

MINDSPEED TECHNOLOGIES, INC
Form DEF 14A
February 25, 2008

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SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Additional Materials
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MINDSPEED TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- Fee not required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

MINDSPEED TECHNOLOGIES, INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD APRIL 7, 2008

To our Stockholders:

Our 2008 annual meeting of stockholders will be held on April 7, 2008, beginning at 2:00 p.m. Pacific Daylight Saving Time, at The Westin South Coast Plaza, located at 686 Anton Boulevard, Costa Mesa, California 92626. At the meeting, the holders of our outstanding common stock will act on the following matters:

1. election of three directors, each for a term of three years;
2. ratification of the appointment of our independent registered public accounting firm for the 2008 fiscal year;
3. approval of an amendment to our certificate of incorporation to effect a reverse stock split of our common stock by a ratio of between one-for-three and one-for-eight shares, at the discretion of the board of directors, and to reduce the number of authorized shares of our common stock by the same ratio; and
4. such other business as may properly come before the meeting.

All holders of record of shares of our common stock (NASDAQ: MSPD) at the close of business on February 7, 2008, are entitled to vote at the meeting and any postponements or adjournments of the meeting. To ensure that your vote is recorded promptly, **please vote as soon as possible**, even if you plan to attend the meeting in person. If you have internet access, **we encourage you to record your vote via the internet**. It is convenient, and it saves us postage and processing costs. In addition, when you vote via the internet, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. If you do not vote via the internet, please vote by telephone or by completing, signing, dating and returning the accompanying proxy card in the enclosed return envelope. Submitting your proxy by either internet, telephone or proxy card will not affect your right to vote in person if you decide to attend the annual meeting.

IF YOU PLAN TO ATTEND:

Registration will begin at 1:00 p.m. and seating will begin at 1:30 p.m. Each stockholder will need to bring an admission ticket and valid picture identification, such as a driver's license or passport, for admission to the meeting. Stockholders holding stock in brokerage accounts ("street name" holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting and all mobile phones must be silenced during the meeting. We realize that many mobile phones have built-in digital cameras, and while these phones may be brought into the meeting, the camera function may not be used at any time.

By Order of the Board of
Directors,

SIMON BIDDISCOMBE
*Senior Vice President, Chief
Financial Officer,
Treasurer and Secretary*

February 25, 2008
Newport Beach, California

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MINDSPEED TECHNOLOGIES, INC.

**4000 MacArthur Boulevard, East Tower
Newport Beach, California 92660**

PROXY STATEMENT

This proxy statement contains information related to our annual meeting of stockholders to be held on Monday, April 7, 2008, beginning at 2:00 p.m. Pacific Daylight Saving Time, at The Westin South Coast Plaza, located at 686 Anton Boulevard, Costa Mesa, California 92626, and at any postponements or adjournments of the meeting. Your proxy for the meeting is being solicited by the board of directors. This proxy statement and our annual report on Form 10-K are first being mailed to stockholders beginning on or about February 29, 2008.

ABOUT THE MEETING AND VOTING

What is the purpose of the annual meeting?

At our annual meeting, stockholders will act upon the matters outlined in the notice of meeting provided with this proxy statement, including the election of directors, ratification of the appointment of our independent registered public accounting firm, and approval of an amendment to our certificate of incorporation to effect a reverse stock split and reduce our authorized common stock. In addition, management will report on the performance of our company and respond to questions from stockholders.

Who can attend the meeting?

Subject to space availability, all stockholders as of February 7, 2008, the record date, or their duly appointed proxies, may attend the meeting. Registration will begin at 1:00 p.m. and seating will begin at 1:30 p.m. If you plan to attend the meeting, please note that you will need to bring your admission ticket and valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting and all mobile phones must be silenced during the meeting. We realize that many mobile phones have built-in digital cameras, and while these phones may be brought into the meeting, the camera function may not be used at any time.

Please also note that if you hold your shares in "street name" (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date.

Who is entitled to vote at the meeting?

Only stockholders of record at the close of business on the record date for the meeting are entitled to receive notice of and to participate in the annual meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting. There were 117,664,875 shares of our common stock outstanding on the record date.

What are the voting rights of the holders of the company's common stock?

Each share of our common stock outstanding on the record date will be entitled to one vote on each matter considered at the meeting.

What is a quorum?

A quorum is the minimum number of our shares of common stock that must be represented at a duly called meeting in person or by proxy in order to legally conduct business at the meeting. For the annual meeting, the presence, in person or by proxy, of the holders of at least 58,832,438 shares, which is a simple majority of the 117,664,875 shares outstanding as of the record date, will be considered a quorum allowing votes to be taken and counted for the matters before the stockholders.

If you are a registered stockholder, you must deliver your proxy by mail, internet or telephone or attend the annual meeting in person and vote in order to be counted in the determination of a quorum. If you are a "street name" stockholder, your broker will vote your shares pursuant to your proxy directions and such shares will count in the determination of a quorum. If you do not respond to the proxy or provide any directions to your broker, your shares will still count for purposes of attaining a quorum and your broker will vote your shares in its discretion on proposals 1, 2 and 3. If you are a member of a retirement savings plan or other similar plan, the trustee or administrator of the plan will vote according to your directions and the rules of the plan, which may result in your shares being counted in the determination of a quorum even if you do not provide voting directions.

How do I vote?

If you are a registered stockholder, you may submit your proxy by mail, internet or telephone. The designated proxy will vote according to your instructions. You may also attend the meeting and deliver a proxy card to be voted in the same manner or you may personally vote by ballot.

If you are a "street name" stockholder, your properly signed and returned proxy card will be tabulated and voted by your broker. If you are a "street name" stockholder, in order to vote at the meeting, you will need to obtain a signed proxy from the broker or nominee that holds your shares, because the broker or nominee is the legal, registered owner of the shares. If you have the broker's proxy, you may vote by ballot or you may complete and deliver another proxy card in person at the meeting.

If you are a member of a retirement or savings plan or other similar plan, you may submit your voting directions by mail, internet or telephone. The trustee or administrator of the plan will vote according to your directions and the rules of the plan.

Can I vote by telephone or the internet?

If you are a registered stockholder, you may submit your proxy by telephone or the internet, by following the instructions included with your proxy card. The deadline for submitting your proxy by telephone or the internet is 11:59 p.m., Eastern Daylight Saving Time, on April 6, 2008.

