

CONEXANT SYSTEMS INC
Form DEFA14A
February 06, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
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Conexant Systems, 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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No fee required.

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CONEXANT SYSTEMS, INC.
SUPPLEMENT TO PROXY STATEMENT
for the
ANNUAL MEETING OF SHAREOWNERS
to be held on
FEBRUARY 18, 2009

To the Holders of Common Stock of Conexant Systems, Inc.:

The proxy statement of Conexant Systems, Inc. (the "Company") dated January 6, 2009 relating to the Company's 2009 Annual Meeting of Shareowners to be held on February 18, 2009, which we first made available to shareowners beginning on January 6, 2009, inadvertently omitted certain bonus information in the table entitled "Summary Compensation Table - Fiscal Years 2008 and 2007" on page 18 of the proxy statement and in the table entitled "Grants of Plan-Based Awards - Fiscal Year 2008" on page 20 of the proxy statement. This bonus information was contained in the Compensation Discussion and Analysis section of the proxy statement under the heading "Short-Term Incentive Compensation" on pages 11-13 of the proxy statement. The purpose of this Supplement is to amend and restate the Summary Compensation Table - Fiscal Years 2008 and 2007 and the table setting forth Grants of Plan-Based Awards - Fiscal Year 2008 to correct these inadvertent omissions.

Except as amended by this Supplement, all information set forth in the proxy statement remains unchanged. Please also note that this Supplement does not change the proposals to be acted upon at the Annual Meeting, which are described in the proxy statement.

Summary Compensation Table - Fiscal Years 2008 and 2007

The following table sets forth the total compensation earned or paid to our principal executive officer, principal financial officer and other named executive officers, who served in such capacities during fiscal year 2008 for services rendered in fiscal years 2008 and 2007.

Name and Principal Position	Fiscal Year	Salary ⁽¹⁾ (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity	All	Total (\$)
						Incentive Plan Compensation ^(*) (\$)	Other Compensation ^(*) (\$)	
D. Scott Mercer Chairman of the board and chief executive officer ⁽²⁾	2008	253,846		509,614 ⁽³⁾		300,000 ⁽⁴⁾	126,444	1,189,904
Christian Scherp President ⁽⁵⁾	2008	329,231	675,000 ⁽⁶⁾	184,572 ⁽³⁾	243,961 ⁽⁷⁾	224,523 ⁽⁸⁾	70,967	1,728,254
	2007	290,000			166,093	120,389	27,030	603,512
Sailesh Chittipeddi Executive vice president, global operations and chief technology officer ⁽⁹⁾	2008	290,000 ⁽¹⁰⁾	558,079 ⁽¹¹⁾	262,072 ⁽³⁾	246,697 ⁽⁷⁾	60,000 ⁽¹²⁾	11,795	1,428,643
	2007	254,808	40,817		151,557		13,233	460,415
Karen L. Roscher Former senior vice president and chief financial officer	2008	325,000	78,919 ⁽¹³⁾	216,146 ⁽³⁾	307,803 ⁽⁷⁾	100,000 ⁽¹⁴⁾	9,809	1,037,677
	2007	18,750	150,000	15,163	16,095			200,008
Mark D. Peterson	2008	165,865	475,000 ⁽¹⁶⁾	20,192 ⁽³⁾	37,619 ⁽⁷⁾	100,000 ⁽¹⁷⁾	4,257	802,933

Senior vice president,
chief legal officer and
secretary ⁽¹⁵⁾

Daniel A. Artusi	2008	329,067 ⁽¹⁹⁾	2,716,438 ⁽²⁰⁾	1,926,172 ⁽³⁾	2,595,295 ⁽⁷⁾		14,325	7,581,297
Former president and chief executive officer ⁽¹⁸⁾	2007	126,923	100,000	411,173	211,533	150,000	239	999,868

* See
supplemental
table (A).

(1) Includes
amounts the
Company
contributed or
accrued for the
named
executive
officers under
the Company's
Retirement
Savings Plan
and Deferred
Compensation
Plan II.

(2) Mr. Mercer
became an
employee and
chief executive
officer of the
Company on
April 14, 2008
and chairman
and chief
executive
officer on
August 14,
2008. Prior to
April 14, 2008,
Mr. Mercer was
a non-employee
director and was
compensated by
the Company as
a non-employee
director. See,
Directors

Compensation.

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(3) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2008 fiscal year for the fair value of time-vesting and performance restricted stock units (RSUs) and performance share awards granted to certain named executive officers in fiscal 2008, as well as prior fiscal years, in accordance with SFAS 123R. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For time-vesting RSUs, fair value is calculated using the closing price of Conexant stock on the date of grant. For additional

information, refer to note 1 of the Conexant financial statements in the Form 10-K for the year ended October 3, 2008, as filed with the SEC. See the Grants of Plan-Based Awards Table for information on awards made in fiscal 2008. These amounts reflect the Company's accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers. The performance RSUs are subject to market conditions and the performance share awards are subject to performance conditions, as described in the CD&A. In measuring fair value, SFAS 123R distinguishes between vesting conditions related to the Company's stock

price (market conditions) and other non-stock price related conditions (performance conditions). Market conditions, such as those in the performance RSUs that are tied to Conexant's total shareholder return, reduce the grant-date fair value under SFAS 123R; performance conditions, such as those in the performance share awards that are tied to non-stock measures, such as Conexant's operating performance, do not reduce the grant-date fair value under SFAS 123R but are evaluated at the end of each reporting period and may be adjusted for changes in operating performance. This amount reflects the Company's accounting expense for the performance RSUs and performance

share awards, and does not correspond to the actual value that will be recognized by the named executive officer, which depends solely on the achievement of specified performance objectives over the performance period.

