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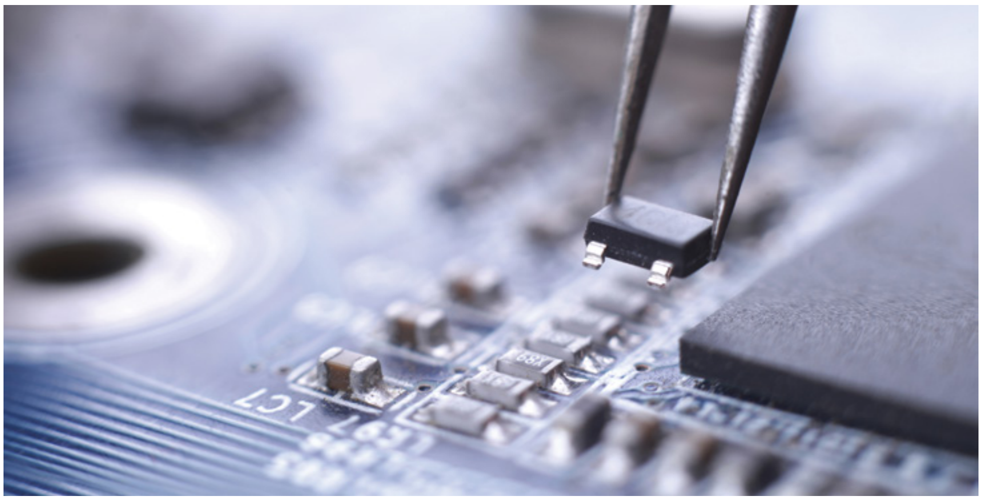

HARDWARE M&A UPDATE: SPOTLIGHT ON SEMICONDUCTORS

By Slade Fester

The biggest trend in the hardware industry in the past year isn't a new technology innovation; it's the surge in M&A, with semiconductors seeing the biggest burst in activity.

According to data from Dealogic, 121 semiconductor deals were announced in the first half of the year, with a total global value of $62.8 billion – the highest dollar amount on record.

This frenetic pace of deal activity and soaring valuations reflect the overall consolidation of the semiconductor sector as well as a shift from smaller tactical deals to strategic dealmaking. In the face of growing pressure from customers, investors and competitors in a maturing market, M&A has become a go-to strategy for driving revenue growth and diversification. Looking to the remainder of the year, all signs point to this trend of consolidation continuing.

CUTTING COSTS AND GROWING TO GET AHEAD

To stay relevant and competitive, hardware companies have turned to both cost-cutting strategies as well as increases of scale. In particular, chip makers are seeking ways to reduce product costs in an attempt to maintain margins, as well as seeking ways to scale up in order to compete for the business of a few increasingly powerful key buyers (e.g., Samsung, Apple, etc.).

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DID YOU KNOW...

The *World Semiconductor Trade Statistics* forecasts the global semiconductor market to reach $347 billion in 2015, up 3.4 percent from last year.

According to *ABI Research*, the global hardware encryption market is expected to generate revenues of $36.4 billion by the end of 2015.

IDC predicts that by 2017, 90 percent of an enterprise's endpoints will have hardware protection to maintain endpoint integrity.

IC Insights reported record highs for semiconductor M&A activity in the first six months of the year. Semiconductor acquisitions surged to a combined total value of $72.6 billion in the first half of 2015, almost six times the annual average for M&A deals during the five years prior.

By the end of 2020, wearable device shipments are estimated to exceed $340 million and total $57 billion in revenue, according to SNS Research.