If your shares are held in "street name," please check your proxy card or contact your broker or nominee to determine whether you will be able to deliver your proxy by telephone or the internet.

If you are a member of a retirement or savings plan or other similar plan, you may deliver your voting directions by telephone or the internet, by following the instructions included with your direction card. The deadline for submitting your voting instructions by telephone or the internet is 11:59 p.m., Eastern Daylight Saving Time, on April 2, 2008.

Can I change my vote after I return my proxy or direction card?

If you are a registered stockholder, you may revoke or change your vote at any time before the proxy card is exercised by filing with our secretary either a written notice of revocation or a duly executed proxy bearing a later date. At the meeting, you may revoke or change your vote by submitting another proxy to the inspector of elections or voting by ballot. Your attendance at the meeting will not by itself revoke a previously granted proxy.

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If your shares are held in "street name" or you are a member of a retirement or savings plan or other similar plan, please check your proxy or direction card or contact your broker, nominee, trustee or administrator to determine whether you will be able to revoke or change your vote.

What are the board's recommendations?

The board recommends that you vote:

for election of the nominated slate of directors (see proposal 1);

for ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2008 (see proposal 2); and

for approval of an amendment to our certificate of incorporation to effect a reverse stock split of our common stock and to reduce the number of authorized shares of common stock (see proposal 3).

What vote is required to approve each proposal?

Election of Directors

Directors are elected by a plurality of votes cast. This means that the three directors receiving the most votes cast at the meeting will be elected to serve for the next three years. Only votes cast "for" are counted in determining whether a plurality has been cast in favor of a director. A properly executed proxy marked "withhold authority" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated. Abstentions and broker non-votes, while included for purposes of attaining a quorum, will have no effect on the vote on this matter.

Ratification of Accounting Firm

For the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2008, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the proposal will be required for approval. A properly executed proxy marked "abstain" with respect to the proposal will not be voted, although it will be counted for purposes of determining the total number of shares necessary for approval of such proposal. Accordingly, an abstention or a broker non-vote will have the effect of a negative vote.

Amendment to Certificate of Incorporation to Effect a Reverse Stock Split and Reduce Authorized Common Stock

For the proposal to approve an amendment to our certificate of incorporation to effect a reverse stock split and reduce the number of authorized shares of common stock, the affirmative vote of the holders of a majority of the outstanding shares of common stock will be required to approve the amendment and authorize the board of directors to effect such amendment. As a result, an abstention or a broker non-vote will have the effect of a negative vote.

Street Name Shares and Broker Non-Votes

If you hold your shares in "street name" through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some proposals. "Broker non-votes" are shares as to which a broker or nominee does not vote, or has indicated that it does not have discretionary authority to vote. For this meeting, if you do not give specific instructions, your broker or nominee may cast your vote in its discretion for proposal 1, the election of directors, for proposal 2, the ratification of the appointment of our independent registered public accounting firm, and for proposal 3, approval of an amendment to our certificate of incorporation to effect a reverse stock split and to reduce the number of authorized shares of common stock.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**How many shares of the company's common stock do the directors, executive officers and certain beneficial owners own?**

To our knowledge, the following table sets forth information regarding the beneficial ownership of the 117,491,552 shares of our common stock outstanding on January 31, 2008, by each person who is known to us, based upon filings with the SEC, to beneficially own more than 5% of our common stock, each of our directors, each executive officer named in the "Summary Compensation Table" below and all current directors and executive officers as a group. Except as otherwise indicated below and subject to applicable community property laws, each owner has sole voting and sole investment power with respect to the stock listed.

Name	Common Stock(1)	
	Shares	Percent of Class
5% Stockholders		
CNH Partners, LLC(2) Residence Two, Greenwich Plaza Greenwich, CT 06830	8,225,108	6.5%
Conexant Systems, Inc.(3) 4000 MacArthur Blvd., West Tower Newport Beach, CA 92660	30,000,000	20.3%
FMR Corp.(4) 82 Devonshire Street Boston, Massachusetts 02109	14,107,699	12.0%
Trivium Capital Management, LLC(5) 600 Lexington Avenue, 23 rd Floor New York, NY 10022	11,584,023	9.9%
Directors		
Dwight W. Decker(6)	1,306,772	1.1%
Donald H. Gips(6)	80,000	*
Raouf Y. Halim(6)	1,964,944	1.6%
Michael T. Hayashi(6)	63,000	*
Ming Louie(6)	115,000	*
Thomas A. Madden(6)	115,000	*
Jerre L. Stead(6)	216,316	*
Named Executive Officers		
Simon Biddiscombe(6)	643,365	*
Gerald J. Hamilton(6)(7)	213,907	*
Thomas J. Medrek(6)	683,217	*
Wayne K. Nesbit(6)(7)(8)	390,741	*
All current directors and executive officers as a group (16 persons)(6)	6,553,195	5.4%

*

Represents less than 1% of our outstanding common stock

(1)

Unless otherwise indicated, each person's address is c/o Mindspeed Technologies, Inc., 4000 MacArthur Boulevard, East Tower, Newport Beach, California 92660. If a stockholder holds options or other securities that are exercisable or otherwise convertible into our common stock within 60 days of January 31, 2008, we treat the common stock underlying those securities as owned by that stockholder, and as outstanding shares when we calculate that stockholder's

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percentage ownership of our common stock. However, we do not consider that common stock to be outstanding when we calculate the percentage ownership of any other stockholder.