- (4) Represents a bonus payment under the 2008 Peak Performance Plan of which \$250,000 was the minimum guaranteed bonus payable to Mr. Mercer for fiscal 2008 per his employment agreement.
- (5) Mr. Scherp was promoted to president on April 14, 2008.
- (6) Represents a \$675,000 retention award.
- (7) This column represents the dollar amount recognized for financial statement reporting purposes with

respect to the 2008 fiscal year for the fair value of stock options granted to each of the named executive officers in fiscal 2008, as well as prior fiscal years, in accordance with SFAS 123R.

Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information on the valuation assumptions with respect to the fiscal 2008 grants, refer to note 1 of the Company's financial statements in the Form 10-K for the year ended October 3, 2008, as filed with the SEC. For information on the valuation assumptions with respect to option grants made prior to fiscal 2008, see the note on Other Stock-Related

information for the Company's financial statements in the Form 10-K for the respective year-end. See the Grants of Plan-Based Awards Table for information on options granted in fiscal 2008. These amounts reflect the Company's accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers.

- (8) Includes a \$150,000 bonus payment under the 2008 Peak Performance Plan of which \$50,000 was the minimum guaranteed bonus payable to Mr. Scherp for fiscal 2008 per his employment agreement, and \$74,523 paid in commissions for fiscal 2008 under the Company's sales incentive plan which ceased to

be applicable to
Mr. Scherp
upon assuming
his current
position.

(9) Mr. Chittipeddi
was promoted to
executive vice
president, global
operations and
chief technology
officer on
April 14, 2008.

(10) Includes
\$11,538 paid to
Mr. Chittipeddi
in lieu of
vacation.

(11) Includes a
\$500,000
retention award
and a \$58,079
payment for
relocation
expenses
incurred.

(12) Represents a
bonus payment
under the 2008
Peak
Performance
Plan for fiscal
2008 of
\$60,000.

(13) Represents
\$78,919 paid for
relocation
expenses
incurred.

(14) Represents a
bonus payment
under the 2008
Peak
Performance
Plan equal to the

minimum
guaranteed
bonus payable
to Ms. Roscher
for fiscal 2008
per her
employment
agreement.

(15) Mr. Peterson
became an
employee and
senior vice
president, chief
legal officer and
secretary on
March 19, 2008.

(16) Includes a
\$75,000 sign-on
bonus paid in
connection with
Mr. Peterson's
joining the
Company and a
\$400,000
retention award.

(17) Represents a
bonus payment
under the 2008
Peak
Performance
Plan equal to the
minimum
guaranteed
bonus payable
to Mr. Peterson
for fiscal 2008
per his
employment
agreement.

(18) Mr. Artusi was
formerly
president and
chief executive
officer of the
Company. Mr.
Artusi's
employment

with the
Company
terminated on
April 25, 2008.

(19) Includes \$8,766
paid to
Mr. Artusi in
lieu of vacation.

(20) Represents a
separation
payment of
\$2,716,438 in
accordance with
Mr. Artusi's
employment
agreement.

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(A) The following table provides detail of amounts shown in the All Other Compensation column of the Summary Compensation Table Fiscal Years 2008 and 2007 for perquisites paid during fiscal 2008.

Name	Insurance Premiums^(a)	Airline/Health Club	Financial Planning	401(k) Match^(b)	Travel Allowance^(c)	Director Compensation^(d)	Total All Other Compensation
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
D. Scott Mercer	982				60,000	65,462	126,444
Christian Scherp	218	989	12,746	12,014	45,000		70,967
Sailesh Chittipeddi	810			10,985			11,795
Karen L. Roscher	810			8,999			9,809
Mark D. Peterson	411			3,846			4,257
Daniel A. Artusi	6,591			7,734			14,325

(a) Includes imputed income for life insurance. Includes \$5,874 COBRA reimbursement paid during fiscal year 2008 to Mr. Artusi per his separation agreement.

(b) Includes the Company match made in the qualified plan as well as the Company match provided above the qualified plan limits for executives electing to participate in the non-qualified deferred compensation program.

(c) Travel allowance paid in connection

with the executive assuming his current role.

- (d) Includes director's fees earned or paid in cash of \$41,250 and a total option award grant value of \$24,212. Mr. Mercer's compensation for serving as a non-employee director prior to April 14, 2008 is reflected in the Director Compensation for Fiscal Year 2008 table.

