including the approval of a disclosure statement and confirmation and consummation of the Pre-Arranged Plan in accordance with applicable law. This release is not intended as a solicitation for a vote on the Pre-Arranged Plan.

Advisors

Kirkland & Ellis LLP and Klehr Harrison Harvey Branzburg LLP are serving as legal counsel and Alvarez & Marsal is acting as restructuring advisor to Conexant. Akin Gump Strauss Hauer & Feld LLP and Pepper Hamilton LLP are serving as legal counsel and Blackstone Advisory Partners L.P. as restructuring advisor to the Secured Lender.

About Conexant

Conexant's comprehensive portfolio of innovative semiconductor solutions includes products for imaging, audio, embedded modem, and video surveillance applications. Conexant is a fabless semiconductor company headquartered in Newport Beach, California. To learn more, please visit www.conexant.com.

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