- (2) Represents shares of our common stock issuable upon conversion of our convertible notes. Pursuant to a Schedule 13G filed on February 7, 2007, each of CNH Partners, LLC and CNH CA Master Account L.P. has identified itself as having shared power to vote or direct the vote of the reported number of shares.
- (3) In connection with the spin-off of our company from Conexant Systems, Inc. in June 2003 and the distribution of our common stock by Conexant to its stockholders, we issued Conexant a warrant to purchase 30 million shares of common stock at a price of \$3.408 per share (subject to adjustment in certain circumstances), exercisable through June 27, 2013. The warrants may not be exercised to the extent that such exercise would result in the holder of the warrants owning at any one time more than 10% of our outstanding common stock.
- (4) This information is based on a Schedule 13G filed on September 10, 2007, by FMR Corp., Edward C. Johnson and Fidelity Research and Management Company. Fidelity is a wholly-owned subsidiary of FMR, which is controlled by Mr. Johnson and members of his family. Through control of Fidelity, Mr. Johnson and FMR have sole dispositive power over the 14,107,699 shares owned by Fidelity. The voting power of these shares is held by Fidelity's Board of Trustees. Mr. Johnson and FMR also have dispositive and voting power over 90,800 shares owned by Pyramis Global Advisers, an indirect wholly-owned subsidiary of FMR.
- (5) This information is based on a Schedule 13G/A filed on December 10, 2007, by Trivium Capital Management, LLC and Trivium Offshore Fund, Ltd. Trivium Capital Management has shared voting power over 11,146,054 shares and shared dispositive power over 11,584,023 shares. Trivium Offshore Fund has shared voting and dispositive power over 10,065,173 shares.
- (6) Includes shares that could be purchased by exercise of options on January 31, 2008, or within 60 days thereafter, as follows: 1,204,526 for Mr. Decker; 60,000 for Mr. Gips; 1,742,935 for Mr. Halim; 35,000 for Mr. Hayashi; 90,000 for Mr. Louie; 90,000 for Mr. Madden; 168,656 for Mr. Stead; 453,513 for Mr. Biddiscombe; 120,937 for Mr. Hamilton; 510,887 for Mr. Medrek; and 4,969,557 for the current directors and executive officers as a group.
- (7) Includes shares in which the individual has shared investment power due to marital dissolution proceedings.
- (8) Mr. Nesbit resigned his employment effective January 3, 2008.

BOARD OF DIRECTORS

Election of Directors

How is the board made up?

Our certificate of incorporation provides for a board consisting of three classes of directors with overlapping three-year terms. One class of directors is elected each year with a term extending to the third succeeding annual meeting after election. Our certificate of incorporation also provides that each of the three classes be as nearly equal in number as the then total number of directors permits.

Which directors are up for election?

The three directors in Class II, Messrs. Hayashi, Louie and Madden, are up for election at the 2008 annual meeting to serve for a term expiring at our annual meeting in 2011.

What are their backgrounds?

Mr. Hayashi, 51, has been a director since August 2005. He has been the senior vice president, advanced engineering and technologies, of Time Warner Cable, Inc. (cable television) since May 2002. Mr. Hayashi was the vice president, advanced technologies, of Time Warner Cable from July 1993 to May 2002.

Mr. Louie, 61, has been a director since June 2003. Mr. Louie co-founded and has served as the managing director and a director of Mobile Radius, Inc. (mobile internet data services) since March 2002. Mr. Louie served as the China President of the GSM Association (global trade association wireless technology) from October 2003 to May 2005. He also has been the managing director of Dynasty Capital Services LLC (consulting) since January 2002. Mr. Louie served as president of Qualcomm Greater China (wireless communications) from May 2000 to October 2001 and as vice president, business development, of Globalstar Communications Limited (satellite telecommunications) from January 1989 to May 2000.

Mr. Madden, 54, has been a director since June 2003. He was the executive vice president and chief financial officer of Ingram Micro Inc. (computer technology services) from July 2001 through April 2005. He served as senior vice president and chief financial officer of ArvinMeritor, Inc. (automotive components) from October 1997 to July 2001. He currently serves as a director of FreightCar America, Inc. (manufacturing and rebuilding railroad freight cars), Champion Enterprises, Inc. (manufacturing factory built housing) and Intcomex, Inc. (computer part distribution).

Who are the remaining directors?

Class I Directors* continuing directors with terms expiring at the 2010 annual meeting

*

Donald R. Beall, who previously served as a Class I director, retired from the board of directors effective November 15, 2007.

Mr. Gips, 47, has been a director since May 2004. He has been the group vice president in charge of global corporate development of Level 3 Communications, Inc. (communications and information services) since February 2001, and he was Level 3's group vice president overseeing global marketing and sales, as well as all of its lines of business and marketing and sales strategies from May 2000 to February 2001. Mr. Gips is also a director of Mobile Satellite Ventures (mobile satellite services).

Mr. Stead, 65, has been a director since June 2003. He has been chairman of the board of IHS, Inc. (software) since December 2000 and he has acted as chief executive officer of IHS since

September 2006. Prior to that, he was chairman of the board and chief executive officer of Ingram Micro (computer technology services) from August 1996 to May 2000. Mr. Stead is a director of Brightpoint, Inc. (electronics distribution) and Conexant (semiconductors broadband communications). He is also chairman of the board of the Center of Ethics and Values at Garrett Seminary on the Northwestern University campus.

Class III Directors continuing directors with terms expiring at the 2009 annual meeting

Mr. Decker, 57, has been a director since January 2002 and our non-executive chairman of the board since June 2003. Mr. Decker has been chairman of the board of Conexant since December 1998, serving as the non-executive chairman of the board from February 2004 until November 2004 and again since July 2007. He served as the chief executive officer of Conexant from January 1999 to February 2004 and from November 2004 to July 2007. Mr. Decker is also the non-executive chairman of the board of Skyworks Solutions, Inc. (semiconductors wireless communications), and serves as a director of Newport Media, Inc. (semiconductors broadcast media), BCD Semiconductor Manufacturing Limited (semiconductors analog) and Pacific Mutual Holding Company (life insurance products). He also serves as a director or member of numerous professional and civic organizations.

Mr. Halim, 48, has been a director since January 2002 and our chief executive officer since June 2003. He was the senior vice president and chief executive officer of the internet infrastructure business of Conexant from February 2002 to June 2003 and the senior vice president and general manager, network access division, of Conexant from January 1999 to February 2002.

Board Committees and Meetings; Director Independence

Who is the chairman of the board?

Mr. Decker has served as chairman of the board since June 2003.

How often did the board meet during fiscal year 2007?

The board met five times during fiscal year 2007. Each director is expected to attend each meeting of the board and of those committees on which he serves. Except for Mr. Gips, all of our directors attended at least 75% of all applicable board and committee meetings during fiscal year 2007. We usually schedule meetings of the board on the same day as our annual meetings, and when this schedule is followed, it is the policy of the board that directors are expected to attend our annual meetings. All directors attended the annual meeting of stockholders in March 2007.

How does the board determine which directors are considered independent?