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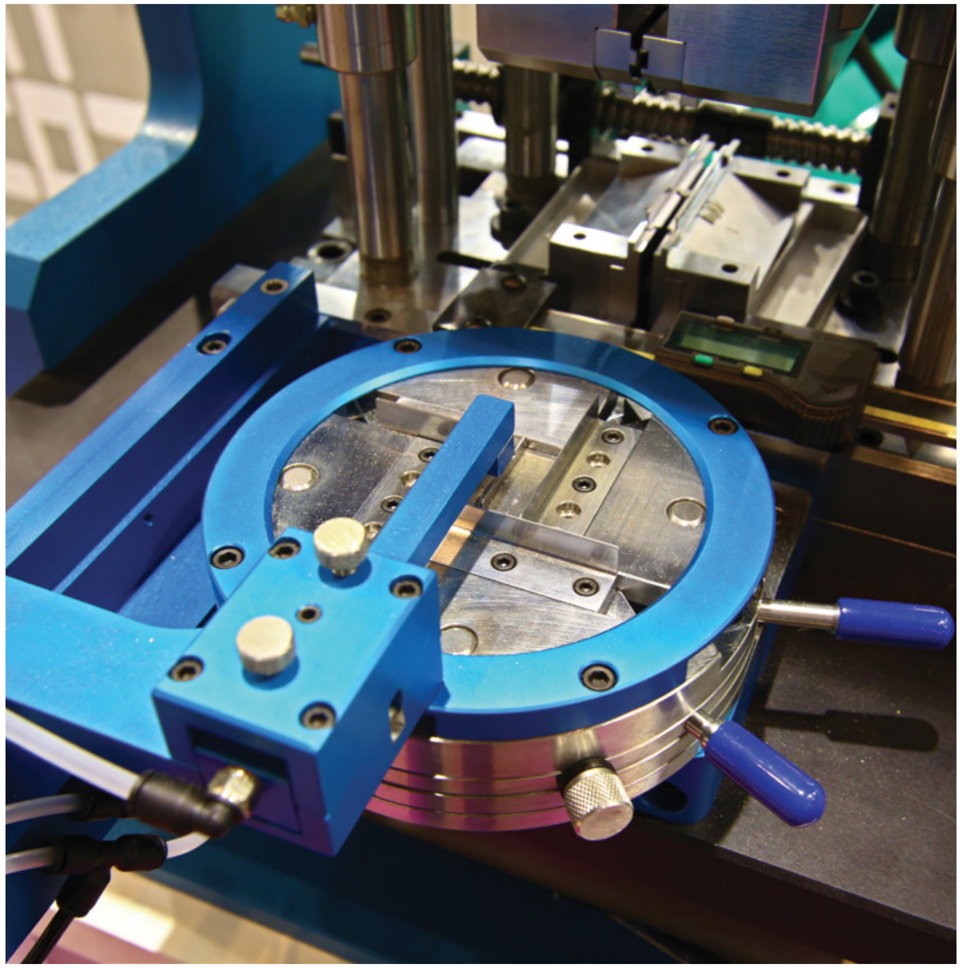
HARDWARE M&A UPDATE

In an effort to simplify and create efficiencies of scale, customers are demanding comprehensive solutions that eliminate the need to combine individual chips from an excessive number of vendors. In response to this demand for simplification, semiconductor companies are snapping up smaller chip makers and entering strategic partnerships as a cheaper alternative to developing new capabilities. With an expanded portfolio, hardware companies can provide complete solutions to customers, fill product gaps and obtain design wins with some of the more powerful buyers and their supply chains.



MARKET FORCES DRIVING DEALS

While demand remains strong, the growth rate of global semiconductor sales is decelerating as forecasted by Gartner: 5.4 percent for 2015, down from 7.9 percent actual sales in 2014. Despite this deceleration, investors are expecting to see the same rates of revenue growth as in previous, stronger sales cycles.

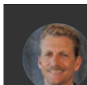
The semiconductor industry operates in a mature market, where companies can be penalized by the stock market if they can't improve gross profit margins, expand operating margins and diversify the product portfolio.

As a result, companies are forced to get creative – including using some innovative dealmaking. For example, the Avago-Broadcom deal allowed the companies to slash annual operating expenses by $750 million.

In part, these deals are made possible by the abundance of potential buyers with significant idle cash. Intel recently made its largest acquisition ever with its $16.7 billion all-cash Altera deal. And Avago acquired Broadcom in a cash and stock deal for a record $37 billion, including a cash consideration of $17 billion. In light of these two megadeals, many are keeping a close eye on the industry's three biggest semiconductor companies – Qualcomm, Intel and Samsung – which altogether have more than $100 billion in cash and equivalents. As the M&A momentum increases, the only way that the remaining hardware companies can compete and grow is to also merge.