Grants of Plan-Based Awards Fiscal Year 2008

The following table provides information relating to plan-based awards granted to the named executive officers during the fiscal year ended October 3, 2008.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (\$)*	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/share)	Grant Date
						Fair Value of Stock and Option Awards (\$)(1)
D. Scott Mercer	April 14, 2008 ⁽²⁾		200,000			1,060,000
	September 29, 2007	550,000				
Christian Scherp	November 14, 2007 ⁽³⁾		25,000			310,000
	September 29, 2007	300,000				
Sailesh Chittipeddi	November 14, 2007 ⁽³⁾		25,000			310,000
	February 20, 2008 ⁽⁴⁾			25,000	5.90	82,500

	September 29, 2007	210,000			
Karen L. Roscher	September 29, 2007	195,000			
Mark D. Peterson	March 19, 2008 ⁽⁵⁾		85,000	4.50	221,000
	March 19, 2008 ⁽⁶⁾		25,000		112,500
	March 19, 2008	109,375			
Daniel A. Artusi	September 29, 2007	550,000			

Notes:

- (*) Reflects the target payouts under the 2008 Peak Performance Plan based on the named executive officer's fiscal 2008 target bonus percentage multiplied by annualized base salary as of the end of fiscal 2008. For Mr. Peterson, the amount reflects a pro-rata target bonus for fiscal 2008 based on his March 19, 2008 commencement of employment. The actual amounts paid under the Peak Performance Plan for fiscal 2008 are set forth under the heading Non-Equity Incentive Plan Compensation in the Summary Compensation Table above.
- (1) This column shows the full grant date fair value of performance share awards, RSUs and stock options under SFAS 123R granted to named executives in fiscal year 2008. Generally, the full grant date fair

value is the amount the Company would expense in its financial statements over the award's vesting schedule. For performance shares and RSUs shown above, fair value is calculated using the closing price of Conexant common stock on the grant date. For stock options, fair value is calculated using the Black-Scholes-Merton value on the grant date. The fair values shown for stock awards and option awards are accounted for in accordance with SFAS 123R. For additional information on the valuation assumptions, refer to note 1 of the Company's financial statements in the Form 10-K for the year ended October 3, 2008, as filed with the SEC. These amounts reflect the Company's accounting expense, and do not correspond to the actual value that will be recognized by the named executives.

- (2) Mr. Mercer's RSUs were granted on April 14, 2008 as part of his new hire package and consist of 200,000 RSUs which vest 50% on October 14, 2008 and 50% on April 14, 2009. The fair market

value on April 14,
2008 was \$5.30 per
share of Conexant
common stock.

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- (3) Messrs. Scherpps and Chittipeddis performance share awards were granted on November 14, 2007 and vest in full (100%) on the second anniversary of the grant date. The fair market value on November 14, 2007 was \$12.40 per share of Conexant common stock. On April 14, 2008 with the amendment of their employment agreements, the performance share awards of November 14, 2007 were amended to provide for a new cliff vesting date of January 2, 2009 versus the current date of November 14, 2009, subject to their continued employment.
- (4) Mr. Chittipeddis stock options were granted on February 20, 2008 and vest in two annual installments (50% per year),

commencing with the first anniversary of the grant date.

(5) Mr. Peterson's stock options were granted on March 19, 2008 as part of his new hire package and vest in three annual installments ($33\frac{1}{3}\%$ per year), commencing with the first anniversary of the grant date.

(6) Mr. Peterson's RSUs were granted on March 19, 2008 as part of his new hire package and consist of 25,000 RSUs which vest in three annual installments ($33\frac{1}{3}\%$ per year), commencing with the first anniversary of the grant date. The fair market value on March 19, 2008 was \$4.50 per share of Conexant common stock.

REVOCABILITY OF PROXIES

If you are a shareowner of record, you may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting by giving written notice of revocation to the Secretary prior to the Annual Meeting, by submitting a valid proxy bearing a later date (including a proxy submitted over the Internet or by telephone), or by

attending the Annual Meeting and voting in person. For shares that are not registered in your name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee or, if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares at the

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Annual Meeting, by attending the meeting and voting in person.

Our shareowners who received a Notice of Internet Availability can refer to that document for instructions on how to access a copy of the proxy materials for the Annual Meeting and to submit a proxy for voting at the Annual Meeting. If you received a printed copy of the proxy statement, instructions for submitting a proxy for voting at the Annual Meeting are included in the separate Proxy Card or Voting Instruction Form that accompanied the proxy statement you received. If you would like to request a Proxy Card to use to vote at the Annual Meeting or to revoke a previously-submitted proxy and change your vote, you may do so by contacting Broadridge at 1-800-579-1639 if you are a shareowner of record. If you are not a shareowner of record, you may contact your broker, bank or other nominee holding your shares to request a new Voting Instruction Form.

TRANSACTION OF OTHER BUSINESS

At the date hereof, there are no matters, other than those described in the proxy statement, that the Board of Directors intends to present, or has reason to believe others will present, at the Annual Meeting. If any other matters come before the Annual Meeting, the persons named in the Company's form of proxy will vote in accordance with their best judgment with respect to such matters.

February 6, 2009