Each year prior to the annual meeting, the board reviews and determines the independence of its directors. During this review, the board considers transactions and relationships between each director or any member of his or her immediate family and our company and its subsidiaries and affiliates. The board measures these transactions and relationships against the independence requirements of the SEC and The NASDAQ Stock Market, LLC. As a result of this review, the board affirmatively determined that Messrs. Decker, Gips, Hayashi, Louie, Madden and Stead, are "independent" in accordance with the applicable rules of NASDAQ.

What is the role of the primary board committees?

The board has standing audit, governance and board composition, and compensation and management development committees. The table below provides membership and meeting information for each of the committees in fiscal year 2007.

Name	Audit	Governance and Board Composition	Compensation and Management Development
Donald R. Beall		X	Chair
Donald H. Gips	X	X	
Michael T. Hayashi		X	X
Ming Louie	X	X	
Thomas A. Madden	Chair	X	X
Jerre L. Stead	X	Chair	X
Number of meetings during fiscal year 2007	8	5	5

Mr. Beall retired from the board of directors on November 15, 2007. In January 2008, Mr. Gips was appointed to take Mr. Beall's place as the chairman of the compensation committee, and Mr. Decker was appointed to replace Mr. Stead as the chairman of the governance committee. Mr. Stead will remain a member of the governance committee.

Audit Committee

The audit committee assists the board in overseeing our accounting and financial reporting processes and audits of our financial statements. It is directly responsible for the appointment, compensation, retention, and oversight of the work of the independent registered public accounting firms we engage. It reviews the independent registered public accounting firm's audit of the financial statements and its report thereof; our system of internal control over financial reporting and management's evaluation and the independent registered public accounting firm's audit thereof; the independent registered public accounting firm's annual management letter; various other accounting and auditing matters; and the independence of the auditing registered public accounting firm. The committee reviews and pre-approves all audit and non-audit services performed by our independent registered public accounting firm, other than as may be allowed by applicable law.

The audit committee also reviews and approves the appointment or change of our director of internal audit. The committee reviews and approves any proposed related party transactions (unless such transactions are approved by another independent body of the board). It has established procedures for the receipt, retention and treatment of complaints we receive regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting and auditing matters. The committee meets with management to review any issues related to matters within the scope of its duties. The committee has the power to conduct or authorize investigations into any matter within its scope of responsibilities and may engage independent legal, accounting and other advisers as it determines necessary.

The charter of the committee is available on our website (www.mindspeed.com). The board has determined that all of the members of the committee are "independent" in accordance with Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, the applicable rules of NASDAQ and our board membership criteria. All of the committee members also meet the audit committee composition requirements of NASDAQ. The board has determined that Mr. Madden, the chairman of the audit committee, is qualified as an audit committee financial expert within the meaning of SEC regulations and that he has accounting and related financial management expertise within the meaning of the applicable rules of NASDAQ. Mr. Madden's experience is discussed above under the caption "Board of Directors Election of Directors."

Governance and Board Composition Committee

The governance committee reviews with the board, on an annual basis or more frequently as needed, our corporate governance guidelines and the board's committee structure and membership. The committee annually establishes a framework for the evaluation of our chief executive officer. The committee recommends nominees for election at each annual meeting and nominees to fill any board vacancies. The committee recommended to the board Messrs. Hayashi, Louie and Madden for re-election at the 2008 annual meeting. When needed, the committee leads the search for qualified director candidates by defining the experiential background and qualifications for individual director searches and engaging third-party search firms to source potential candidates and coordinate the logistics of each search. The committee also has the power to engage outside advisors and counsel to assist the committee.

The committee prepares, not less frequently than every three years, and submits to the board, for adoption by the board, a list of selection criteria to be used by the committee. The committee will consider director candidates recommended by our stockholders pursuant to our procedures described below under the caption "Other Matters Stockholder Proposals." The selection criteria for director candidates include the following:

Each director should be an individual of the highest character and integrity, have experience at or demonstrated understanding of strategy/policy-setting and reputation for working constructively with others.

Each director should have sufficient time available to devote to the affairs of our company in order to carry out the responsibilities of a director.

Each director should be free of any conflict of interest which would interfere with the proper performance of the responsibilities of a director. This excludes from consideration officers of companies in direct or substantial competition with our company and major or potential major customers, suppliers or contractors.

The committee's charter is available on our website (www.mindspeed.com). The board has determined that all of the members of the committee are "independent" in accordance with applicable rules of NASDAQ and our board membership criteria.

Compensation and Management Development Committee

The compensation committee recommends to the board compensation and benefits for non-employee directors; reviews and approves, on an annual basis, the corporate goals and objectives with respect to compensation of our chief executive officer pursuant to the framework developed by the governance committee; determines salaries for all executive officers and reviews annually the salary plan for other executives in general management positions; reviews standard base pay, incentive compensation, deferred compensation and all equity-based plans and recommends changes in such plans as needed; reviews annually the performance of our chief executive officer and other senior executives; assists the board in developing and evaluating potential candidates for executive positions; oversees the development of executive succession plans; and reviews and discusses the Compensation Discussion and Analysis with management and gives its recommendation to the board on whether the Compensation Discussion and Analysis should be included in our proxy statement and annual report on Form 10-K.

The charter of the committee is available on our website (www.mindspeed.com). The board has determined that all of the members of the committee are "independent" in accordance with applicable rules of NASDAQ and our board membership criteria. The compensation committee has the authority to engage services of outside advisors, experts and others to assist the committee. Our human resources department supports the committee in its work and in some cases acts pursuant to delegated authority

to fulfill various functions in administering our compensation programs. In addition, the committee reviews its charter at least annually, and recommends any proposed changes to the board for approval.

During the course of fiscal year 2007, management and the board of directors engaged Semler Brossy Consulting Group, LLC to consult and assist in the determination of executive compensation. The engagement specifically called for an analysis of our stock plan summaries and provisions and trends in equity participation. The companies analyzed in this engagement were the companies listed as peer companies below under the caption "Executive Officer and Director Compensation Compensation Discussion and Analysis Objectives of Compensation Programs and Compensation Program Design Peer Group." The engagement covered information on equity practices, such as burn rates, overhang, forms of equity and allocation of equity awards between officers and non-officers. Semler Brossy also analyzed trends, including changes in equity participation eligibility and the mix of cash and equity in total compensation.