But the industry giants aren't the only players making moves. More "mergers of equals" are taking place as companies reap significant boosts in stock price subsequent to an acquisition announcement an acquisition announcement. Following the announcement of RF Micro Devices Inc.'s $1.59 billion acquisition of TriQuint Semiconductor Inc., the company's stock gained 21 percent. Similarly, when Cypress Semiconductor and Spansion announced their merger at the end of last year, their shares climbed 16 percent and 28 percent, respectively.

As devices become more complex and expensive to produce, and as consumer demands focus on cloud computing capabilities and omnichannel experiences that help drive the Internet of Things, hardware companies will no doubt continue to look to consolidation and investment to complement innovation as a combined strategy for remaining relevant and competitive, and combating shrinking margins. The increased M&A activity seen over the last year is just the beginning of this journey.



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BOARD OF DIRECTORS FORUM RECAP: **SHAREHOLDER ACTIVISM**

The BDO Bay Area Board of Directors Forum in June hosted an elite panel of industry leaders to share insights and generate debate on the topic of "Shareholder Influence and Engagement: Activism and Expectation Management."

Panelists included Stephen Kim (General Legal Counsel and Interim CFO, Marin Software), Richard McGuire (activist investor, Marcato Capital Management), Paul Parker (Global M&A Co-Chairman, Goldman Sachs), and Art Whipple (lead Independent Director and Board Member, GSI technology). Abe Friedman, managing partner of CamberView Partners, served as the panel moderator. The Board of Directors Forum is a quarterly series presented by BDO in an intimate group format to provide a platform for board members to discuss hot topics currently impacting public companies.

Once labeled as robber barons or corporate raiders, shareholder activists have shed their stigma and are now widely praised for their efforts, at least by investors. With this shift in perception – and a notable change in tactics – shareholder activism has ramped up, both in terms of number of engagements and rate of successful campaigns. Activist hedge funds have increased their assets from just $12 billion in 2003 to $112 billion in 2014, and with backing from new allies in institutional investors and proxy firms, they can wield disproportionate influence with less than a one percent company stake.

While investors may be lauding activists for their interventions, their targets are feeling the heat. The technology industry has been hit hardest by shareholder activism, representing 30 percent of companies targeted since the start of 2015. And no technology company is safe from scrutiny. In the early days of activism, stock price performance was the sole indicator of vulnerability to an activist investor. Today, even the most successful technology giants are under scrutiny over issues of corporate governance and shareholder value. Some of the biggest names in hardware – Apple, Intel and HP, to name a few – have faced significant activist pressure. And in the majority of cases, the activists won.

Today's hardware company boards and management can't afford to ignore the activist investor challenge. Companies that are underperforming or have assets that could be spun off are particularly vulnerable.

The Board of Directors Forum panel discussed what activists want and how they get what they want, as well as what companies can do to mitigate the impact or avoid being targeted altogether. Here are the key takeaways for the hardware industry:

- **Be proactive:** Sometimes the best defense is a good offense. Many technology companies are taking a proactive approach to shareholder relations and corporate governance by making changes *before* an activist engagement. Appealing to investors by communicating a clear strategic vision and boosting shareholder rewards can help stave off an activist challenge or provide positive examples of management's track record should an activist investor choose to engage.

- **View your business through an activist lens:** Companies should periodically review their business the way an activist fund would review a potential target. This means having a solid understanding of how current shareholders perceive the company and identifying and addressing areas of weakness that might draw an activist's interest. It's also valuable to know who your shareholders are, whether they have a history of activism and how they've engaged with boards and management in the past.

- **Have a plan of action before engaging:** Don't have that first meeting with an activist investor until a detailed response plan is prepared. The plan should provide specific talking points for potential criticisms the activist investor may make, as well as outline next steps if the activist investor decides to move forward with a campaign.

- **Emphasize value creation in all communications:** Activist investors launch their campaigns with the promise of delivering more wealth to the target's investors. Companies need to bear this in mind and illustrate the concrete actions they have taken or plan to take to create value. Value creation should also be the focus of communications in an ongoing dialogue with all shareholders.

