



***Management Meeting Invitation***

***Entropic Communication***

**(NASDAQ: ENTR)  
(Buy Rated)**

**Wednesday, November 16, 2011  
Milwaukee, WI**

**David Lyle, CFO  
Debbie Hart, VP-Investor Relations**

**To Request a Meeting Please Contact:  
Rob Wirthlin  
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*Detailed perspective on our current recommendation on ENTR, including analyst certifications and important disclosures, can be found in our most recent research note, "Entropic Makes \$10M Investment in Zenverge; could be an omen for Next Acquisition" dated September 26, 2011.*

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***The Benchmark Company, LLC***

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## About Entropic Communications

Entropic Communications, Inc. is a fabless semiconductor company. The company's main operations are designing, development and marketing of systems solutions, which enable connected home networking. Using a next-generation silicon and software technologies, Entropic's customers are some of the world's leading cable, telco and satellite service providers, OEM's and consumer electronic manufacturers. The company is a pioneer in high-definition quality TV and other multimedia & digital content brought into and delivered throughout consumers' homes.

## Benchmark Research Highlights

- **Entropic made a \$10 million investment in Zenverge.** On September 26, Entropic announced a \$10 million equity investment in Zenverge, Inc. as part of \$20.5 million of series-D funding. In its final form, Entropic and Zenverge plan to combine MoCA 2.0 and transcoding capabilities, respectively, in a final reference design expected to be market ready by late 2012. By using Zenverge HD transcoding SoC ( system-on-chip ) solution, streaming HD video can be extended beyond a MoCA 2.0 home network ( via coaxial cable ) to also include HD video streamed wirelessly to mobile devices such as tablet PCs, notebook PCs and smart phones. In other words, an iPad can become a device capable of viewing HD video recorded and stored on a home's DVR.
- **Our investment thesis centers on higher-than-expected MoCA attach rates in set-top boxes and other connected home electronics.** Driven by multiple US pay TV service providers rolling out multi-room DVR services, we believe Entropic is experiencing broad based strength, and the company should be able to build upon the revenue base achieved during FY10. Sales of the company's Channel Stacking Switch (CSS) continue to rise as DirecTV utilizes the technology for an increased percentage of installations. Regarding the competitive dynamics, Broadcom continues to be Entropic's main competition for set-top box sockets. However, the market transition to MoCA 2.0 should help Entropic's position given that Entropic is a year ahead of Broadcom.
- **Risks for Entropic include:** competition from Broadcom, pricing erosion, limited market potential due to the lack of coax ubiquity in most regions, G.HN as a competing next generation standard and an uncertain adoption rate for multi-room DVR services.

## Management

**David Lyle, CFO.** Mr. Lyle joined Entropic Communications in 2007, through the acquisition of RF Magic, where he served as CFO. With over 20 years of finance experience, he previously held executive positions within both the semiconductor and commercial banking industries. Prior to being part of the Broadcom's executive team, he was the CFO at Zyray Wireless, a WCDMA baseband co-processor startup, acquired by Broadcom. He also served as the CFO at Mobilian Corporation and held various finance positions at Intel in the microprocessor and networking groups. Mr. Lyle has previously worked in commercial banking focusing on leveraged buy-outs. He earned an undergraduate degree in business from the University of Southern California and an M.B.A. from Arizona State University in addition to a Master of International Management (MIM) degree from The Garvin School of International Management (Thunderbird).

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