Stockholder Communications with Directors

Stockholders and other parties interested in communicating directly with any individual director, including the chairman, the board as a whole, or the non-management directors as a group may do so by writing to Mindspeed Technologies, Inc., 4000 MacArthur Boulevard, East Tower, Newport Beach, California 92660, Attention: Secretary. Our secretary reviews all such correspondence and regularly forwards to the board a summary of all such correspondence and copies of all correspondence that, in the opinion of the secretary, deals with the functions of the board or its committees, or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence we receive that is addressed to members of the board and may request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our internal audit department and handled in accordance with procedures established by the audit committee with respect to such matters.

Compensation Committee Interlocks and Insider Participation

No member of the compensation committee during fiscal year 2007 was a current or former officer or employee of our company. There are no compensation committee interlocks between our company and other entities involving our executive officers and board members who serve as executive officers or board members of such other entities. No member of the committee had any relationship requiring disclosure below under the caption "Certain Relationships and Related Transactions."

EXECUTIVE OFFICERS

The table below sets forth certain information concerning our executive officers as of January 31, 2008.

Name	Age	Title
Raouf Y. Halim	48	Chief Executive Officer
Simon Biddiscombe	40	Senior Vice President, Chief Financial Officer, Treasurer and Secretary
Najabat H. Bajwa	30	Senior Vice President and General Manager, Lightspeed Connectivity Solutions
Kurt F. Busch	37	Senior Vice President and General Manager, High-Performance Analog
Ron Cates	50	Senior Vice President and General Manager, Wide Area Networking
Gerald J. Hamilton	54	Senior Vice President, Worldwide Sales
Thomas J. Medrek	52	Senior Vice President and General Manager, Multiservice Access
Thomas O. Morton	53	Senior Vice President, Human Resources
Thomas A. Stites	52	Senior Vice President, Communications
Preetinder S. Virk	44	Senior Vice President and General Manager, Enterprise and Customer Premise Equipment

There are no family relationships among the individuals serving as our directors or executive officers. Set forth below are the name, office and position held with our company and principal occupations and employment during the past five years of each of our executive officers. Biographical information on Mr. Halim is discussed above under the caption "Board of Directors Election of Directors Class III Directors."

Mr. Biddiscombe has been our senior vice president, chief financial officer and treasurer since June 2003. He was elected our secretary in April 2004. Mr. Biddiscombe previously served as the vice president, finance, and controller of the internet infrastructure business of Conexant from December 2000 to June 2003. He was the senior vice president and chief financial officer from May 1999 to December 2000 and the chief operating officer from May 2000 to December 2000 of Wyle Electronics (distributor of semiconductor products).

Mr. Bajwa has been our senior vice president and general manager, lightspeed connectivity solutions, since October 2007. Mr. Bajwa previously served as our vice president of marketing and applications engineering from October 2006 to October 2007, executive director of marketing from April 2006 to October 2006 and director of marketing from August 2003 to April 2006 for our optical communications IC product line. Prior to joining us, Mr. Bajwa was the director, navigation business, of Agilent Technologies, Inc. (electronic measurement devices and services) from November 2002 to August 2003.

Mr. Busch has been our senior vice president and general manager, high-performance analog, since October 2007. Mr. Busch previously served as our vice president of marketing and applications for our switching and signal conditioning product line from November 2006 to October 2007 and our executive director of business development from January 2006 to November 2006. Prior to joining us, Mr. Busch was a business development manager of Analog Devices, Inc. (signal processing solutions) from November 2003 to December 2005 and the vice president of marketing and president of the U.S. subsidiary of TeraCross Ltd. (semiconductor manufacturer) from November 2001 to November 2003.

Mr. Cates has been our senior vice president and general manager, wide area networking, since May 2007. Prior to joining us, he was the vice president of North American sales and marketing of

Metalink Ltd. (broadband communications) from October 2004 to May 2007. Mr. Cates also served as the vice president of marketing of Solarflare Communications, Inc. (vendor of ethernet products) from June 2003 to September 2004 and the vice president of sales and marketing of Peregrine Semiconductor Corp. (semiconductor manufacturer and designer) from September 2001 to June 2003.

Mr. Hamilton has been our senior vice president, worldwide sales, since July 2006. Mr. Hamilton previously served as our vice president of sales for the Asia Pacific region from June 2003 to July 2006. He served as the vice president of sales for the Asia Pacific region of Conexant from September 2001 to June 2003.

Mr. Medrek has been our senior vice president and general manager, multiservice access, since June 2004. Mr. Medrek previously served as our senior vice president and general manager, broadband internetworking systems, from June 2003 to June 2004. Mr. Medrek served as the vice president and general manager, broadband internetworking systems, of Conexant from February 2001 to June 2003 and the vice president of marketing, broadband internetworking systems, of Conexant from March 2000 to February 2001.

Mr. Morton has been our senior vice president, human resources, since October 2007. Mr. Morton previously served as our vice president, human resources, from August 2003 to October 2007 and our executive director, human resources, from June 2003 to August 2003. He served as the executive director, human resources, of Conexant from January 1999 to June 2003.

Mr. Stites has been our senior vice president, communications, since June 2003. Mr. Stites previously served as the senior vice president, communications, of Conexant from December 1999 to June 2003.

Mr. Virk has been our senior vice president and general manager, enterprise and customer premise equipment, since October 2007. Mr. Virk previously served as our vice president and business director for enterprise and customer premise equipment media processing solutions from February 2006 to October 2007, vice president of marketing for our voice-over-Internet Protocol/media processing solutions from January 2005 to February 2006, executive director of marketing from September 2004 to January 2005 and director of marketing from June 2003 to September 2004. He was the director of marketing, broadband internetworking systems, of Conexant from July 2001 to June 2003.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Compensation Discussion and Analysis

Overview

The following provides a brief overview of the more detailed disclosure set forth in the Compensation Discussion and Analysis below:

The objectives of our compensation program are to: (i) attract and retain talented executive officers; (ii) align the financial interests of executive officers with those of our stockholders; and (iii) pay for performance.

In making its fiscal year 2007 compensation decisions, the compensation committee consulted with a third-party compensation consultant and compared the compensation of our executive officers with a peer group of 14 other semiconductor companies.

Our executive compensation consists primarily of: (i) a base annual salary; (ii) incentive-based compensation; and (iii) long-term equity awards. We also provide certain perquisites to our executive officers.

We encourage a pay-for-performance environment by linking short-term incentive-based compensation to the achievement of overall company and individual performance goals. Achievement of performance goals by our named executive officers (as defined in the "Summary Compensation Table" below) during fiscal year 2007 ranged from 72% to 94%.