- **Negotiate settlements instead of waging wars:** When dealing with an activist investor, companies need to demonstrate a willingness to listen and an openness to making real changes. While the activist's full request may be unreasonable, there may be elements that the company can implement without too much disruption. Compromising and making small concessions is a far safer path than engaging in a drawn-out proxy fight.

- **Put your investors first:** The primary reason activist shareholders have been able to curry favor with investors is that their methods often work. Activists primarily go after companies that are underperforming – and studies have shown their intervention can boost performance not only in the immediate aftermath but over the long term. When companies get to the negotiating table, they should keep an open mind and give real thought to adopting the activist's suggestions.

The bottom line for directors and management teams in the hardware space is that proactive measures and thoughtful planning are key to coming out on top in the new era of shareholder activism.

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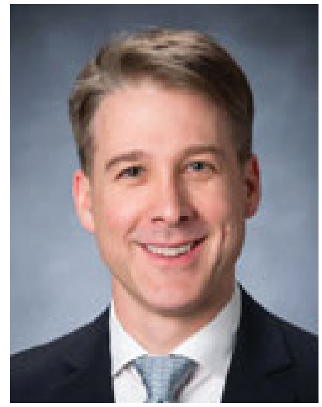
INSIDE THE C SUITE:
Q&A with Ryan Benton
CFO of EXAR Corporation



Can you tell us more about EXAR Corporation and its objectives?

Exar Corporation is a fabless semiconductor company based in Silicon Valley. We design, develop and market high-performance, analog mixed-signal integrated circuits (ICs). With approximately 300 employees and multiple locations worldwide, we have been designing and building semiconductors, which are in everything from manufacturing equipment to medical devices to televisions, since 1971.

What are the top challenges the semiconductor industry is currently facing?

The global semiconductor industry has been in the beginnings of a cyclical downturn, notably in China, where certain markets have recently shown negative growth. Semiconductor sales are still hitting record highs, but overall global demand has slowed a bit.

For the U.S. semiconductor industry, the strong U.S. dollar is also an impediment to growing international sales, especially when products are priced exclusively in USD. China's recent moves to devalue its currency has created near-term headwinds; however, this also will drive increased demand in the long term as China's exports have become cheaper on a relative basis.

What new product initiatives are you most excited about?

Quite a few things, but two in particular. The first is a sensor-conditioning chip we have developed for "Force Touch" applications. Force Touch is a hot new product trend which allows the device to detect not just location, but also force or impact. This technology has vast potential, allowing gadget makers to eliminate physical buttons by simply sensing force underneath the metal. At 1.6mm by 1.6mm, the chip we have designed is in an incredibly tiny package –and will be used in what we think will be the world's first cellphone with force touch capability.

If you recall when the iPhone first came out, it had a piano app. It was great. My kids loved it. Well, now imagine that app but with the ability to tell if you are pressing the keys hard or soft or thousands of points in between. This technology opens up a whole new dimension for developers.

Another development that is pretty exciting is our line of Power Modules, which provide easy-to-use, high-density power solutions. A Power Module integrates our controller, drivers, diode and capacitor, MOSFETs and Inductor in one package. This saves a tremendous amount of time in integration and real estate. The power market is huge, encompassing thousands of competitors. By creating this level of sophisticated technology, we are able to limit the competition to only a handful of companies.

What is your take on the future direction of M&A and other competitive activity in the semiconductor industry?

Over the last couple of years, we have seen serious mega-deals, including Intel- Altera, Avago-LSI and Avago-Broadcom. On one hand, I think the M&A market has cooled, as the equity markets have cooled. On the other hand, these mergers have created lots of opportunities for the remaining market participants. The one that hit closest to home was Infineon and International Rectifier. These two companies dominated a lot of the power market as single and second sources to many customers. We are seeing many of their customers come to us asking us to be a second source in order to maintain a competitive environment. For us, of course, the amount of quality opportunities this has created is incredible.

