CASE STUDY: EXAR CORPORATION MERGER

LRG Capital Corporate Advisory Group (LRG Advisory) advised Exar Corporation on a successful merger with Sipex Corporation (May 2007)

Background

Exar Corporation is a semiconductor company that designs, develops and markets high performance, high-bandwidth physical interface and access control solutions that facilitate the aggregation and transport of signals in access, metro and wide area networks over the worldwide communications infrastructure. With less than $70 million in revenues and over $300 million in cash, Exar's strategic vision is to become a leader in system-level mixed-signal connectivity solutions by building a $300 million revenue company in three to five years through strategic acquisitions and organic growth.

After identifying Sipex Corporation as a high potential merger candidate, Exar engaged LRG Advisory in March of 2007 as a financial advisor due to the firm's existing relationship with Sipex, and familiarity with its business and the proposed transaction with Exar.

Advisory Assignment

As a leading supplier of analog and mixed-signal silicon solutions for the power management, interface and optical storage markets, Sipex represented a strategic partner with whom Exar could execute on its vision. The combination of the two companies provided for an opportunity to accelerate growth in revenue and profits by leveraging a broader set of complementary products and technologies across a stronger combined geographical reach, while simultaneously increasing operational efficiency by executing on significant cost synergies.

During the course of several management and board meetings from March to May 2007, LRG Advisory advised the Exar management team and its board on:

- Financial due diligence, and
- Assessing the strategic transaction and its related terms.

Upon approval of the transaction, LRG Advisory continued to assist the combined company in drafting investor communications and in structuring its integration planning efforts.

Outcome: Successful Merger

On May 8, 2007, Exar and Sipex announced the signing of the merger agreement on August 23rd, which was overwhelmingly approved by over 99% of the votes cast at the Exar shareholder meeting. Sipex shareholders received 0.6679 share of Exar for each share of Sipex. Exar shareholders own 67.6 percent of the newly combined company, and Sipex shareholders own 32.4 percent.

About LRG Advisory Services

LRG Advisory provides financial advisory and capital-raising agency services to middle market public and private companies at all stages of a company's lifecycle. With a focus on companies in the technology, life sciences and media and communications sectors, the LRG Advisory team leverages its vast experience to deliver high-impact financial and strategic advisory services, including public offerings, private placements, debt placements, mergers, acquisitions and outsourced corporate development.

The LRG Advisory team brings a depth of experience to the Corporate Advisory Services offering. As part of each assignment, a senior professional is personally involved in each aspect of the engagement, leveraging the collective experience of the entire firm. Each of the senior LRG Advisory professionals have at least 15 years of experience advising companies through their roles as Wall Street investment bankers, lawyers and management consultants. Members of the team have provided advisory services on more than 300 transactions that total over $75 billion in value.

The team's strength lies in its ability to leverage their extensive experience to deliver strategic, non-conflicted advice with a fee structure that aligns LRG Advisory interests with a company's board, management team and shareholders.

About LRG Capital Group, LLC

LRG Capital Group is a global investment, banking and advisory boutique that focuses on public and private companies in the technology, life sciences, hospitality, real estate and entertainment sectors. Founded by Lawrence Goldfarb, the firm provides capital via private equity, commercial loans and structured debt financing, and guides and advises clients on mergers and acquisitions, corporate finance advice and other strategic alternatives. Headquartered in San Francisco with offices in New York and Miami, LRG Capital Group excels at relationship-focused guidance and financing.

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