We use equity-based compensation as a means to align the interests of our executive officers with those of our stockholders and to preserve our cash on hand.

Following the conclusion of fiscal year 2007, we granted special bonuses with retention features to our chief executive officer and chief financial officer.

We have entered into change of control agreements with our executive officers, but our executive officers do not have employment or severance agreements.

We believe that our compensation program successfully achieves its objectives.

Objectives of Compensation Programs and Compensation Program Design

The compensation committee establishes our executive compensation philosophy and oversees our executive compensation programs. Under the compensation committee's supervision, in fiscal year 2007, we implemented compensation policies, plans and programs intended to achieve the following objectives:

Attract and retain talented executive officers. We are engaged in a very competitive and highly cyclical industry, and our success depends upon our ability to attract and retain qualified executives through competitive compensation arrangements.

Align the financial interests of executive officers with those of our stockholders. We want and expect our executive officers to think and act in both the near-term and long-term interests of our stockholders.

Pay for performance. We provide executive officers with incentive opportunities linked to achievement of both overall company and individual performance goals. Incentive programs are designed to reward business plan achievement.

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We carry out these objectives by providing market competitive salaries, achieving an appropriate mix of cash and equity compensation, setting compensation based on individual and overall company performance and occasionally granting retention bonuses.

Total Compensation Program Design

The compensation committee considers the total compensation, earned or potentially available, of the executive officers in establishing each component of compensation. In its review, the committee considers information regarding our general industry and direct peer group, national surveys of other U.S. semiconductor and high technology companies, reports of our third-party compensation consultants and performance judgments as to the past and expected future contributions of individual executive officers.

Our total compensation package generally includes a base annual salary, short-term incentive awards and long-term incentive awards. We target the short-term incentives of the chief executive officer to equal 100% of his base annual salary. We target the short-term incentives of all other named executive officers to equal 55% of their respective base annual salaries. The different incentive targets are a result of Mr. Halim's higher level of responsibility and the industry standard of providing the chief executive officer with higher incentive targets. In nearly all situations, our short-term incentive awards take the form of equity. We will occasionally provide non-equity incentive awards to recognize special achievement and value to our company or for competitive reasons.

Our annual incentive compensation plan for the executive officers, including the chief executive officer, is based on both the overall financial performance of the company and the performance of the executive with respect to his individual assigned goals. In any given fiscal year, that performance is measured against the specific performance criteria adopted by the compensation committee for use in that particular fiscal year. Performance criteria typically include financial metrics, such as revenue growth, operating profitability and attainment of strategic business development goals. In addition, executive officer incentive compensation awards may be adjusted by an individual performance multiplier. The chief executive officer's annual incentive plan has the same components as the executive officer plan. This award may also be adjusted by the board based on individual performance. For all executive officers, the annual incentive award value is generally targeted at the median of corresponding awards for our peer group.

The fiscal year 2007 base salaries and target incentives for the named executive officers are set forth in the table below.

Named Executive Officer	Base Annual Salary(1)	Target Incentive(2)
Raouf Y. Halim	\$ 500,000	100%
Simon Biddiscombe	300,000	55%
Gerald J. Hamilton	240,000	55%
Thomas J. Medrek	300,000	55%
Wayne K. Nesbit	300,000	55%

(1) Base annual salary is effective as of January 1, 2007. Some of the figures reported in this table will not match the figures reported in the "Summary Compensation Table" below because of the effective date, which does not correspond to our fiscal year.

(2) Target incentive represents a target amount of base annual salary for short-term incentive awards.

Role of Executive Officers and Compensation Consultants in Compensation Decisions

The compensation committee solicits recommendations from our chief executive officer for our other executive officers, and then reviews and approves the total compensation for all of our executive

officers. The compensation committee may request additional information from the chief executive officer and may also solicit the perspective and input of third-party compensation consultants. In fiscal year 2007, the compensation committee elected to continue its engagement with a third-party compensation consultant, Semler Brossy.

Semler Brossy was specifically engaged to consult on stock plan summaries and provisions and trends in equity participation. For fiscal year 2007, we provided Semler Brossy with a list of our peer companies and requested that it report on the practices of each. The report included information on equity practices, such as burn rates, overhang, forms of equity and allocation of equity awards between officers and non-officers. The report also included information on trends, including changes in equity participation eligibility and the mix of cash and equity in total compensation.

Additional information on the peer companies that Semler Brossy examined is discussed below under the caption "Executive Officer and Director Compensation Compensation Discussion and Analysis Objectives of Compensation Programs and Compensation Program Design Peer Group."

Goal Setting and Performance Evaluation

Executive officer performance evaluations, including evaluations of the named executive officers, take place every year and are completed immediately following the conclusion of our fiscal year. To help achieve our strategic goals and annual objectives, we have developed an integrated performance management program, which has an overall purpose of strengthening results at the individual and organizational level. The program is designed to align individual performance with strategic business goals and annual objectives. It is intended to foster two-way communication to provide all employees, including executive officers, with the resources, information and support needed to be successful. The performance management program's primary objectives are to ensure that individual contributions and results are directed toward achieving our business plan based on our strategic and tactical goals. It also links rewards to performance and recognizes outstanding performance with corresponding compensation action. The process begins with establishing overall company and individual performance goals for the chief executive officer and for other executive officers at the beginning of the fiscal year. These goals are based on our annual operating plan, which is reviewed by the board.

The chief executive officer's performance evaluation is coordinated by the chairman of the governance committee, with input from all independent board members. The chief executive officer is evaluated on performance against the annual operating plan, which is summarized in an annual score card. The score card contains a percent achievement reached for each company metric, as well as an overall weighted average achievement percentage on all company performance goals. An annual 360 degree feedback assessment is also conducted for purposes of providing additional developmental feedback to the chief executive officer. The chairman of the governance committee reviews the corporate performance score card and the 360 feedback results with the other board members, obtains their feedback on the chief executive officer's performance and completes the review. The governance committee then reports its findings to the compensation committee for use in its determination of appropriate compensation actions.

The board frequently discusses with the chief executive officer the performance of the executive officers. The chief executive officer incorporates this feedback into the evaluations of the other named executive officers and our other executive officers. The performance evaluations for the named executive officers are the same as those discussed below under the caption "Executive Officer and Director Compensation Compensation Discussion and Analysis Elements of Compensation Incentive Based Compensation."