Also notable is that China has an initiative to start producing semiconductors, as semi ICs are currently one of its largest imports. But the only way it can begin is to buy companies. We saw one of the first instances of this with the spectacular bidding war between a China-based buyer and Cypress for ISSI, and then another instance when China launched a bid for Micron. As this initiative progresses, it has yet to be seen what companies and technologies U.S. regulators will allow to be sold and which will be blocked on the basis of national security interests.

What are the key factors to being a successful CFO at a global semiconductor company in today's economic environment?

Being a CFO in the semiconductor space is similar to being a CFO in many other industries. You have to be flexible – one minute you're acting as the vendor, helping your Sales and Marketing people book orders; the next, you're the customer, helping the Operations team drive down costs. Because we operate in a competitive industry and don't have the scale of many of our competitors, we have to be strategic about picking markets and products – and make sure we execute flawlessly.

Additionally, today's global semiconductor CFO needs to be prepared to travel internationally. With 75 percent of our business landing in China, I'm frequently on flights overseas.

I would recommend the next generation of CFOs learn Mandarin, as the industry continues to be driven by demand coming out of China. I'm fortunate that many members of my staff are fluent in Mandarin and help me make sure nothing gets lost in translation. However, I've got my 12-year-old son taking Mandarin lessons.

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Q&A WITH RYAN BENTON

The semiconductor industry saw significant growth in the Asia-Pacific market in 2014. Do you anticipate another strong year? Are there other regions that have emerged as promising growth markets for semiconductors?

Asia Pacific is vast, with China being the biggest market, responsible for more than half of semiconductor sales. That said, it appears the economy as a whole is struggling a little bit, but there are certain markets we participate in. For example, the flat panel display is doing really well for us. So, it's a relative struggle. A good portion of this growth in China however is China gaining market share at the expense of our customers in Korea. And lastly, we expect to see substantial growth out of Europe in the next few years. This isn't really a function of the markets growing so much as us building a new sales force and having great new products to sell.

Are there any upcoming regulations that could have an impact on the industry?

I am mostly concerned about protectionist policies in China. The government is starting to provide incentives to Chinese companies that buy from domestic suppliers. Even though we are a fabless company and almost all of our suppliers are in Asia, we are put at a disadvantage. To compare, think about a car from BMW – a German company, but the car is made in Alabama with American parts. Do you consider it a foreign or domestic product? Certainly, it's an easy thing to say you support unrestricted free trade or to say you support the government stepping in to level the playing field. I don't envy politicians and regulators who have to navigate these issues. So these policies often create unintended challenges and consequences. Nonetheless, the solution is always simple: create a premium product with proprietary technology and provide it at a great price with great customer service. At Exar, as a team, that's what we wake every day trying to do.

PErspective in TECHNOLOGY – HARDWARE

Dealmaking in the hardware sector has been very robust this year, driven by market pressures to improve profit margins and efforts to create efficiencies of scale.

Nowhere has this been seen more than in the semiconductor space, which has given rise to some of the biggest deals of 2015 – including Avago's $37 billion acquisition of Broadcom, the largest-ever merger of chipmakers.

The recent semiconductor M&A boom is providing exit opportunities for PE firms. In a partial exit, Freescale Semiconductor's PE owners agreed to sell their majority stake to Dutch chipmaker NXP Semiconductors NV in a $11.8 billion cash-and-stock deal. Freescale's PE owners – which include Carlyle Group, TPG Group Holdings and Blackstone Group – recouped their investment, as the shares were sold at close to the price it cost them to buy the company eight years ago. After the transaction was completed in July, Freescale shareholders retained 32 percent ownership.

When it comes to startups, companies tend to enjoy larger exits than those in other sectors. CB Insights analyzed technology deals between Q1 2010 and Q1 2015 and found that the median hardware exit was valued at $224 million – around twice the valuation seen in the mobile and Internet sectors. Notable deals during that period included the $2.7 billion IPO of Arista Networks and GoPro's $2.96 billion IPO, the largest consumer hardware IPO in 23 years. Meanwhile Chinese smartphone maker Xiaomi, founded just five years ago in 2010, is aiming to become the world's most valuable private hardware company with a valuation of $40 billion or higher.

