

Press Releases

Cavium To Acquire QLogic for US\$1.36 Billion

June 16, 2016



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Newport Beach
D: +1-949-823-6971

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NEWPORT BEACH, CA – June 16, 2016 – O’Melveny represented QLogic in its agreement to be acquired by Cavium Inc. for approximately US\$15.50 per share, for a total deal value of US\$1.36 billion.

The O’Melveny M&A team was led by partners Mark Peterson and Andy Turner, counsel John Raney, Tania Moayed, and Michael Reynolds, and associates Jessica Lee and Brennen Brodersen.

About O’Melveny

O’Melveny’s clients shape markets, set precedents, and break boundaries. They are stalwarts and innovators, the names you trust and the next big thing. And for more than a century, O’Melveny has been right beside them, kicking down walls and putting up defenses to help our clients achieve their most important goals. With approximately 700 lawyers in 15 offices worldwide guided by the principles of excellence, leadership, and citizenship, we uphold a tradition of treating our clients’ challenges and opportunities as our own. What do you want to achieve? For the answers, please visit www.omm.com.

Contact:

Julie Fei O’Melveny & Myers LLP
213.430.7792
jfei@omm.com

The following was released by Cavium:

Cavium to Acquire QLogic

- Opportunity to drive significant growth at scale in data center and storage markets
- Substantial customer and revenue diversification
- Transaction enterprise value of \$1 billion
- \$45 million of identified annualized cost synergies to be realized by

the end of 2017

- *\$0.60 to \$0.70 accretive to Cavium's CY 2017 non-GAAP EPS*

San Jose and Aliso Viejo, CA, June 15, 2016 – Cavium, Inc. (NASDAQ:CAVM) (“Cavium”), a leading provider of semiconductor products that enable intelligent processing for enterprise, data center, cloud, wired and wireless networking, and QLogic Corp. (NASDAQ:QLGC) (“QLogic”), a leading supplier of high performance networking infrastructure solutions, today announced that they have entered into a definitive agreement for Cavium to acquire all of the outstanding QLogic common stock for approximately \$15.50 per share, comprised of \$11.00 per share in cash and 0.098 of a share of Cavium common stock for each share of QLogic common stock (valued at approximately \$4.50 based on the volume weighted average Cavium trading price for the three trading days beginning June 10, 2016), through an exchange offer. The transaction values QLogic at approximately \$1.36 billion in equity value, inclusive of approximately \$355 million of cash on QLogic's balance sheet, and has been unanimously approved by the boards of directors of both companies.

The acquisition provides:

- Opportunity to drive significant growth at scale in data center and storage markets: QLogic's leading portfolio of advanced connectivity and storage solutions is highly complementary to Cavium's extensive portfolio of networking, compute, and security solutions. The combination enables Cavium to offer a complete end-to-end offering to customers in Enterprise, Cloud, Data Center, Storage, Telco and Networking markets. QLogic adds an incremental \$2+ billion market opportunity for Cavium.
- Substantial customer and revenue diversification: The combined customer base includes market leading OEMs and end-customers across a broad set of end markets that diversifies Cavium's revenue and presents a unique opportunity to accelerate further growth.
- \$0.60 to \$0.70 of accretion to Cavium's CY 2017 non-GAAP EPS: The combined company will have nearly \$900 million in LTM revenue, with strong profitability and cash flow generation. There are \$45 million of identified annualized cost synergies across COGS and operating expenses expected to be realized by the end of 2017. The transaction is expected to create significant value for the shareholders of both companies.

“Today's acquisition of QLogic is highly complementary and strategic to Cavium and it creates a diversified pure-play infrastructure semiconductor leader,” stated Syed Ali, President and Chief Executive Officer of Cavium. “QLogic's industry leading products extend our

market position in data center, cloud and storage markets, and further diversifies our revenue and customer base. In addition to the compelling strategic benefits, the manufacturing, sales and operating synergies will create significant value for our shareholders.”