Peer Group

In setting the base annual salary, individual bonus target amount and equity grant guidelines for executive officers, the compensation committee, with assistance from our third-party compensation consultant, reviews information relating to the executive compensation of direct competitors, other local semiconductor companies and leading national semiconductor companies. We include our direct competitors and other local semiconductor companies because we compete with them for business, as well as talent. We include leading national semiconductor companies because they have a large influence on industry compensation practices. Our self-selected peer group has remained essentially the same for the past several years. In analyzing the peer group, the compensation committee distinguishes emerging peers from mature peers. The peer group companies for fiscal year 2007 include the following:

Emerging Peers

Applied Micro Circuits Corporation

PMC-Sierra, Inc.

Vitesse Semiconductor Corporation

NetLogic Microsystems, Inc.

Transwitch Corporation

Maxim Integrated Products, Inc.

Conexant Systems, Inc.

Skyworks Solutions, Inc.

Microsemi Corporation

Mature Peers

Broadcom Corporation

Qualcomm, Inc.

Advanced Micro Devices, Inc.

Intel Corporation

Texas Instruments, Inc.

The compensation committee reviews the compensation levels of our emerging peers when considering the amount of executive officer base annual salary and total compensation. For fiscal year 2007, the compensation committee believes that the base annual salary and total

compensation provided to each executive officer was within the range of total compensation paid to similarly situated executive officers at emerging peers. The compensation committee targets our executive officers' base salaries and total compensation at the median of our emerging peers.

The compensation committee reviews the data of both our emerging and mature peers in designing our equity-compensation policies. It typically considers our emerging peers' run-rate, overhang and form of equity policies. Additionally, it reviews our emerging peers' policies regarding allocation of equity awards between executives and non-executives, percentage of employees receiving grants, vesting practices, hiring grant practices and other trends.

For fiscal year 2007, the compensation committee also used the Radford High Tech survey database, which provides data specific to high technology and semiconductor industry compensation practices. The examination of the Radford High Tech survey and peer group compensation practices allows us to accurately follow industry norms in an effort to ensure that our compensation policies are current and competitive.

Elements of Compensation

Executive compensation consists primarily of: (i) a base annual salary; (ii) incentive-based compensation; and (iii) long-term equity awards. This mix of payments allows us to provide compensation that directly addresses our compensation goals of retention, alignment of executive and

stockholder interests and linking pay with performance. We also provide our executive officers with other benefits, including perquisites, change of control agreements and retirement savings plans. After the conclusion of fiscal year 2007, the compensation committee also granted special cash bonuses to certain executive officers as described below. All executive officers are subject to at will employment. We do not have employment or severance agreements with any of them. Please see our "Summary Compensation Table" below for information on the total compensation awarded to each named executive officer during fiscal year 2007.

Base Annual Salary

The base annual salaries we provide to our executive officers are intended as compensation for each executive officer's ongoing contributions to the performance of the operational area(s) for which they are responsible. In keeping with our compensation philosophy to attract and retain individuals of high quality, executive officer base salaries have been targeted to be competitive with base salaries paid to executive officers of our emerging peers, as described above, based on data reviewed by the compensation committee. The compensation committee determines the market median by reviewing information contained in survey data, proxy statements, other SEC filings and advice from our third-party compensation consultant. The base salaries for our executive officers also reflect input from our chief executive officer based on individual performance and retention goals.

The base annual salary levels of each of our executive officers are reviewed annually and adjusted from time to time to recognize individual performance, promotions, competitive compensation levels, retention requirements, internal pay equity and other subjective factors. In addition to adjustments made for competitive and retention reasons, the compensation committee has periodically adjusted executive officer base salaries based on its assessment of each executive's performance and history with us and our overall budgetary considerations for salary increases.

For fiscal year 2007, an annual review of base salaries was conducted by the compensation committee on November 16, 2006, and the following base annual salary changes for certain named executive officers were approved, with an effective date of January 1, 2007:

Simon Biddiscombe From \$275,000 to \$300,000

Wayne K. Nesbit From \$290,000 to \$300,000

For fiscal year 2008, the compensation committee approved the following base annual salary changes for certain named executive officers:

Simon Biddiscombe From \$300,000 to \$330,000 (effective October 1, 2007)

Gerald J. Hamilton From \$240,000 to \$250,000 (effective January 7, 2008)

The recent increased salaries are specifically meant to recognize the performance of individual executive officers and to keep our salaries competitive. Mr. Biddiscombe's salary recognizes his contribution to our financial growth over the second half of fiscal year 2007 and his vital role in our future plans. Mr. Hamilton's salary recognizes his role in reducing our sales cost structure and improving collaboration between our marketing and sales teams.

Incentive-Based Compensation

Cash Incentive Awards

We typically do not offer cash incentive awards. Our short-term incentive based compensation usually takes the form of equity awards, which allows us to preserve our cash on hand. The only named executive officer to receive a cash bonus award during fiscal year 2007 was Mr. Hamilton, our senior vice president of worldwide sales. We decided to offer Mr. Hamilton a cash incentive plan for competitive reasons, after determining that sales executives in our industry often receive cash incentive awards as part of their compensation package.

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We awarded a total cash bonus of \$122,826 to Mr. Hamilton pursuant to an individual bonus plan after consideration of his performance during fiscal year 2007. The bonus was based on the following factors: (i) achievement of a fiscal year revenue target (weighted 40%); (ii) design win execution against fiscal year plan (weighted 40%); and (iii) a budget reduction for the worldwide sales department (weighted 20%).

In calculating the bonus award, the compensation committee determined that Mr. Hamilton achieved a substantial portion of his revenue goal and design win goals (for a number of key design wins) and 100% of the budget reduction goal (the worldwide sales department met its goal to reduce spending by 10%), resulting in the overall achievement of 93.6% of the goals set forth for the fiscal year. The fiscal year 2007 revenue target is based on our internal annual operating plan and is confidential as discussed below under the caption "Executive Officer and Director Compensation Compensation Discussion and Analysis Elements of Compensation Incentive-Based Compensation Equity Incentive Awards."

Equity Incentive Awards

In November 2006, we awarded each of our named executive officers shares of performance-based restricted stock. These shares of restricted stock were granted pursuant to the Mindspeed Achievement Plan, or MAP, which allows the compensation committee to issue performance-based equity awards as part of our 2003 long-term incentives plan. The terms of the awards provide that the shares of restricted stock vest to the extent that the officer achieved individual and overall company goals specified for such officer during fiscal year 2007.