Among the larger industry players, growing pressure from shareholder activists is driving exit activity. Data storage leader EMC, for example, is reviewing its strategic options in an effort to stabilize its plummeting stock due to activist influence. The activist fund Elliott Management, which supplanted two board members earlier in the year, is pressuring EMC to consider a buyout by its own subsidiary VMWare in a downstream merger. Elliott argues the unconventional buyout would reduce combined operational costs and revitalize EMC's undervalued stock. Industry insiders suggest investors would also be appeased by a PE buyout of the EMC Federation, as the combined entities are known.

But savvy hardware firms are seeking creative growth opportunities of their own volition. In the era of Big Data, hardware firms are expanding into complementary sectors. IBM is targeting the healthcare industry, recently announcing plans to acquire medical imaging company Merge Healthcare in a $1 billion transaction, with the goal of using its supercomputer Watson to visualize complex medical data and information. This deal is part of the Watson Health Initiative launched in April, and marks the firm's third acquisition to further this effort, according to a Forbes report.

Sources: Bloomberg, Re/code, ValueWalk, CB Insights, Forbes

PErspective in Hardware is a feature examining the role of private equity in the hardware industry.

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NAVIGATING THE COMPLEXITIES OF HARDWARE CARVE-OUT DEALS

By Slade Fester & Kevin McIntyre

In the aftermath of the financial crisis, Dodd-Frank and the SEC's adoption of Say-on-Pay rules, shareholder activism has been on the rise – and as a result, so has divestment activity as companies shift their strategic trajectory.

The technology industry is no exception, with 2014 seeing some of the biggest tech giants – Hewlett Packard, eBay and IBM – announce plans to shed less profitable assets.

A company may divest itself of a business unit because the unit has a weak competitive advantage in the market, lacks synergies with other business units or is not part of the core business. Three primary avenues that a company can pursue in a divestiture are asset sale, spinoff or carve-out.

A carve-out transaction is especially useful when a company needs an infusion of capital, as well as the separation of a subsidiary, without losing complete control in the subsidiary. In an equity carve-out, the company sells a stake in its subsidiary to the public via an initial public offering. A recent example of this is SunEdison's divestiture of a 5 percent stake in its semiconductor business, SunEdison Semiconductor Ltd., which went public on the Nasdaq in May 2014. The equity carve-out was prompted by a decline in revenue for SunEdison's semiconductor business and a push to focus on its core solar power business.

Another carve-out option is a partial spinoff, in which the parent company divests a business unit into its own independent company, but maintains partial ownership. IBM is one of the most prominent examples of this type of carve-out, selling its PC business to Lenovo in 2004 in exchange for a minority stake in the company.

Following a carve-out, a new set of shareholders is established that holds a partial interest in the subsidiary. By comparison, in a pure spinoff transaction, the parent company distributes shares of the spun-off subsidiary to its existing shareholders. Accessibility to capital markets plays a significant factor in a company's decision on how to divest. Typically, larger, less-leveraged companies choose the carve-out route, as there is less debt in its capital structure and less risk – which is attractive to outside investors.

Due to the level of complexity involved in a carve-out transaction, companies should form a steering committee with a functional representation across service lines and seek to include an individual that has experience overseeing transactions of this nature. Oftentimes, the parties contemplating these transactions are looking to move urgently on a deal and "strike while the iron is hot," particularly in times of advantageous markets.

The units in play on the newly carved-out entity will more than likely be relying on the parent company for key business functions that are not part of the sale, which include human resources, supply chain and information technology. It is common for buyers in these transactions to enter into a transition services agreement with the seller to ensure business continuity. For hardware companies exploring an equity carve-out, information technology is a particularly important consideration, as complex questions may arise over how data assets and systems should be split. It is critical for the parties structuring the transition services agreement to understand the inherently conflicting motives between buyer and seller when settling on the terms of the agreement.

From a financial reporting perspective, determining which assets and liabilities are attributed to the carved-out entity can be challenging, especially when the business unit being separated has not been operating and accounted for on a stand-alone basis. Without the appropriate resources in place (both from a skills and capacity perspective), potential deals can be delayed or even derailed due to insufficient or unreliable financial information.