“QLogic with Cavium is a winning combination for customers and employees and is financially compelling for QLogic shareholders,” said Christine King, Executive Chairman of QLogic. “The scale of operations of a nearly \$1 billion revenue business will allow the combined company to deliver better solutions for customers and create more career opportunities for employees. Shareholders will benefit from both the immediate premium, as well as the opportunity to participate in the long-term value creation from the combined company’s strong growth prospects.”

The transaction will be funded with a combination of \$220 million balance sheet cash, \$750 million of committed financing, which includes \$650 million of term loan and \$100 million of short-term bridge debt, and \$400 million in new Cavium equity.

Under the terms of the definitive merger agreement, a wholly-owned subsidiary of Cavium will commence an exchange offer to acquire all of the outstanding shares of QLogic common stock for \$11.00 in cash and 0.098 of a share of Cavium common stock (approximately \$4.50 per share based on the volume weighted average Cavium trading price for the three trading days beginning June 10, 2016) for each share of QLogic common stock tendered in the exchange offer. Upon satisfaction of the conditions to the exchange offer, and after the shares tendered in the exchange offer are accepted for payment, the agreement provides for the parties to effect, as promptly as practicable, a merger, which would not require a vote of QLogic's stockholders, and which would result in each share of QLogic common stock not tendered in the exchange offer being converted into the right to receive \$11.00 in cash and 0.098 of a share of Cavium common stock. The transaction is expected to close in the third quarter of calendar year 2016 pending customary closing conditions, including the tender into the exchange offer by QLogic stockholders of shares representing at least a majority of the outstanding shares of QLogic common stock, and the receipt of relevant regulatory approvals, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.

J.P. Morgan acted as exclusive financial adviser and provided a financing commitment to Cavium; Skadden, Arps, Slate, Meagher & Flom LLP acted as Cavium’s legal counsel. Qatalyst Partners acted as exclusive financial adviser to QLogic and O’Melveny & Myers LLP acted as QLogic’s legal counsel.

Conference Call

Cavium management will host a conference call to discuss details of the transaction. A live webcast and the accompanying presentation relating to the transaction will be available in the "Investors" section of Cavium's website at <http://www.Cavium.com> in advance of the conference call.

Conference call date: June 15, 2016

Time: 2:00pm Pacific (5:00pm Eastern)

Dial in #: US 888-576-4398, International +1 719-325-2281

Passcode is 7994851

A replay of the call will be available for one week by dialing 888-203-1112 (US) or +1 719-457-0820 (International) and the passcode is 7994851. A webcast of the conference call will also be available in the "Investors" section of Cavium's website at <http://www.cavium.com>.

About Cavium

Cavium is a leading provider of highly integrated semiconductor products that enable intelligent processing in enterprise, data center, cloud, wired and wireless service provider applications. Cavium offers a broad portfolio of integrated, software compatible processors ranging in performance up to 100 Gbps that enable secure, intelligent functionality in enterprise, data center, broadband and access & service provider equipment. Cavium's processors are supported by ecosystem partners that provide operating systems, tool support, reference designs and other services. Cavium's principal offices are in San Jose, California with design team locations in California, Massachusetts, India, and China. For more information, please visit: <http://www.Cavium.com>.

About QLogic

QLogic is a global leader and technology innovator in high performance server and storage networking connectivity products. Leading OEMs and channel partners worldwide rely on QLogic for their server and storage networking solutions. QLogic is headquartered in Aliso Viejo, California, with offices in Mountain View, California, India and Israel. For more information, visit www.QLogic.com.

Cavium Contact

Angel Atondo

Sr. Marketing Communications Manager

Telephone: +1 408-943-7417

Email: angel.atondo@cavium.com

QLogic Contact

Doug Naylor



Investor Contact
Tel: (949) 542-1330
Email: doug.naylor@QLogic.com