The determination of whether each named executive officer has met the MAP goals for a given fiscal year rests with the compensation committee. Management reports on the accomplishments of the officers, but the compensation committee has the responsibility of determining to what extent those accomplishments meet the pre-established MAP goals. While the use of the MAP goals is intended to establish a rigorous process for tracking and evaluating performance, the compensation committee's assessment of performance against particular goals often involves some degree of subjective evaluation of non-quantitative measures. The compensation committee does not apply a mechanical formula in determining achievement of the goals but takes into account the level of performance compared to the goal and may take into account other considerations such as improvement compared to prior years, positioning for future success and the need to motivate and retain the current management team.

The factors used to determine individual performance and the relative weight given to each factor is set forth in the table below for fiscal year 2007. The different factors and relative weights reflect differences in the job responsibilities of our named executive officers.

Named Executive Officer	Performance Factors (and Weight)
Raouf Y. Halim	Fiscal year revenue, operating profit and cash burn targets: 50% Design win execution against the fiscal year plan: 20% Product delivery date performance: 15% Individual organization development goals: 15%
Gerald J. Hamilton	Fiscal year revenue target: 40% Design win execution against fiscal year plan: 40% Individual organization operating expense controls: 20%
Simon Biddiscombe Thomas J. Medrek Wayne K. Nesbit	Fiscal year revenue, operating profit and cash burn targets: 50% Individual organization development goals: 50%

Mr. Halim. Based on the performance evaluation described above under the caption "Executive Officer and Director Compensation Compensation Discussion and Analysis Objectives of Compensation Programs and Compensation Program and Design Goal Setting and Performance Evaluation," the compensation committee determined that Mr. Halim be awarded 50% of the financial performance factors for fiscal year 2007. While the company did not fully meet the revenue, operating profit and cash burn targets, significant progress was made, particularly during the second half of the year. The compensation committee also noted that operating profit and cash burn each improved roughly by 30% as compared to fiscal year 2006. Cash burn and operating profit are non-GAAP measures. Our calculation of operating profit excludes stock-based compensation expense, employer taxes on stock-based compensation and special charges. We calculate cash burn as the net increase or decrease in cash and cash equivalents excluding sales and purchases of marketable securities. We use non-GAAP measures for the MAP because these measures help us internally to evaluate our operating performance excluding items that are considered by management to be outside of our core operating results.

The specific revenue, operating profit and cash burn targets are based on the company's internal annual operating plan and are confidential. The targets correlate with the maximum award levels that the executives can achieve and thus require strong performance. Executives will not receive more than 100% of their equity incentive award, even if the company exceeds its performance goals. As an indication of the level of difficulty in achieving the overall performance objectives, in fiscal year 2007, the overall percentage of awards the named executive officers received (including the achievement of non-financial goals) ranged from 72% to 94%. In fiscal year 2006, the percentage of overall awards executive officers received (including the achievement of non-financial goals) ranged from 92% to 100%.

The compensation committee determined that Mr. Halim met 100% of his non-financial goals. We had a number of key design wins, especially in the voice-over-Internet Protocol and high-performance analog markets. We also achieved most of our milestones on schedule in fiscal year 2007 for our key product programs. With respect to organization development, a number of key promotions and hires were made in fiscal year 2007, including the creation of two business units that had previously made up the high-performance analog business (lightspeed connectivity solutions and high-performance analog, consisting of our switching and signal conditioning products). Based on the overall assessment of Mr. Halim's performance against his MAP goals, the compensation committee determined that 75% of the shares of restricted stock comprising his equity incentive award would vest for fiscal year 2007.

Mr. Hamilton. Mr. Hamilton's criteria for earning shares of restricted stock under the MAP plan is the same as his criteria for earning the cash incentive award described above under the caption "Executive Officer and Director Compensation Compensation Discussion and Analysis Elements of Compensation Incentive-Based Compensation Cash Incentive Awards." Based on the analysis set forth in that section, the compensation committee determined that 93.6% of the shares of restricted stock comprising Mr. Hamilton's equity incentive award would vest for fiscal year 2007.

Mr. Biddiscombe. The compensation committee determined that Mr. Biddiscombe be awarded 50% of the financial performance factors, based on the same analysis as set forth for Mr. Halim above, and 100% of his individual organization development goals for fiscal year 2007. Mr. Biddiscombe's individual goals were comprised of the following, each weighted at 10% of his overall award: (i) ensuring integrity in financial reporting; (ii) management of cash and working capital; (iii) auditing management and planning; (iv) management of business law and securities law issues; and (v) management of our patent, trademark and trade secret portfolios. Based on the overall assessment of Mr. Biddiscombe's performance against his MAP goals, the compensation committee determined that 75% of the shares of restricted stock comprising his equity incentive award would vest for fiscal year 2007.

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Mr. Medrek. The compensation committee determined that Mr. Medrek be awarded 50% of the financial performance factors, based on the same analysis as set forth for Mr. Halim above, and the following percentages of his individual goals for fiscal year 2007: (i) engineering execution 95% (20% weighting of overall award); (ii) offshoring execution and forecast accuracy 100% (10% weighting of overall award); and (iii) design wins and market execution 90% (20% weighting of overall award). Based on the overall assessment of Mr. Medrek's performance against his MAP goals, the compensation committee determined that 72.6% of the shares of restricted stock comprising his equity incentive award would vest for fiscal year 2007.

Mr. Nesbit. The compensation committee determined that Mr. Nesbit be awarded 50% of the financial performance factors, based on the same analysis as set forth for Mr. Halim above, and the following percentages of his individual goals for fiscal year 2007: (i) inventory management 95% (20% weighting of overall award); (ii) customer satisfaction 90% (20% weighting of overall award); and (iii) quality improvement 100% (10% weighting of overall award). Based on the overall assessment of Mr. Nesbit's performance against his MAP goals, the compensation committee determined that 72.6% of the shares of restricted stock comprising his equity incentive award would vest for fiscal year 2007.

The table below summarizes the number of shares earned by each named executive officer pursuant to their performance-based equity incentive awards based on the analysis above. To the extent that the named executive officer did not meet all of his performance goals, shares did not vest and were subsequently forfeited. The final column of the t