With respect to determining which assets are attributed to the carved-out entity,

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HARDWARE CARVE-OUT DEALS

companies should consider factors such as legal ownership of the asset, how the benefit of the asset is derived, how the benefit of the asset is being used and any asset-sharing scenarios (i.e., sharing space at a warehouse or a data center). Intangible assets can be even more challenging when it comes to assessing how the benefit is being derived and who is retaining the primary benefit. Consider trade names, for instance. Does the buyer plan to market the trade name and make it a focal point in its contractual arrangements with customers going forward? If the answer to this question is no, it would not be appropriate to record a trade-name asset in the carved-out entity's financial statements. Instead, the buyer would consider recording an expense for the cost to use the trade name, similar to a royalty.

As for determining which liabilities are attributed to the carved-out entity, companies should, of course, consider whether third-party debt was issued directly by the carved-out entity at the time of transaction and whether there is a legal obligation to repay the debt. Companies pursuing a carve-out transaction through an initial public offering should refer to the requirements in SAB Topic 1.B, which notes that the registrant's historical income statements should present all of the costs of doing business, including expenses incurred by the parent on behalf of the registrant. Examples of such costs include salary, rent, depreciation, advertising, accounting and legal services, and other selling, general and administrative expenses. The company must develop a method of allocating such costs, which is required to be disclosed in the notes to the financial statements along with commentary as to why the company believes the allocation method is reasonable.

In a mature industry like hardware, companies struggle to improve margins and sustain growth. As hardware companies examine their portfolios and look for new avenues of growth, they may want to add a carve-out to their strategic toolkit.

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Kevin McIntyre is an assurance manager in BDO's Chicago office.

SEAL THE DEAL: CFOs PLAY CRUCIAL ROLE IN MINIMIZING POST-ACQUISITION DISPUTES IN THE HARDWARE INDUSTRY

By Jeffrey M. Katz, CPA/ABV, CFF, CFE

As discussed in the Hardware M&A update, the hardware industry has seen a flurry of deal activity in the first half of the year with no indications of slowing down.

With the semiconductor sector leading the push to consolidate, companies are increasingly turning to acquisitions as part of their overall business strategy.

As M&A becomes increasingly critical to strategic growth in the hardware industry and the rapid pace of consolidation continuing, CFOs need to have a solid understanding of potential post-acquisition dispute issues that can arise after the deal closes. CFOs who proactively consider the common post-acquisition dispute issues before an agreement is reached can minimize the risks of post-closing disputes, freeing them up to focus on integrating the newly acquired business, driving operational efficiency and setting the company on a path for growth.

Since the financial crisis, these types of post-acquisition disputes have grown in number. As a result, conducting extensive due diligence and considering all potential dispute issues *before* signing the agreement is more important than ever. CFOs need to be vigilant when negotiating and drafting deal terms.

GAAP COMPLIANCE AND ITS INFLUENCE ON PURCHASE PRICE

Determining the ultimate purchase price for an M&A agreement can be a layered process that involves multiple approaches to valuation and negotiation between the buyer and the seller. It is important to keep in mind that the purchase price the parties agree to is often not final. M&A agreements frequently contain language calling for a post-closing adjustment to the purchase price accounting for differences in the balance sheet of an acquired company between the time a deal is negotiated and the date the transaction closes. The metrics for adjustments vary

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SEAL THE DEAL

from one agreement to the next, but are typically based on changes to the seller's Net Working Capital, Net Assets and/or Company Debt. While these metrics may seem fairly straightforward, disputes often arise due to disagreements regarding the amounts that should be recorded on the closing balance sheet.

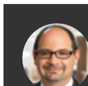
In the hardware industry, where models for revenue recognition are particularly complex, post-closing purchase price adjustment disputes might focus on the application of generally accepted accounting principles (GAAP) within the context of the terms of the M&A agreement. Preparing financial statements in accordance with GAAP requires company management to make certain estimates and judgments. Because different managements (buyer and seller) often have different views of these accounting estimates and judgments, post-closing purchase price disputes often arise. In the hardware industry, we often see this issue in regard to the accounting for inventory. Due to the rapid changes in technology, the parties to the M&A agreement may have differing opinions on the necessity and valuation of excess and obsolete inventory reserves. Often, the seller of a business has a previously established methodology for valuing inventory in the financial statements. However, the buyer of a hardware business may have a different view of that value. The buyer may argue that the seller's reserve for excess and obsolete inventory is understated and does not result in a GAAP-compliant number, thereby causing the inventory in question to be overstated.

