MINDSPEED®

Q4 FY2011 Company Update

NASDAQ: **MSPD**

Headquarters: Newport Beach, CA USA

Select Stock Data as of 11/1/11

Recent Closing Price:	$5.27
52-week Range:	$4.65 - 9.23
Market Capitalization:	$172.3M
Average Volume (3-month):	349K
Diluted Shares Outstanding: (as of 9/30/2011)	32.7M

Select Fiscal Q4 FY2011 Data

Revenue:	$40.8M
Non-GAAP Net Income:	$1.0M
GAAP Net Income:	($2.2M)
Non-GAAP EPS:	$0.03
GAAP EPS:	($0.07)
Total Cash:	$45.2M
Net Cash/Share:	$1.38
Fiscal Year-End:	September 30
Institutional Ownership:	73%

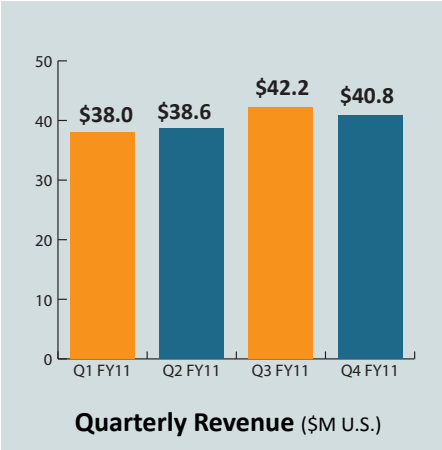
Analyst Coverage:

B. Riley & Co., LLC
Craig-Hallum Capital Group LLC
Needham & Company, LLC
Stifel Nicolaus
ThinkEquity LLC

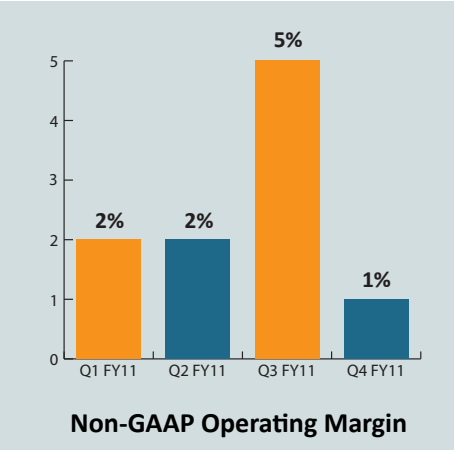
Mindspeed Technologies, Inc. designs, develops and sells semiconductor solutions for communications applications in the wireline and wireless network infrastructure, which includes enterprise networks, broadband access networks (fixed and mobile) and metropolitan and wide area networks. We have organized our solutions for these interrelated and rapidly converging networks into three product families: communications convergence processing (formerly known as multiservice access), high-performance analog and wide area networking communications. Our communications convergence processing products include ultra-low-power, multi-core digital signal processor system-on-chip (SoC) solutions for the fixed and mobile (3G/4G) carrier infrastructure and residential and enterprise platforms. Our high-performance analog products include high-density crosspoint switches, optical drivers, equalization and signal-conditioning solutions that solve difficult switching, timing and synchronization challenges in next-generation optical networking, enterprise storage and broadcast video transmission applications. Our wide area networking communications portfolio helps optimize today's circuit-switched networks that furnish much of the Internet's underlying long-distance infrastructure.

Q4 FY2011 Financial Highlights

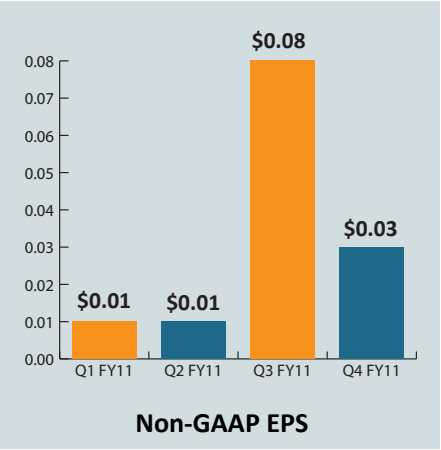
- Product Revenue: $40.8 million, a sequential decrease of 3 percent from the prior fiscal quarter.
- Non-GAAP Gross Margin: 61.5 percent, compared to 62.3 percent in the prior fiscal quarter; GAAP Gross Margin: 61.3 percent, compared to 62.2 percent in the prior fiscal quarter.
- Non-GAAP Operating Margin: 1 percent, compared to 5 percent in the prior fiscal quarter; GAAP Operating Margin: (6) percent, compared to breakeven in the prior fiscal quarter.
- Non-GAAP Diluted Earnings per Share: $0.03, compared to $0.08 in the prior fiscal quarter; GAAP Diluted Loss per Share/Earnings per Share: $(0.07), compared to $0.01 in the prior fiscal quarter.
- Generated approximately $2.0 million of cash; the company ended the fiscal fourth quarter of 2011 with cash totaling $45.2 million.



Quarterly Revenue ($M U.S.)



Non-GAAP Operating Margin



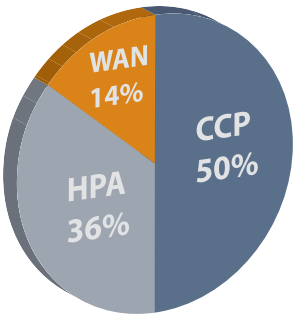
Non-GAAP EPS

NON-GAAP MEASURES: This document references non-GAAP financial measures. Non-GAAP financial measures exclude stock-based compensation expense and related payroll taxes, amortization of intangible assets, employee separation costs, legal settlement costs, reverse stock split costs, gain on debt extinguishment, employee option exchange costs, patent sales, special charges, and non-cash interest expense on convertible senior notes. Please refer to: (i) our November 1, 2011 earnings press release on the Quarterly Results page in the Investors section of our website at www.mindspeed.com; (ii) our Form 8-K, furnished to the SEC; and (iii) the attached for a complete reconciliation of non-GAAP to GAAP financial measures.