CFOs can assist themselves and the deal team by making sure that financial statement accounts that require the use of estimates and judgments are carefully considered when the parties are negotiating the terms of the deal. M&A agreements can be drafted to include specific language detailing the exact manner in which the closing date balance sheet should be prepared and stipulating what should be measured in accordance with GAAP, as well as what should be consistent with the company's past practices and policies. As the agreement is negotiated, CFOs in the hardware industry may want to suggest the inclusion of language that removes the subjective nature of accounting estimates, such as for the reserve for excess and obsolete inventory. For example, the parties involved in the transaction can agree on an objective formula based on the age of the inventory.

EARN-OUT PROVISIONS

In addition to Net Working Capital adjustment provisions, M&A agreements increasingly are including conditional earn-out provisions when the buyer and seller don't see eye-to-eye on the value of a business. As a general best practice, earn-out provisions need to be carefully negotiated and documented. Disputes can occur when the terms and conditions of the earn-out are vague and the method of calculation is subject to interpretation. Because the potential payment is usually contingent on the seller meeting a pre-defined financial-related metric, both the buyer and the seller need to be aware of all the components that impact an earn-out calculation. For example, within the hardware industry, companies are facing growing pressure to reduce power consumption in their data centers, leading to the buyer increasing the amount of investment in research and development. If an earn-out is based on EBITDA rather than Gross Revenue, the buyer might choose to classify certain costs as research and development and therefore reduce the earnings. However, the EBITDA targets that the parties agreed upon may not have taken such expenses into account because the seller's historical financial statements upon which the EBITDA targets were based did not include such expenses. To resolve this issue, the M&A agreement can clearly specify the amount of research and development costs that can be charged as an expense in determining EBITDA for earn-out purposes.

As the frenzied pace of deal-making continues and deal terms become more creative, CFOs in the hardware industry need to enter negotiations with a clear sense of the opposite party's agenda and scrutinize the contract for potential pitfalls. The more CFOs take the time early on to consider common M&A post-acquisition dispute issues, the more proactive they can be in providing guidance and mitigating risk. Furthermore, understanding which aspects of an agreement are subject to interpretation and thus may lead to disagreements enables CFOs to minimize post-acquisition disputes and shift their focus to integrating the newly acquired business and creating value.



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MEET BDO'S GLOBAL TECHNOLOGY TEAM

BDO's Global Technology Team, which has been expanding to better meet the needs of its clients in the United States and abroad. Speed can make or break a company, particularly at a transition point such as moving into a new territory. This team's deep sector experience, scalability and hands-on approach mean clients have solid expertise at their fingertips exactly when and where they need it.

To learn more about how BDO can help you navigate the increasingly complex technology landscape and meet the many challenges of international expansion, watch our Global Technology Team video here: https://www.youtube.com/watch?v=gK0LfEL6Utw

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MARK YOUR CALENDAR...

The following is a list of upcoming conferences and seminars from the leading technology associations and business bureaus:

OCTOBER 2015

October 5-8
SEMICON Europa 2015
Messering Dresden
Dresden, Germany

Oct. 19-20
CEWIT 2015
Melville Marriott Long Island
Melville, N.Y.

Oct. 20-21
The 14th Annual BIO Investor Forum
Parc 55 San Francisco
San Francisco, Calif.

Oct. 21-22
13th International System-on-Chip Conference
University of California, Irvine
Irvine, Calif.

NOVEMBER 2015

Nov. 4-5
Embedded Systems Conference
Minneapolis Convention Center
Minneapolis

Nov. 16-20
CA World '15
Mandalay Bay Resort & Casino
Las Vegas

DECEMBER 2015

Dec. 2-3
IoT Tech Expo Europe
Olympia Conference Centre
London, U.K.

JANUARY 2016

Jan. 6-9
CES
Las Vegas Convention Center
Las Vegas

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