Q4 FY2011 Conference Call Highlights

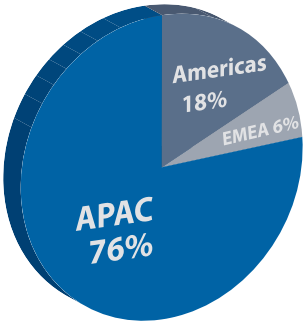
- Product revenue for the fiscal fourth quarter of 2011 was $40.8 million driven by strength in our Communications Convergence Processing business (CCP), which contributed 50 percent of total fiscal fourth quarter product revenue and increased 9 percent sequentially.
- The growth in CCP was largely attributable to the strength in optical access markets worldwide benefitting our SoC solutions selling into FTTX applications for video, voice and data convergence applications.
- High-Perfromance Analog (HPA) contributed 36 percent of total fiscal fourth quarter product revenue and recorded another record optical module, or PMD, quarter as our leading market share position strengthened in both GPON and GEPON FTTH markets worldwide.
- Our market leadership in 4G wireless is driving customer engagements with a multitude of original equipment manufacturers (OEMs) for base station applications targeting key service provider 4G/LTE (Long Term Evolution) rollouts worldwide. The first pre-production orders for these 4G applications were received during the fiscal fourth quarter for carrier prototype systems entering field trials in the first half of calendar 2012.

Q4 FY2011 Product Revenue by Business Unit



Top 15 Customers

Q4 FY2011 Product Revenue by Region



Strategic Business Drivers for Mindspeed

FTTx: The continued ramp of FTTx optical infrastructure is driving growth across three product families for Mindspeed; our Comcerto processors for fiber-to-the-building (FTTB), our Comcerto processors for broadband home gateway CPE, as well as our optical physical media devices (PMDs) for both gigabit passive optical network (GPON) and gigabit Ethernet passive optical network (GEPON).

Enterprise: The ramp of crosspoint switch and signal integrity solutions shipping into enterprise segments for storage, server and video systems supporting high-speed PCI Express, SAS and InfiniBand protocols continues to be a major driver for our products.

Optical Transport Network (OTN): Legacy circuit-switching systems are giving way to packet-optical transport systems within the network core. The high-density switching capability enabled by our crosspoint switches provide key signal-integrity and interconnect technology required by OEMs.

Mobile Data Explosion: The rise of bandwidth-hungry multimedia applications in the mobile communications market is driving the need for SoC solutions such as our Comcerto 5000 in next generation, video-centric, media gateways. Video, multimedia and other high-bandwidth data also fuels the global interest in our Transcede wireless baseband processor for 3G/4G/LTE wireless base stations.

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Business Units

Our products are sold to original equipment manufacturers (OEMs) for use in a variety of network infrastructure equipment, including:

Communications Convergence Processing (CCP) – triple-play edge and metro trunking gateways for Voice-over-IP (VoIP) platforms; broadband customer premises equipment (CPE) gateways and other equipment that carriers use to deliver voice, data and video services to residential subscribers; Internet protocol (IP) private branch exchange (PBX) equipment and security appliances used in the enterprise and 3G/4G mobile base stations in the carrier infrastructure;

High-Performance Analog (HPA) – high-density crosspoint switches, optical drivers, equalization and signal-conditioning solutions for next-generation fiber access networks (including passive optical networking (PON) equipment); for OTN equipment; for storage and server systems supporting high-speed PCI Express, SAS and InfiniBand protocols; and for production switches, routers and other systems that are driving the migration to 3G high-definition (HD) transmission.

WAN Communications (WAN)– circuit-switched networking equipment that implements asynchronous transfer mode (ATM) and T1/E1 and T3/E3 communications protocols.

Contact Information:

Andrea D. Williams
VP, Corporate Communications
Mindspeed Technologies, Inc.
4000 MacArthur Blvd., East Tower
Newport Beach, CA 92660-3007
PH: 949-579-3111
andrea.williams@mindspeed.com

www.mindspeed.com

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements include statements regarding the company's expectations, goals or intentions, including, but not limited to, the company's operating expense profile; investments in growth opportunities; and expected levels of total net revenue, non-GAAP gross margin and non-GAAP operating expenses. These forward-looking statements are based on management's current expectations, estimates, forecasts and projections about the company and are subject to risks and uncertainties that could cause actual results and events to differ materially from those stated in the forward-looking statements. These risks and uncertainties include, but are not limited to: fluctuations in our operating results and future operating losses; worldwide political and economic uncertainties and specific conditions in the markets we address; loss of or diminished demand from one or more key customers or distributors; successful development and introduction of new products; doing business internationally and our ability to successfully and cost effectively establish and manage operations in foreign jurisdictions; the expense of and our ability to defend our intellectual property against infringement claims by others; pricing pressures and other competitive factors; lengthy sales cycles; order and shipment uncertainty; our ability to obtain design wins and develop revenues from them; and business acquisitions and investments. Risks and uncertainties that could cause the company's actual results to differ from those set forth in any forward-looking statement are discussed in more detail under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Quarterly Report on Form 10-Q for the quarter ended July 1, 2011, as well as similar disclosures in the company's subsequent SEC filings. Forward-looking statements contained in this press release are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

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